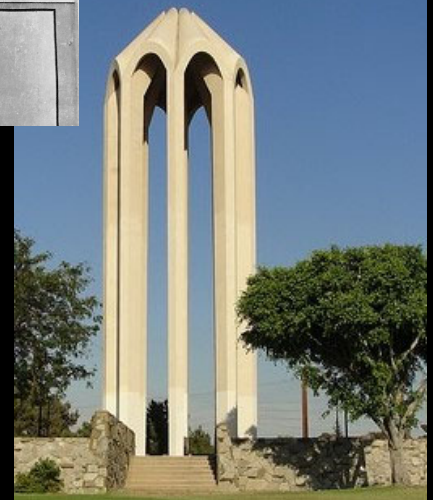
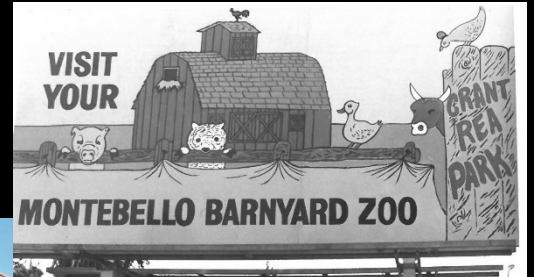




# City of Montebello, California

## Annual Comprehensive Financial Report



Fiscal Year Ended

June 30, 2022



**MONTEBELLO**  
ELEVATE



# **City of Montebello**

Montebello, California

## **Annual Comprehensive Financial Report**

*For the Year Ended June 30, 2022*

Prepared by:  
Finance Department



**City of Montebello**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2022**

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# CITY OF MONTEBELLO

## DEPARTMENT OF FINANCE

March 2, 2023

Honorable Mayor and Members of the City Council:

The Annual Comprehensive Financial Report (ACFR) of the City of Montebello for the fiscal year ended June 30, 2022 is submitted as prepared by the City's Finance Department. The report is published to provide the City Council, community and other interested parties detailed financial and operational information about the City for the previous fiscal year. The financial statements are audited by a third-party accounting firm, providing assurance to the public that the City's financial reporting and associated operations meet or exceed generally accepted accounting and auditing standards.

The ACFR is presented in three sections: the **Introductory Section**, the **Financial Section**, and the **Statistical Section**. The Management Discussion and Analysis (MD&A) is the most useful for readers of the ACFR to find a general overview of the City's financial condition at year-end, providing highlights of significant changes or key events impacting year-end financial results.

Responsibility for both the accuracy of the financial report and the completeness and fairness of the presentation rests with the City. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

The City prepared the ACFR using the financial reporting requirements outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. This statement requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the ACFR.

The City requires that its financial statements be audited by an independent, accredited auditing firm on an annual basis. This requirement has been satisfied, and the auditor's opinion is included in the financial section of this report.

In addition, the City is required to undergo an annual single audit to conform to the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This requirement has also been satisfied, with the single audit published separately as a stand-alone document.

### THE FINANCIAL REPORTING ENTITY

This report includes activity of all funds of the City, with presentation in the ACFR being done on a major vs. other funds basis. All funds have their appropriations approved by the governing body



# **CITY OF MONTEBELLO**

## **DEPARTMENT OF FINANCE**

(i.e., City Council) through the annual budget development process. In addition to the General Fund, other governmental and enterprise funds are utilized to record financial activity. Each fund is appropriated annually, and includes the General Fund, Proposition A, Proposition C, Measure M, Measure R, HOME, Community Development Block Grant (CDBG), Gas Tax, Grants (non-Transit), Asset Forfeiture, Grants (Transit), Debt Service, Retirement, Asset Forfeiture, etc. Revenue and expenditures are appropriated through the budget process, with the FY 2021-22 budget (all funds) adopted at a regular City Council meeting in June 2021, and amended as needed throughout the fiscal year.

The City of Montebello provides a full range of municipal services including police and fire protection, street maintenance, transit (Montebello Bus Lines) planning and community development, parks and recreation services, financial planning, treasury management, information technology, human resources, engineering and general administration.

Montebello also operates several enterprise funds, which include a municipal golf course, a transportation system (Montebello Bus Lines), and two hotels (i.e., Hilton Garden Inn and Home2Suites). Enterprise funds are financed from user charges (e.g., green fees, room charges, bus fares, etc.) and revenue from other governmental agencies (e.g., Los Angeles County Metropolitan Transportation Authority funding for fixed transit lines), as applicable. It should be noted that the City will be finalizing the sale of its water system in the subsequent fiscal year (FY 2022-23). Subsequent financial reports and ACFRs will include appropriate updates once the sale is completed.

### **ACCOUNTING SYSTEM**

The modified accrual basis of accounting is followed for governmental fund types and the accrual basis of accounting is followed for proprietary and fiduciary fund types. In reviewing and developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding:

- The safeguarding of assets against losses from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets.
- The concept of reasonable assurance recognizes that the cost control procedures should not exceed the benefits likely to be derived and that the evaluation of costs and benefits require estimates and judgment by management.
- All internal control evaluations occur within the above framework.

As discussed more fully below, management has made a concerted effort to improve internal controls by updating the Municipal Code, creating and implementing new procedures and policies, and generally ensuring internal policies and procedures are efficient while not sacrificing requisite safeguards against fraud, waste and abuse.



# **CITY OF MONTEBELLO**

## **DEPARTMENT OF FINANCE**

### **BUDGETARY CONTROL**

In addition to internal accounting controls, the City also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the City's budget policy approved by the City Council as incorporated in the budget adoption resolution. Appropriations of the General Fund, special revenue funds, debt service funds, and capital project funds are included in the annual approved budget. The City's adopted budget document includes detailed information about the approval process. A budget calendar, various budget schedules and related policies can be found in that document.

Budgetary control is maintained at a functional level by division within the department through the use of object level accounting as actual expenditures are compared to appropriations. As purchase orders are approved, appropriations are encumbered. Encumbrances and expenditures, which would cause an overrun of appropriations, require an approved budget transfer, which is reviewed and approved by the Director of Finance, pursuant to the Annual Budget Resolution and the Municipal Code. The City's Capital Improvement Program (CIP) is adopted at the same time as the operational budget and includes various street and infrastructure improvement projects. Any action to increase total appropriations requires approval by a majority vote of the City Council.

### **IMPROVEMENTS TO INTERNAL CONTROLS**

The City responded positively and decisively to the 2021 State Auditor's update report (published in October 2021, Report #2021-807). The 2021 audit report was a follow up to the 2018 report and was mandated by State Government Code to be completed. Both audit reports – published by the State Auditors "High Risk Agency" group – provided numerous recommendations for improving different areas of management and internal controls. The 2021 update report focused primarily on the City's purchasing and procurement processes and made recommendations for improvements.

Over the span of the last five years – dating back to the initial 2018 audit report – the City has put into place numerous new procedures and policies directly aimed at responding to the audit reports' recommendations. The City's municipal code chapters dealing with purchasing and procurement were updated in March 2019 and again in February 2022 – utilizing best practice language found in neighboring cities' municipal code and aimed at improving and professionalizing Montebello's procurement practices. In addition, citywide purchasing training has been conducted on numerous occasions since 2019. Several new administrative policies were developed that addressed the areas of weakness identified by the State Auditor (i.e., petty cash, credit cards, hotel financial reporting, etc.), while other existing policies were updated to incorporate recommendations from the audit reports.

As required, management provides status reports to the City Council at regular meetings, which are then forwarded to the State Auditor to show the City's progress towards meeting the audit report recommendations. These "corrective action plans" serve as the primary method the City



# **CITY OF MONTEBELLO**

## **DEPARTMENT OF FINANCE**

uses to communicate progress to the State Auditor. As of May 2022, the State Auditor has indicated satisfaction of the majority of recommendations included in the 2021 report.

Staff continues to focus on the remaining four recommendations outstanding and anticipates meeting the State Auditor's threshold for satisfying all remaining recommendations by the end of FY 2022-23. The improvements made in organizational management and internal controls indicate that Montebello is making positive strides in ensuring future financial stability, as well as putting into place internal controls that ensure public funds are managed and spent wisely.

### **ADOPTION OF FORMAL RESERVE POLICIES**

Besides improvements to internal controls – through the publication and operationalization of updated policies – the City is demonstrating its commitment to fiscal sustainability by the adoption of General Fund reserve policies. The City Council first adopted comprehensive reserve policies in June 2020, as part of the City's operating and capital budget. These policies are incorporated into the adopted budget document and are presented annually for review and approval by the City Council, which has been done since 2020.

Having such written policies in place indicates to third parties (i.e., credit rating agencies) that Montebello has a clear plan for how to manage General Fund reserves – spendable and non-spendable. Fully compliant with GASB 54, the policies establish distinct reserve categories for various uses:

- Economic Uncertainties
- Unfunded Liabilities
- Equipment/Technology Replacement and Upgrade
- Capital Improvement (Unfunded/Un-programmed)
- Deferred Maintenance
- Insurance – Risk Management
- Economic Sustainability

Each reserve category sets aside a specific amount – either a fixed dollar amount or an amount calculated as a percentage of prior year operating revenues. The policy, per GASB 54, makes “commitments” or “assignments,” and describes the method by which each reserve can be utilized. Furthermore, the policy includes the method for replenishing the various reserve buckets, should they be used and fall below the pre-scribed amounts.

Since adoption, the City's General Fund reserve balance has not been sufficient to operationalize the reserve policies. However, as was seen with the financial results as of June 30, 2022, fund balance continues to grow. Ending fund balance in the General Fund was \$14.716 million, a \$7.131 million increase from the prior year. Comprising 22.0% of operating revenues, the fund balance is nearly at a level for the reserve policy categories to be in operation. Based on current forecasts, Staff anticipates making the GASB 54 commitments and assignments as of June 30, 2023.



# **CITY OF MONTEBELLO**

## **DEPARTMENT OF FINANCE**

### **GENERAL INFORMATION AND ECONOMIC OUTLOOK**

The City of Montebello was incorporated on October 16, 1920 and is progressing positively into its second century of existence. The City is a general law city and functions under the City Council-Manager form of government. The City is governed by a legislative body of five City Councilmembers elected by district (as of November 2022) and serving staggered, four-year terms, with the Mayor and Mayor Pro-Teem selected by fellow Councilmembers. The City Clerk and City Treasurer are also elected to four-year terms. The City Manager and City Attorney are appointed by the City Council.

Montebello is located nine miles east of the Los Angeles Civic Center, with access to three freeways – the Santa Ana 5 Freeway to the south, the Pomona 60 Freeway to the north, and the San Gabriel River 605 Freeway to the east. The City has a population of approximately 64,000 living in an area of 8.2 square miles. The City is a balanced community with industrial, residential, and commercial areas.

Fiscal Year 2021-22 continued to be driven by the impacts of the coronavirus pandemic and the social and economic effects related to the public response to containing the virus' spread – albeit a more positive trend as restrictions eased or ended and life (social and economic) began to return to pre-pandemic patterns. The local Montebello economy proved itself resilient, as sales tax showed strong growth, and the City's two hotels' occupancy rates returned to pre-pandemic levels.

Early in the pandemic (Spring and Summer, 2020), various State and County stay at home orders – implemented to “flatten the curve” and protect the public – negatively impacted sales tax generating retail operations throughout the City for FY 2019-20 and into FY 2020-21. With sales tax comprising thirty-eight percent of General Fund revenue (FY 2021-22 adopted budget), any impacts – positive or negative – directly impact the organization as a whole and its ability to fund operations. Actual sales tax (all sources) for FY 2021-22 was \$25.379 million, versus a budget of \$20.765 million. The FY 2021-22 results compare positively to the prior year, with sales tax up \$3.109 million year-over-year.

In addition to general retail activity performing better than originally forecast, the City benefitted from the 2020 voter approved additional  $\frac{3}{4}$  cent transaction and use tax. Measure H was approved by over 60% of Montebello voters in the March 2020 special election. The revenue from this additional transaction and use tax began flowing to City coffers July 1, 2020. Another sales tax category that continues to perform well is the “county pool” share Montebello receives. Consumer habits changed during the pandemic, with retail activity moving more to on-line purchases. This retail behavior – coupled with the positive impacts of State law requiring remittance of sales tax by online retailers – made the “county pool” share of sales tax the fastest growing segment of the 1% Bradley-Burns sales tax revenue stream.

The second largest share of General Fund revenue is property tax, comprising twenty-six percent of revenue (measured by FY 2021-22 adopted budget). Property tax saw a slight increase of



# CITY OF MONTEBELLO

## DEPARTMENT OF FINANCE

\$480 thousand compared to FY 2020-21. Assessed value continues to grow, with net taxable value of all property in Montebello at \$7.055 billion for FY 2021-22, a 5.1% increase from the previous year. (Net taxable value increased another 5.0% for FY 2022-23, to \$7.405 billion.)

The median home value for a detached single family residential property in Montebello for the second quarter of 2022 was \$774,000, a 19.1% increase from the same quarter in the previous year. Since the start of calendar year 2017 through the end of 2022, median home values in Montebello have averaged a 7.4% annual increase (from \$525,000 to \$750,000).

Recent interest rate hikes – driven by the Federal Reserve’s push to combat inflation – has dampened the housing market as mortgage lending rates increase along with the Fed funds rate. Total full value sales for the fourth quarter of 2022 dropped when compared to the same quarter of 2021. While activity appears to be falling, median price remains elevated, off slightly from the second quarter 2022 high of \$774,000, to \$750,000 in the fourth quarter of 2022.

In FY 2021-22 the City recognized over six million dollars of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). The recognition of this revenue led to an overall increase of \$5.215 million in Intergovernmental General Fund revenue (when compared to FY 2020-21). The City utilized the “revenue loss” category contained in ARPA, and detailed in US Treasury Interim Final and Final Rules published in May 2021 and January 2022. Montebello received \$16.59 million in CSLFRF revenue between May 2021 and May 2022.

Based on the revenue loss calculation outlined in the Interim Final and Final Rules, the City has chosen to utilize the entire CSLFRF award as “revenue loss.” The CSLFRF revenue is allowing the City to improve its technology security, network and storage backbone, invest in its aging sewer system, purchase public safety and public works vehicles, and fund other capital infrastructure investments that have been deferred for decades.

License and Permit revenue realized a \$2.037 million gain year-over-year. This increase can be attributed to two primary reasons: an improved economy that has property owners pulling building and associated permits for repairs and upgrades; and the residential construction related to Metro Heights. This new development, which will realize approximately 1,200 residential units once completed, has contributed substantial license and permit revenue to the General Fund over the last two fiscal years. While this revenue is “one-time” in nature – it will cease once the units are completed – it nonetheless helps the General Fund revenue bottom line. As the residential units are completed, they will be added to the property tax rolls, further increasing the City’s assessed value and contributing additional property tax revenue to the General Fund.

On the expense side of the ledger, total expenditures were \$3.405 million less in FY 2021-22 when compared to FY 2020-21. There were puts and takes among all expenditure categories. The largest decrease was in Capital Outlay, with FY 2021-22 expenditures of \$2.074 million compared to \$9.014 million the prior year. The single largest change in Capital Outlay was the completion of a citywide energy efficiency project in FY 2020-21, with no associated expenditures in the current fiscal year. There were also several vehicle purchases completed in FY 2021-22,



# **CITY OF MONTEBELLO**

## **DEPARTMENT OF FINANCE**

as well as real estate purchases (acquisitions) which did not have similar expenditures in FY 2021-22.

Public Safety (Fire and Police) saw a \$614 thousand increase in expenditures, to \$33.256 million. The majority of these expenditures are personnel related, providing for the City's police officers and firefighters and associated staffing levels. In addition, there are supplies, equipment and vehicle expenses: new patrol vehicles, turnouts, hoses, ladders, medical supplies, dispatch software, radio/dispatch fees, etc. that are utilized when providing emergency response to the community.

The \$827 thousand decrease General Government expenditures is primarily from a drop in pandemic related expenses. In FY 2020-21, the City spent \$407 thousand on various contracts related to the pandemic – additional cleaning and janitorial services, COVID-19 testing, etc. This amount dropped to \$23 thousand in FY 2021-22. There was a reduction of \$349 thousand in janitorial, medical and related supplies and equipment that were necessary to respond to the Coronavirus threats in prior fiscal years, and to improve employee health and safety. As the COVID-19 threat diminishes, so does the need for specialty supplies, services and equipment necessary to mitigate the Coronavirus impacts.

Parks and Recreation saw a year-over-year increase of \$351 thousand. The majority of this increase was from increased part-time wages. The increase to the State's minimum wage, combined with additional and expanded community special events drove costs up in this expenditure area. Along with the expanded offering of special events, overall supplies expenditures increased from the prior year as well.

Moreover, as of the date of this ACFR, the City S&P issuer credit rating (ICR) is "A+", with the underlying credit rating on the City's outstanding lease revenue bonds is "A", with a "stable" outlook. These latest ratings were reaffirmed when the City issued \$15.140 million in Lease Revenue Bonds, Series 2022A, which will be used to refurbish and reconstruct the City's public golf course. The outlook for all ratings is "stable." It should note that the "A+" ICR reflects S&P's view of the City's general creditworthiness.

### **ACCOMPLISHMENTS AND ACHIEVEMENTS**

Montebello has made tremendous strides by improving its financial standing and overall operations in recent years, and this progress continued in Fiscal Year 2021-22. In addition to improvements in internal controls, responding to the State Auditor findings, adopting a General Fund budget with a surplus for the third year in a row, extinguishing existing unfunded liability, some of the many positive accomplishments this past year include:

- Issuance of \$15.140 million in bonds to fully renovate and rejuvenate the City's public golf course
- Providing conduit financing to construct a Topgolf on 15 acres of the City's public golf course, with guarantees for Topgolf to pay the annual debt service



# **CITY OF MONTEBELLO**

## **DEPARTMENT OF FINANCE**

- Substantial completion of “Paving the Way” projects that improved residential street and road conditions
- Major repairs to the City’s aging sewer system
- Expansion of the Montebello Community Assistance Program (MCAP), aimed at helping the City’s unhoused population
- Approval of a Housing Element by the State’s Housing and Community Development Department (HCD), making Montebello only the second city in Los Angeles County to have a current approved plan
- Significant progress on the City’s General Plan update, the first in over forty years
- Completion of a park and facilities needs assessment study and master plan
- Completion of significant facility repair and upgrade projects, eliminating years of deferred maintenance on key City facilities
- Introduction of improved purchasing and procurement guidelines
- Receiving the Government Finance Officers Association (GFOA) award for budget preparation for the second time in the history of the City (with the FY 2022-23 budget receiving this award as well)

These and other accomplishments have helped set Montebello on the right path towards fiscal sustainability and operational stability. The following pages provide technical information related to the City’s accounting system, budgetary control, cash and investments, etc. Greater detail is available in the MD&A, the various notes to the financial statements, required supplementary information (RSI) and statistical sections.

### **ACKNOWLEDGEMENTS**

The preparation of the City’s Annual Comprehensive Financial Report could not have been accomplished without the dedicated services of the entire Finance Department, as well as assistance from each of the operating departments. I want to specifically thank the lead Accountant in this endeavor, Van Dao for her commitment to ensuring the ACFR was completed accurately and on-time. The City’s independent auditor – The Pun Group – provided invaluable assistance and expert advice in completing the ACFR.

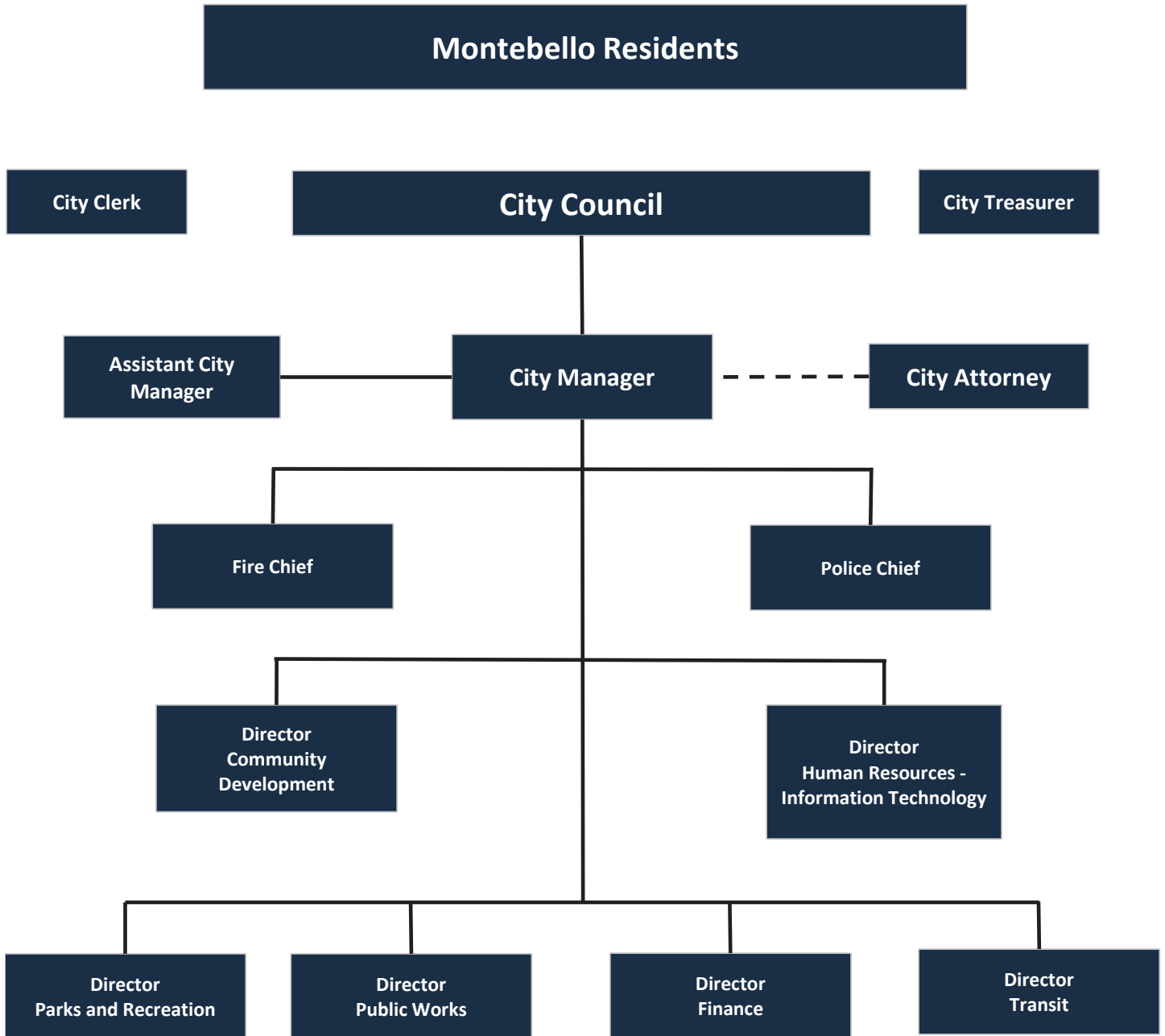
I also want to thank the City Council, the Executive Management Team and City staff for their interest and support of the financial operations of the City and helping ensure Montebello thrives financially and operationally.

Respectfully submitted,

Michael Solorza  
Director of Finance



**City of Montebello**  
**Citywide Organizational Chart**  
**FY 2021-22**





**City of Montebello**  
**Fiscal Year 2021-22**  
**Annual Comprehensive Financial Report (ACFR)**

***CITY COUNCIL***

**Kimberly A. Cobos-Cawthorne, Mayor**

**Angie M. Jimenez, Mayor Pro Tem**

**Scarlett Peralta, Councilmember**

**Salavador Melendez, Councilmember**

**David N. Torres, Councilmember**

***ELECTED OFFICIALS***

**Christopher Jimenez, City Clerk**

**Rafael Gutierrez, City Treasurer**

**René Bobadilla**

City Manager

**Arlene Salazar**

Assistant City Manager

**Paul Espinosa**

Chief of Police

**Fernando Pelaez**

Fire Chief

**James Enriquez**

Director of Public Works

**Lupita Ibarra**

Director of Transit

**Joseph Palombi**

Director of Community Development

**Nick Razo**

Director of Human Resources

**David Sosnowski**

Director of Parks and Recreation

**Michael Solorza**

Director of Finance



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Montebello  
Montebello, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montebello, California (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedules of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedules of Contributions – Other Postemployment Benefits on pages 5 through 21 and 117 through 132 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Combining and Individual Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control over financial reporting and compliance.



Santa Ana, California  
March 2, 2023

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**City of Montebello**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2022**

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The following section represents Management's Discussion and Analysis (MD&A). It is intended to provide narrative overview and analysis on the City's financial performance for the fiscal year ended June 30, 2022. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal and financial statements.

**Overview of the Financial Statements**

The City's basic financial statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. The Statistical section at the end of this report provides supplementary information in addition to the basic financial statements. Government-wide Financial Statements are prepared using accrual accounting method to demonstrate the City's operational accountability, while the Fund Financial Statements are based on modified-accrual accounting method to demonstrate its budgetary accountability. Reconciliations of the Fund Financial Statements to the Government-wide Financial Statements are provided to explain to readers the differences created by this integrated approach.

**Government-wide Financial Statements**

The Government-wide Financial Statements provide a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present information about the functions of the City principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government (i.e., administration, finance, human resources, elected officials, etc.) public safety, public works, parks and recreation, and housing and community development. Business-type activities of the City include water, golf course, transportation and hotel operations. These statements include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regard to inter-fund activity, payables, and receivables.

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found immediately following this discussion and analysis.

**Fund Financial Statements**

The Fund Financial Statements include statements for three categories of activities: Governmental Funds, Proprietary Funds and Fiduciary Funds. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as Governmental Activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet, and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, the Retirement Special Revenue Fund, the Public Financing Authority Debt Service Fund, and the Housing Successor Special Revenue Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements elsewhere in this report. As a result of Assembly Bills 1X26 and 1484, Redevelopment Agency assets and liabilities are no longer a part of the governmental funds of the City and are now reported in the Fiduciary Fund section of the financial statements.

The City adopts an annual appropriated budget for all of its individual funds, including the major funds as listed above. The basic financial statements include a budgetary comparison statement for the General Fund. The budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

**Proprietary Funds.** Proprietary funds are generally used to account for services for which the City charges external customers, or other units of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two types of proprietary funds.

- **Enterprise** funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of water, golf course, transit system, Montebello Hilton and Home2suites Hotels.
- **Internal service** funds are used to report activities that provide internal services for the City. The City uses internal service funds to account for workers' compensation and general liability. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The basic fiduciary fund financial statements can be found immediately following the basic proprietary fund financial statements and include the assets and liabilities of the Successor Agency Fiduciary Fund.

**Notes to financial statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found immediately following the Required Supplementary Information.

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**Other information**

The combining statements referred to earlier in connection with other governmental funds and internal service funds are presented for all other Special Revenue Funds, all other Debt Service Funds, all other Capital Projects Funds, and all Internal Service Funds. These combining fund statements and schedules of revenues, expenditures and changes in fund balance - budget and actual for individual funds – can be found immediately following the notes to financial statements.

Note: The numbers shown on the MD&A are either expressed in multiples of one thousand or million dollars while percentages are rounded to the nearest tenth or whole number. Hence, there may be slight differences between numbers on the MD&A and the numbers on the Basic Financial Statements.

**Financial Highlights**

The following are entity-wide financial highlights, covering both Governmental and Business-type activities:

- On June 30, 2022, the City's total net position was approximately \$30.484 million dollars, an increase (improvement) of \$39.035 million compared to the negative \$8.551 million as of June 30, 2021. The City's unrestricted net position, at a negative \$142.496 million, improved (decreased) by \$44.225 million dollars over the prior fiscal year.
- Total revenues from all sources were \$164.093 million while total expenses were \$125.058 million. Of the total revenues, program revenues totaled \$120.201 million while general revenues totaled \$43.892 million, net of transfers.
- The City's General Fund revenue and other financing sources exceeded expenses by \$7.131 million in the Fiscal Year 2021-22. The General Fund unassigned fund balance was \$9.844 million at the end of the fiscal year, an increase of \$4.969 million from FY 2020-21. Total fund balance as of June 30, 2022, was \$14.716 million, up from \$7.585 million the prior year.
- General Fund total revenues, including transfers in and proceeds from the sale of assets as June 30, 2022, was \$70.585 million, \$11.698 million higher than budget. This is due to an overall increase in sales and property tax revenues, as well as the recognition of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).
- The General Fund expenditures as of June 30, 2022, including transfers out, were \$2.790 million under budget primarily due to lower-than-expected Public Safety, Public Works, Housing and Community Development and Capital Outlay expenses.
- The Transit enterprise fund ended Fiscal Year 2021-22 with a total net position of \$28.663 million, a \$15.202 million increase from the prior fiscal year.
- The City's Hilton Garden Inn ended the fiscal year with \$540 thousand in operating income (surplus), which increased total net position by \$271 thousand – to negative \$84 thousand from \$355 thousand the prior fiscal year.
- The Home2Suites ended the fiscal year with \$4.595 million in operating income (surplus), increasing net position by \$2.280 million – improving total net position to negative \$1.724 million from negative \$4.005 million the prior year.

These Financial Highlights, as well as other points, are discussed in greater detail in the body of this discussion and analysis, as well as the Notes to the Financial Statements. The following pages provide greater, in-depth detail on Government-wide financials, as well as Governmental and Business-type activities.

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

**Government-wide Financial Analysis**

The government-wide financial statements provide both long-term and short-term information about the City's overall financial position. This analysis addresses the financial statements of the City as a whole. The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The City's net position is a useful measurement of its financial health. Net position can be tracked over time to assess whether the City's financial health is improving or deteriorating. However, readers will need to consider other nonfinancial factors, such as changes in the City's property tax base, the condition of the City's infrastructure, and the level of public safety services to assess the overall health of the City.

The table below is the "Statement of Net Position," and provides net position information broken out by Governmental and Business-type activities, with totals and a comparison to amounts as of June 30, 2022:

City of Montebello Statement of Net Position June 30 (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021 (As Restated)	2022	2021	2022	2021 (As Restated)
<b>Assets:</b>						
Current and other assets	\$ 155,801	\$ 95,492	\$ 54,607	\$ 32,885	\$ 210,408	\$ 128,377
Capital assets	104,617	102,330	106,337	103,686	210,954	206,016
Total assets	260,418	197,822	160,944	136,571	421,362	334,393
<b>Deferred outflows of resources</b>	11,718	12,854	2,347	3,528	14,065	16,382
<b>Liabilities:</b>						
Long-term liabilities	208,001	205,816	114,154	117,940	322,155	323,756
Other liabilities	22,239	21,074	6,041	8,960	28,280	30,034
Total liabilities	230,240	226,890	120,195	126,900	350,435	353,790
<b>Deferred inflows of resources</b>	41,115	3,801	13,393	1,735	54,508	5,536
<b>Net Position:</b>						
Net investment in capital assets	79,728	76,851	34,949	30,182	114,677	107,033
Restricted	45,666	59,934	12,637	11,203	58,303	71,137
Unrestricted	(124,613)	(156,800)	(17,883)	(29,921)	(142,496)	(186,721)
Total net position	\$ 781	\$ (20,015)	\$ 29,703	\$ 11,464	\$ 30,484	\$ (8,551)

As mentioned in the "Financial Highlights" section above, the City's total net position was \$30.484 million as of June 30, 2022, an increase (improvement) of \$39.035 million compared to the negative net position of \$8.551 million in FY 2020-21. Included in the City's net position is \$114.677 million net investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress); less any related debt used to acquire those assets that remain outstanding. Capital assets, net of accumulated depreciation, increased by \$4.939 million, while current and other assets increased \$82.031 million.

The City uses capital assets to provide services to residents and the community at large; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Any remaining amount is restricted to spending agreements originated by law, contract, or other agreements with external parties.

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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Highlights of the key elements impacting the City's net position for the fiscal year ended June 30, 2022, are as follows:

- Governmental Activities total revenues before transfers exceeded total expenses by \$20.803 million, including transfers of negative \$7 thousand, the total positive change to net position was \$20.796 million.
- Business-type Activities total revenues before transfers exceeded total expenses by \$18.232 million, with the change in net position after transfers a positive \$18.239 million.
- Total Citywide expenses before transfers were \$125.058 million, a decrease of approximately \$2.704 million (-2.12%) compared to the preceding fiscal year.
- Total Citywide revenues before transfers were \$164.094 million, an increase of \$27.664 million (20.28%) compared to June 30, 2021.
- Revenues are classified into program and general revenues. Total program revenues (Governmental and Business-type activities combined) were approximately \$120.201 million, which are used to offset program expenses under each functional activity and are comprised of charges for services, operating and capital grants. General revenues of approximately \$43.892 million are used to offset the additional expenses net of program revenues and are comprised primarily of taxes (i.e., property, sales, franchise, etc.).
- The overall increase of 20.36% in total revenues (\$27.766 million) for the City was primarily due to increases in sales tax (\$3.109 million), Charges for Services (\$11.811 million), Capital Grants (\$5.032 million) and Operating Grants (\$9.152 million).
- The largest City-wide revenues came from four sources: charges for services (e.g. business license fees, building permits, hotel charges and bus fares) at \$43.575 million, operating grants and contributions (e.g. allocations of funds derived from Los Angeles County Metropolitan Transportation Authority Local Return Funds Propositions A and C, and Measures R and M, as well as asset forfeiture funds contributed from the Justice Department and US Treasury) at \$43.327 million, property taxes at \$6.565 million, and sales taxes at \$25.379 million. Property taxes exclude the property taxes derived from the 1946 voter approved initiative to provide restricted revenue to pay for the retirement benefit costs of City employees, which is recorded in a separate fund from the General Fund.
- Revenue from charges for services increased by \$11.811 million (37.18%), property tax increased by \$89 thousand (1.37%), sales taxes increased by \$3.109 million (13.96%) and Operating grants and contributions increased 24.59% (\$6.363 million).
- Total citywide expenses decreased by \$2.703 million, the net impact of decreases in Public Safety (\$22.975 million) and Transit (\$13.998 million); offset by increases to Public Works (\$13.329) million and Parks and Recreation (\$4.035 million).
- The cost of serving residents for the year (across Governmental and Business-type Activities) includes: \$31.790 million for public safety (police and fire); \$16.052 million for public works; \$29.280 million for transit (Montebello Bus Lines); \$13.983 million in general government; and \$5.407 million for parks, recreation and culture.

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

The "Summary of Changes in Net Position" table below provides additional detail on changes to revenues, expenses and net position for the years ending June 30, 2021, and 2022.

City of Montebello Summary of Changes in Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021 (As Reclassified)	2022	2021	2022	2021 (As Reclassified)
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 18,412	\$ 14,399	\$ 25,163	\$ 17,365	\$ 43,575	\$ 31,764
Operating grants and contributions	32,243	25,777	26,342	23,233	58,585	49,010
Capital grants and contributions	2,162	1,207	15,879	11,802	18,041	13,009
General revenues:						
Sales taxes	25,379	22,270	-	-	25,379	22,270
Property taxes	6,565	6,476	-	-	6,565	6,476
Other taxes	10,562	10,032	-	-	10,562	10,032
Other revenues	2,071	3,289	-	-	2,071	3,289
Investment earnings	(762)	459	77	18	(685)	477
<b>Total revenues</b>	<b>96,632</b>	<b>83,909</b>	<b>67,461</b>	<b>52,418</b>	<b>164,093</b>	<b>136,327</b>
<b>Expenses</b>						
General government	13,983	2,487	-	-	13,983	2,487
Public safety	31,790	54,765	-	-	31,790	54,765
Public works	16,052	2,723	-	-	16,052	2,723
Parks, culture, and recreation	5,407	1,372	-	-	5,407	1,372
Housing and community development	2,347	644	-	-	2,347	644
Transit	-	-	29,280	43,278	29,280	43,278
Golf course	-	-	2,735	2,870	2,735	2,870
Montebello Hilton	-	-	5,089	3,367	5,089	3,367
Home2suites	-	-	9,782	7,993	9,782	7,993
Water	-	-	2,343	2,297	2,343	2,297
Interest on long-term debt	5,549	5,252	-	-	5,549	5,252
Unallocated infrastructure depreciation	701	713	-	-	701	713
<b>Total expenses</b>	<b>75,829</b>	<b>67,956</b>	<b>49,229</b>	<b>59,805</b>	<b>125,058</b>	<b>127,761</b>
Change in net position before transfers	20,803	15,953	18,232	(7,387)	39,035	8,566
<b>Transfers</b>	<b>(7)</b>	<b>(518)</b>	<b>7</b>	<b>518</b>	<b>-</b>	<b>-</b>
Change in net position after transfers	20,796	15,435	18,239	(6,869)	39,035	8,566
<b>Net position - beginning of year, as restated</b>	<b>(20,015)</b>	<b>(35,450)</b>	<b>11,464</b>	<b>18,333</b>	<b>(8,551)</b>	<b>(17,117)</b>
<b>Net position - end of year</b>	<b>\$ 781</b>	<b>\$ (20,015)</b>	<b>\$ 29,703</b>	<b>\$ 11,464</b>	<b>\$ 30,484</b>	<b>\$ (8,551)</b>

See Note 16 Prior Period Adjustments affecting the restatement of Net Position

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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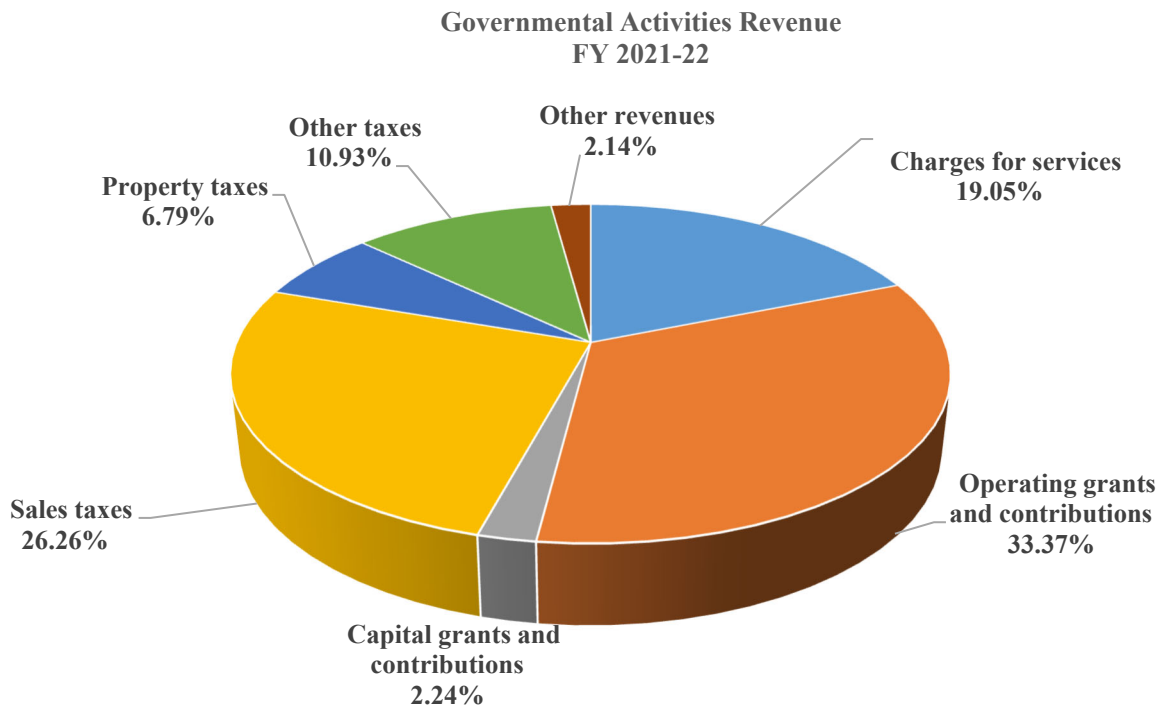
**Governmental Activities**

- As reflected in the Statement of Activities schedule above, Governmental activities increased the City's total net position (after transfers) by \$20.796 million, a 34.73% increase from June 30, 2021.

Key factors of this change in governmental activities include the following:

**Revenues:**

The pie chart below shows the relative percentage each major category of revenue (program and general) comprises of the \$96.632 million in total Governmental Activities revenue.



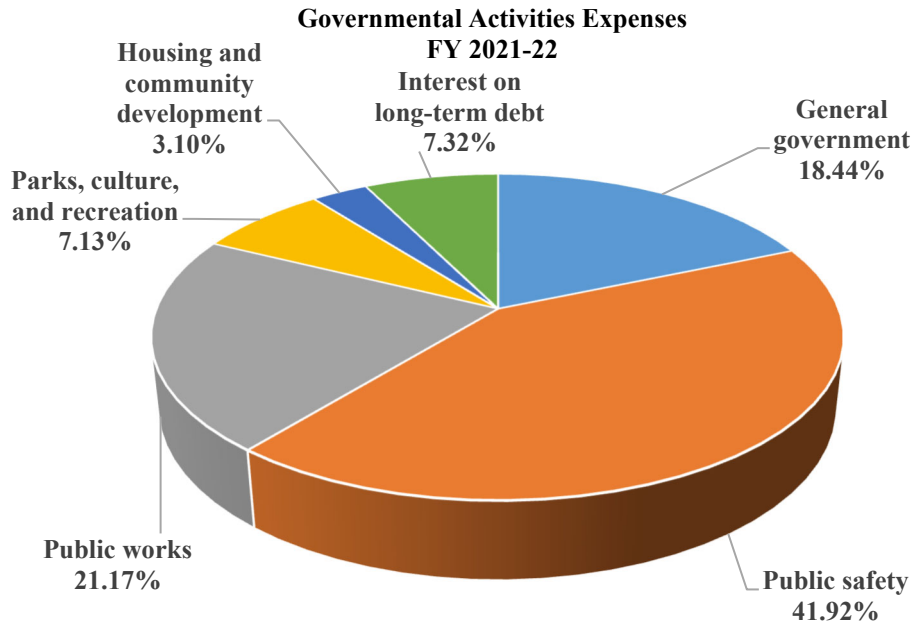
- Total governmental activities revenues increased by \$12.723 million (15.16%). This is mainly due to increases in three revenue categories: Charges for Services (\$4.013 million), Operating Grants (\$6.466 million) and Sales Taxes (\$3.109 million).
- Sales tax revenues were the largest portion of total governmental activities revenues (26.26%). Sales tax revenues increased by \$3.109 million, to \$25.379 million as of June 30, 2022.
- Property tax revenues were the second largest revenue source for governmental activities (22.25%). This includes the 1946 voter-approved retirement portion of property tax (e.g., property tax override). Property tax revenues exclude the property tax override increased slightly by \$89 thousand (1.37%).
- Charges for services were the third largest source of revenue for governmental activities (19.05%). Charges for services in governmental funds include licenses and permits, fines and forfeitures, waste collection, etc. Compared to the prior fiscal year, this program revenue increased by approximately \$4.013 million, or 27.87%.

**City of Montebello**  
**Management’s Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**Expenses:**

The cost of providing all governmental activities in 2022 was \$75.829 million, an increase in expenses of \$7.873 million (11.59%) when compared to June 30, 2021. There were increases and decreases to different categories, causing the overall net increase. General Government and Public Works increased \$11.496 million and \$13.329 million respectively, offsetting a decrease of \$22.975 million in Public Safety.



Program revenues of \$52.817 million offset a portion of the \$75.829 million in Governmental Activities expenses, with general revenues used to offset \$23.013 million of governmental activities expenses considered “public benefit.” This portion of expenses is funded by general revenues – which are primarily derived from taxes (i.e., sales, property, transient occupancy, etc.).

**Business-type Activities**

The City operates the following business-type activities: Transit System (i.e., Montebello Bus Lines), Golf Course, Hilton Garden Inn, Home2Suites, and Water Utility. The City’s Transit System is the largest business-type operation (as defined by operating expenses), followed by Home2Suites, the Hilton Garden Inn, the Golf Course and the Water Fund.

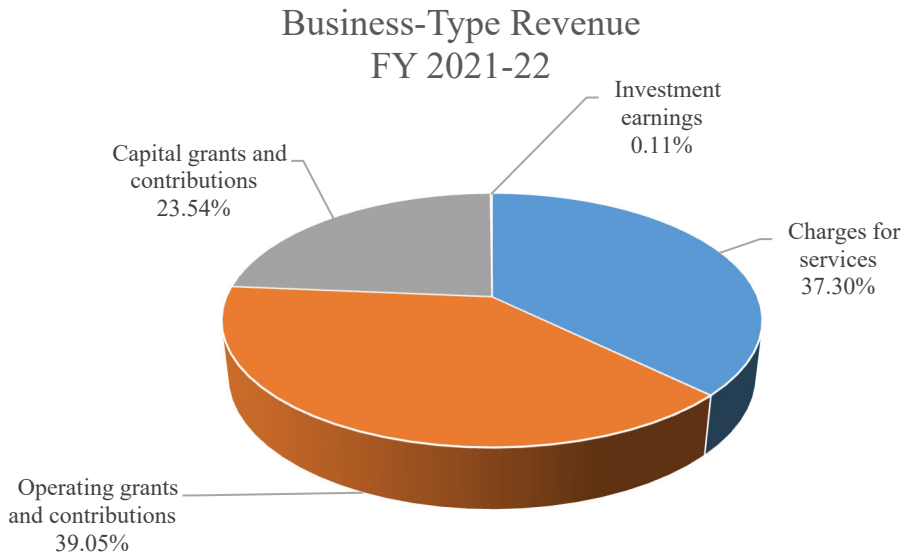
Business-type activities increased the City’s net position before transfers by \$18.239 million, an increase of \$25.109 million as compared to the prior year, primarily a result of an increase in revenue (\$15.043 million) and a decrease in expenses (\$10.576 million).

Total revenues for business-type activities were \$67.461 million, compared to \$52.418 million in the previous fiscal year, constituting a 28.70% increase. The overall change is due to a \$7.798 million increase in Charges for Services, a \$4.077 million increase in Capital Grants and an increase of \$3.109 million in Operating Grants.

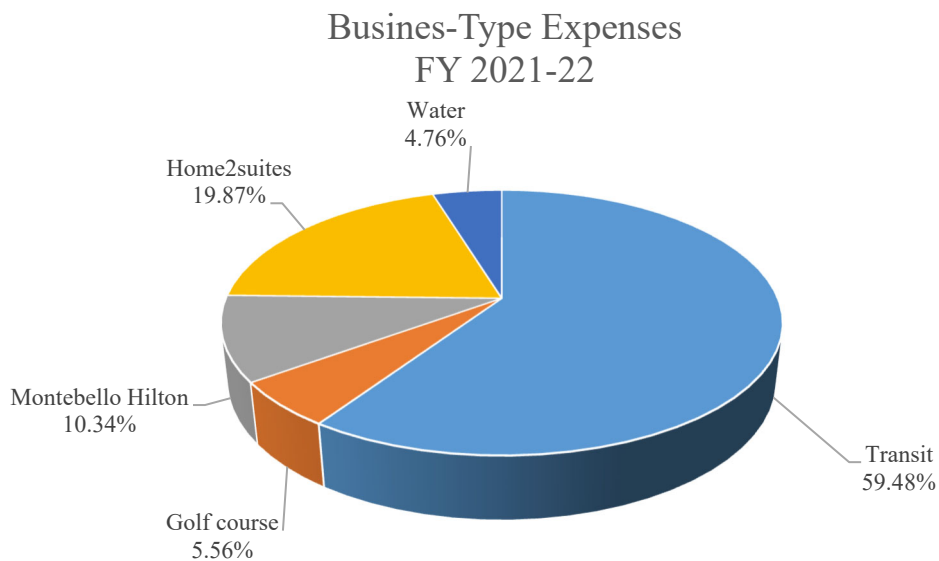
**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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The pie chart below shows the ratio that various program revenues comprise of the total amount of Business-type Activities revenue. Approximately 37.30% of revenue came from Charges for Services, which was generated from bus fares, special contracts, revenue from hotel room fees and golf course green fees, while the remaining 62.70% comes from State and Federal subsidies in the form primarily of Transit related grants and related revenue from Federal, State and local (i.e., Los Angeles County Metropolitan Transportation Authority) agencies.



Business-type Activities expenses decreased \$10.576 million in FY 2021-22 when compared to the prior fiscal year. The pie chart below shows the composition that each operation comprises of total Business-type expenses:



**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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- The Transit System reported operating revenues of \$28.539 million, a \$3.930 million increase (15.97%) when compared to FY 2020-21. Charges for Services were up \$731 thousand, primarily due to the return to normal bus operations as pandemic restrictions were lifted. There were also increases in Federal and State transit assistance and Local Return Funds (Metro) funding. Operating expenses in FY 2021-22 were \$27.846 million, a \$13.873 million decrease from the prior fiscal year. The \$13.761 million decrease in Salaries and Benefits year over year was responsible for the total decrease in expenses. Net position increased by \$15.202 million.
- The City's Golf Course's operating revenue was essentially unchanged year over year: \$2.945 million as of June 30, 2022 vs. \$2.967 million the prior year. Operating expenses decreased by \$167 thousand. As a result, the Golf Fund ended the fiscal year with a net income (surplus) before transfers in of \$210 thousand.
- The Hilton Garden Inn reflected operating net income of \$540 thousand, a vast improvement over the net loss of \$1.023 million in FY 2020-21. The net income (surplus) is attributable to the recovering economy and the return of leisure and business travelers, leading to a direct increase in total occupancy. Operating revenues increased \$3.285 million, and operating expenses increased by \$1.722 million. Total change in net position was a positive \$271 thousand.
- The Montebello Home2Suites reflected operating net income of \$4.596 million, an increase from FY 2020-21 of \$1.850 million. Operating revenue was \$12.050 million, a significant increase over FY 2020-21 revenue of \$8.358 million. As the economy recovers from the pandemic, a return to leisure and business travel has positively impacted the hotel's operations. Total net position increased by \$2.280 million.
- The City's Water Fund increased its net position by \$269 thousand, ending FY 2021-22 with total net position of \$1.692 million. It should be noted that the California Public Utilities Commission (PUC) approved the sale of the City's water system in December, 2022. The City expects the sale to be completed in FY 2022-23. Future financial statements will reflect the sale and closing out of this fund.

**Governmental Funds Financial Analysis (Reporting the City's most Significant Funds)**

*Governmental Funds.* The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements, in particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2022, the City's governmental funds (i.e., major funds such as the General Fund, Retirement Fund, Local Return Funds, etc.) reported total combined ending fund balances of \$74.694 million, an increase of \$10.800 million as compared with the prior fiscal year. All governmental fund balances are either non-spendable, restricted, committed, assigned, or unassigned pursuant to GASB 54.

*Non-spendable* indicates they are fund balances tied to inventories, prepaid expenses and property held for sale. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. These restrictions of fund balance are to indicate that portions of fund balance are not available for new spending, because they have already been committed to 1) finance Special Revenue Fund expenditures, 2) pay debt service, or 3) finance ongoing capital projects.

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

Amounts in the *committed* fund balance are constrained for specific purposes that are internally imposed by the government through formal written action of the City Council. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. The City has not designated committed or assigned fund balances as of June 30, 2022 (see next paragraph for further explanation). *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

It should be noted that updated comprehensive reserve policies were originally adopted by the City Council in June 2020 and have been presented for formal adoption as part of the budget process every fiscal year since. These reserve policies created commitments and assignments in line with GASB 54, detailing specific uses for the commitments or assignments such as "Economic Uncertainty" or "Capital Projects.": These new policies, and the assignment of portions of the General Fund's fund balance, will be fully implemented once total fund balance levels have risen to a point where the reserve categories can be fully funded. A complete copy of the reserve policies can be found in the City's adopted budget.

General Fund is the City's main operating fund. It is used to account for revenues and expenditures necessary to perform basic government functions that are not accounted for through other special revenue and grant funds. These are the typical services residents see daily: police and fire service, street maintenance, community services programming, etc.

The table below presents a comparison of General Fund revenues, expenditures, and fund balance. The General Fund saw an increase in fund balance of \$7.131 million. Fund Balance is now 22.0% of Operating Revenues.

City of Montebello  
 General Fund  
 As of June 30  
 (in thousands)

	2022	2021	Change	
			Amount	%
Operating revenues	\$ 66,904	\$ 56,114	\$ 10,790	19%
Operating expenditures	63,454	66,860	(3,406)	-5%
Excess of revenues over (under) expenditures	3,450	(10,746)	7,384	-69%
Net operating transfers	3,637	3,099	538	17%
Proceeds from capital lease/sale of assets	44	5,785	(5,741)	-99%
Surplus	7,131	(1,862)	8,993	-483%
Beginning fund balance	7,585	9,447	(1,862)	-20%
Ending fund balance	\$ 14,716	\$ 7,585	\$ 7,131	94%

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

The key factors positively impacting fund balance of the General Fund for FY 2021-22 are as follows:

- General Fund operating revenues (i.e., taxes, charges for services, licenses and permits, etc.) increased by \$10.790 million (19.23%) from the prior year which is primarily due to the overall increase in sales tax (\$3.109 million), Licenses and Permits (\$2.037 million) and Intergovernmental (\$5.215 million). The increase in sales tax is due to two primary reasons: the recovering economy as pandemic related restrictions ease and consumers remain active in the retail economy; and the continued local improvement of the recently enacted (March 2020) Measure H Transaction and Use Tax revenue stream. The increase to Intergovernmental revenue is from the recognition of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).
- General Fund expenditures decreased year-over-year by \$3.406 million. There were year-over-year savings in some areas (i.e., General Government, Public Works, Public Safety) which offset increases in Parks and Recreation and Housing and Community Development. Capital related expenses in the General Fund were also less in FY 2021-22 when compared to the prior year.

The table below provides detail of General Fund revenue by major category for FY 2021-22 and FY 2020-21 for comparison purposes:

City of Montebello General Fund As of June 30 (In thousands)						
	Budgeted Amounts		2022 Actual	Variance with Final Budget Positive	2021 Actual	Variance with Prior Year
	Original	Final		(Negative)		
<b>Revenues</b>						
Sales taxes	\$ 20,765	\$ 20,765	\$ 25,379	\$ 4,614	\$ 22,270	\$ 3,109
Property taxes	14,293	14,293	14,195	(98)	13,715	480
Other taxes	610	610	631	21	477	154
Franchise taxes	2,163	2,163	2,301	138	2,316	(15)
Licenses and permits	6,101	6,101	7,806	1,705	5,769	2,037
Fines and forfeitures	2,250	2,250	2,512	262	2,312	200
Investment income	225	225	(869)	(1,094)	77	(946)
Intergovernmental	8	8	6,311	6,303	1,096	5,215
Charges for services	7,806	7,806	8,077	271	6,317	1,760
Proceeds from sale of property	-	-	44	44	-	44
Other revenue	558	558	560	2	1,763	(1,203)
<b>Total revenues</b>	<b>\$ 54,779</b>	<b>\$ 54,779</b>	<b>\$ 66,947</b>	<b>\$ 12,168</b>	<b>\$ 56,112</b>	<b>\$ 10,835</b>

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

Retirement Fund is reserved for the payment of retirement expenses (both Normal Cost and Unfunded Accrued Liability) for all employees of the City. The Retirement Fund is financed by the retirement portion of the property tax revenue (i.e., property tax override) pursuant to a 1946 voter approved initiative to provide for the retirement benefit costs of City employees. The City's Retirement Fund increased fund balance by \$3.436 million as of June 30, 2022, to a total of \$21.047 million. The largest expense is the \$11.041 million in Transfers Out related to the reimbursement of General Fund pension costs and payment of debt service on the \$153.4 million in Pension Obligation Bonds issued in 2020.

Transportation and Street Improvement Funds category is used to account for the activity of Los Angeles County Metropolitan Transportation Authority (Metro) Local Return Funds and State of California Gas Tax funds. This is a new presentation of these funds for FY 2021-22, combining activity to better illustrate the revenue and expenses related to street and roads funds. During the year ended June 30, 2022, fund balance decreased by \$430 thousand. The combination of operating expenses – utilized for capital and maintenance projects – and Transfers Out – utilized to record debt service on the Sales Tax Revenue Bonds Series 2019ABC -- exceeded operating revenues.

Public Financing Authority Debt Service Fund is used to account for the accumulation of resources required for the payment of interest and principal on all revenue bonds issued by the Public Financing Authority. As of June 30, 2022 fund balance decreased slightly by \$6 thousand. This fund is designed to act as a conduit for payment of debt service: expenses generally equal Transfers In (revenue).

**Capital Asset and Debt Administration**

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of June 30, 2022 amounted to \$210.954 million, net of accumulated depreciation, a \$5.627 million increase over the prior year. Capital assets include land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The table below provides a year-over-year comparison of capital assets (net of depreciation), broken out by Governmental Activities and Business-type Activities:

City of Montebello  
Summary of Capital Assets, Net of Depreciation  
As of June 30  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021 (As Restated)	2022	2021 (As Restated)
Land	\$ 2,731	\$ 2,378	\$ 6,307	\$ 6,307	\$ 9,038	\$ 8,685
Rights of way	14,392	14,392	-	-	14,392	14,392
Construction in progress	25,208	32,503	13,431	4,920	38,639	37,423
Buildings and improvements	41,605	30,872	70,715	73,268	112,320	104,140
Machinery and equipment	7,546	8,319	15,884	18,502	23,430	26,821
Infrastructure	13,135	13,866	-	-	13,135	13,866
	<u>\$ 104,617</u>	<u>\$ 102,330</u>	<u>\$ 106,337</u>	<u>\$ 102,997</u>	<u>\$ 210,954</u>	<u>\$ 205,327</u>

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

The capital asset classes include:

- Sewer system, including sewer pipes, pumping stations, manholes, and laterals;
- Storm drain system, including storm drain pipes, flood control channels, and catch basins;
- Streets, including pavement, curb and gutter, sidewalks, medians, greenways, block walls and traffic signals;
- Buildings, including building remodels, building lighting systems, building equipment, and building roofs; and
- Parks, including associated structures and infrastructure assets.

Major capital asset transactions during the current fiscal year included the following additions to values:

- Purchased a new property for \$352 thousand (612 W. Whittier)
- Completion of portions of the bond financed “Paving the Way” project added \$2.9 million in asset value (re-paved/re-built streets and roadways increased overall asset value)
- Completion of the Montebello Blvd project added \$8.4 million in capital asset value

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements section of this report.

**Long-Term Debt**

At the end of Fiscal Year 2021-22, the City had total debt outstanding of \$322.155 million, a decrease of \$1.602 million compared to the prior year.

The outstanding debt includes \$102.692 million of revenue bonds and \$143.015 of pension obligation bonds. Claims payable of \$27.445 million is a \$3.844 million increase over the prior year. Compensated absences also increased, by \$2.595 million of a total of \$6.867 million. The City's Other Postemployment Benefit Obligation (OPEB) amount – as determined by the updated GASB 75 valuation – increased to \$33.697 million from \$30.359 million.

The table below provides an overview and comparison of the various types of long-term debt:

City of Montebello  
Summary of Long-term Debt  
As of June 30  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021 (As Restated)	2022	2021	2022	2021 (As Restated)
Revenue bonds, net	\$ 32,659	\$ 35,014	\$ 70,033	\$ 71,761	\$ 102,692	\$ 106,775
Pension bonds, net	104,873	108,679	38,142	39,526	143,015	148,205
Claims payable	27,445	23,601	-	-	27,445	23,601
Notes payable	6,742	7,803	863	1,099	7,605	8,901
Capital lease obligation	784	1,403	50	240	834	1,643
Compensated absences	5,592	2,977	1,275	1,295	6,867	4,272
Other postemployment benefit obligation	29,906	26,339	3,791	4,020	33,697	30,359
Sub total	208,001	205,816	114,154	117,940	322,155	323,757
Less current portion	16,569	16,162	4,558	3,968	21,127	20,130
Noncurrent portion	\$ 191,432	\$ 189,655	\$ 109,596	\$ 113,972	\$ 301,028	\$ 303,627

Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements section of this report.

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**Credit Rating**

As of the date of this ACFR, the City S&P issuer credit rating (ICR) is "A+", with the underlying credit rating on the City's outstanding lease revenue bonds is "A", with a "stable" outlook. These latest ratings were reaffirmed when the City issued \$15.140 million in Lease Revenue Bonds, Series 2022A, which will be used to refurbish and reconstruct the City's public golf course. The outlook for all ratings is "stable." It should be noted that the "A+" ICR reflects S&P's view of the City's general creditworthiness.

**Organizational and Economic Overview**

The financial statements and commentary found in the prior two ACFR's has been dominated by the impacts of the Coronavirus pandemic. For the results as of June 30, 2022, these impacts have lessened and there appears to be a return to "pre-pandemic" economic and financial activity. Overall, the local Montebello economy appears to be healthy, as evidence by continued strong sales and transaction and use tax performance. Also, the City's two hotels are performing well, seeing occupancy rates at or near levels last since in 2019.

For most of FY 2021-22, the discussion surrounding the economy focused on inflation, and the various causes of the generationally high inflation rate and methods used by the Federal Reserve to temper its impacts on the economy. Hand-in-hand with the inflation discussion has been predictions of if and or when a recession would hit the U.S. economy.

A recent Deloitte Insights economic update stated "Is a recession on the horizon? That's been a key question for the US economy for the past six months. So far, its safe to say that the recession is mostly in people's minds." This statement is based on actual economic activity – as measured by job gains, industrial production and retail sales – remaining strong and indicating growth. External forces and pressures such as the war in Ukraine or housing market problems in China do not impact the United States as much as other nations. While these major issues undoubtedly impact millions around the world, the US economy is not as exposed to these problems as some analysts assume.

The Deloitte Insights analysis goes on to say the real case for recession involves the Federal Reserve's actions to slow the economy. Many analysts see the increase in the Fed funds rate leading to a recession. However, comparing current Fed funds rate increases to those of the early 1980's, the rate of increase has been slower. And while the increase to the Fed funds rate in the early 1980's did lead to recessions, "it took a lot more tightening than we've seen so far this time around." Moreover, the case can be made the US economy may be less sensitive to interest rates than in prior years.

Regardless of these impact's overall effect on the economy, many analysts see a recession in 2023 as more than likely. The key question is how deep and prolonged such a recession could be. Given the impact consumers have on the economy – nationally, regionally and most importantly locally – it is prudent to focus on retail activity as an indicator of both short and long-term economic growth. Consumer spending could return to pre-pandemic patterns: less on durable goods and more on services. One forecast shows durable goods spending levelling off in 2023 and beyond, with a steady increase in services spending, that could surpass spending on non-durables.

These forecasts still show a steady increase in spending in these areas, even if the pandemic trend of spending in durables levels off. The key point is that consumers will continue to spend, at levels above those seen pre-pandemic. That is important to Montebello, since 36.6% of General Fund revenue comes from sales tax. So long as retail activity remains robust – even as inflation continues to be elevated – the City can count on healthy sales tax revenue. It should be noted that out-year sales tax projections are tempered, indicating growth rates under two percent (2.0%).

For this and other reasons, it is imperative that Montebello's economic development activities promote projects that expand the City's sales tax base. Looking ahead, there is much to be excited about in Montebello in this arena, with several projects underway in FY 2022-23 that will contribute to the City's long-term economic health and viability.

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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The issuance of \$15.140 million in lease revenue bonds in September, 2022 will usher in a new era for the City's public golf course. These proceeds will be used to completely reconstruct the existing golf course, creating a championship 9-hole course, a 6-hole "executive" course, and adding lights for the ability to play golf during evening hours. This project will help the Golf Course reduce – even eliminate – the subsidy required from the General Fund.

Connected to the Golf Course Renovation Project is the construction of a Topgolf facility on 15 acres of the existing golf course property. This project will be funded with the \$55.4 million in lease revenue bonds issued in December, 2022. In a unique financing arrangement, the Public Financing Authority issued the bonds, with a sub-lease and guaranty tied to the issuance that requires Topgolf to pay the annual debt service. The completed Topgolf facility will be a three-story entertainment and event center, featuring 102 hitting bays, a restaurant, meeting space and a pro shop. In addition to the commitment to pay annual debt service, Topgolf will pay an annual lease for the use of City property. In addition, the facility will generate sales tax revenue, which will help boost overall General Fund revenue.

In addition to these exciting capital projects and economic development initiatives, the City finally received approval from the Public Utilities Commission (PUC) to sell its water system. The PUC decision was finalized in December 2022, and escrow is estimated to close in February 2023. The sale of the water system to San Gabriel Valley Water Company (SGVWC) concludes a long saga of the City attempting to sell its water system. The State Auditor, in its December 2018 report, recommended the City pursue the sale, and the October 2021 follow up report noted this recommendation and continued to support the sale. The \$15.8 million in proceeds the City will receive will help boost its General Fund reserves in FY 2022-23.

As noted in the preceding pages, the General Fund's fund balance increased to \$14.716 million as of June 30, 2022. The proceeds from the sale of the water system will more than double these reserves, allowing the City to begin following its adopted GASB 54 compliant reserve policies (first adopted in June, 2020).

In FY 2021-22, the City began much needed work to upgrade its information technology infrastructure. This project will be funded using a portion of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) revenue the City received between May 2021 and 2022. The total \$16.59 million in CSLFRF revenue received by Montebello has been categorized as "revenue loss," as permitted by U.S. Treasury Interim Final and Final Rules. This much needed funding has allowed the City to fast-track the technology upgrade, improving security, storage and productivity hardware and software. The project will continue in subsequent fiscal years, with completion anticipated sometime in FY 2023-24.

- These are just a few highlights of the many projects underway in Montebello that are aimed at improving residents' lives and helping to put the City on a long-term path to financial stability and sustainability. Some other projects that either began or were continued into FY 2021-22 are the following: Issuance of \$15.140 million in bonds to fully renovate and rejuvenate the City's public golf course
- Issuing bonds to construct a Topgolf on 15 acres of the City's public golf course
- Substantial completion of "Paving the Way" projects that improved residential street and road conditions
- Major repairs to the City's again sewer system
- Expansion of the Montebello Community Assistance Program (MCAP), aimed at helping the City's unhoused population
- Approval of a Housing Element by the State's Housing and Community Development Department, making Montebello only the second city in Los Angeles County to have a current approved plan
- Significant progress on the City's General Plan update, the first in over forty years
- Completion of a park and facilities needs assessment study and master plan
- Completion of significant facility repair and upgrade projects, eliminating years of deferred maintenance on key City facilities
- Introduction of improved purchasing and procurement guidelines
- Receiving the Government Finance Officers Association (GFOA) award for budget preparation for the second time in the history of the City

**City of Montebello**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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Management and the City Council continue to be dedicated to improving Montebello's long-term sustainability. Pursuing projects that are externally and internally focused – capital and infrastructure projects as well as organizational improvements – will strengthen Montebello's abilities to weather changes in the economy as well as the “next pandemic,” in whatever form that may appear.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report can be answered by visiting the City's website at [www.montebeloca.gov](http://www.montebeloca.gov).

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## **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**City of Montebello**  
**Statement of Net Position**  
**June 30, 2022**

ASSETS	Governmental Activities	Business-Type Activities	Total
<b>Current assets:</b>			
Cash and investments	\$ 62,724,376	\$ 17,794,854	\$ 80,519,230
Taxes receivable	5,600,887	-	5,600,887
Accounts receivable	5,396,004	11,875,942	17,271,946
Interest receivable	112,522	-	112,522
Notes receivable	495,693	-	495,693
Due from other governments	4,979,426	-	4,979,426
Prepaid items	346,129	413,464	759,593
Inventories	-	1,405,122	1,405,122
Internal balances	7,146,134	(7,146,134)	-
<b>Total current assets</b>	<b>86,801,171</b>	<b>24,343,248</b>	<b>111,144,419</b>
<b>Noncurrent assets:</b>			
Restricted cash and investments	15,186,067	12,682,854	27,868,921
Land held for resale	1,679,368	-	1,679,368
Net pension assets	52,134,867	17,580,885	69,715,752
Capital assets:			
Non-depreciable assets	42,330,867	19,737,407	62,068,274
Depreciable assets (net of depreciation)	62,286,529	86,599,231	148,885,760
Total capital assets, net	104,617,396	106,336,638	210,954,034
<b>Total noncurrent assets</b>	<b>173,617,698</b>	<b>136,600,377</b>	<b>310,218,075</b>
<b>Total assets</b>	<b>260,418,869</b>	<b>160,943,625</b>	<b>421,362,494</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources	6,247,861	1,629,574	7,877,435
Other postemployment benefits related deferred outflows if resources	5,335,951	676,388	6,012,339
Unamortized loss on defeasance of debt	134,111	40,963	175,074
<b>Total deferred outflows of resources</b>	<b>11,717,923</b>	<b>2,346,925</b>	<b>14,064,848</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	3,936,004	3,504,485	7,440,489
Accrued interest	844,561	370,834	1,215,395
Deposits payable	-	134,182	134,182
Due to other governments	7,381	2,750	10,131
Unearned revenue	17,452,022	2,028,961	19,480,983
Long-term liabilities, due within one year	16,569,110	4,557,912	21,127,022
<b>Total current liabilities</b>	<b>38,809,078</b>	<b>10,599,124</b>	<b>49,408,202</b>
<b>Noncurrent liabilities:</b>			
Long-term liabilities, due in more than one year	161,525,505	105,804,790	267,330,295
Net other postemployment benefits liability	29,905,997	3,790,901	33,696,898
<b>Total noncurrent liabilities</b>	<b>191,431,502</b>	<b>109,595,691</b>	<b>301,027,193</b>
<b>Total liabilities</b>	<b>230,240,580</b>	<b>120,194,815</b>	<b>350,435,395</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on refunding of debt	-	529,498	529,498
Pension related deferred inflows of resources	38,749,254	12,563,853	51,313,107
Other postemployment benefits related deferred inflows of resources	2,365,627	299,868	2,665,495
<b>Total deferred inflows of resources</b>	<b>41,114,881</b>	<b>13,393,219</b>	<b>54,508,100</b>
<b>NET POSITION</b>			
Net investment in capital assets	79,727,948	34,948,689	114,676,637
Restricted for:			
Retirement	21,046,898	-	21,046,898
Community development	9,212,429	-	9,212,429
Public safety	965,996	-	965,996
Capital projects	214,580	-	214,580
Transportation	13,854,886	-	13,854,886
Debt service	371,706	12,636,555	13,008,261
Total restricted	45,666,495	12,636,555	58,303,050
Unrestricted (deficit)	(124,613,112)	(17,882,728)	(142,495,840)
<b>Total net position (deficit)</b>	<b>\$ 781,331</b>	<b>\$ 29,702,516</b>	<b>\$ 30,483,847</b>

**City of Montebello**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Total</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental activities:</b>					
General government	\$ 13,983,490	\$ 4,823,331	\$ 1,602,604	\$ 550	\$ 6,426,485
Public safety	31,790,604	4,576,406	18,668,562	705,696	23,950,664
Public works	16,052,469	4,680,288	8,504,120	49,373	13,233,781
Parks, recreation, and culture	5,406,906	220,152	2,739,257	194,517	3,153,926
Housing and community development	2,346,627	4,111,335	728,456	1,211,892	6,051,683
Unallocated infrastructure depreciation	700,608	-	-	-	-
Interest and fiscal charges	5,548,594	-	-	-	-
<b>Total governmental activities</b>	<b>75,829,298</b>	<b>18,411,512</b>	<b>32,242,999</b>	<b>2,162,028</b>	<b>52,816,539</b>
<b>Business-type Activities:</b>					
Transit system	29,280,305	2,201,947	26,342,293	15,879,414	44,423,654
Golf course	2,735,232	2,945,485	-	-	2,945,485
Montebello Hilton	5,088,673	5,357,504	-	-	5,357,504
Home2Suites	9,782,114	12,050,342	-	-	12,050,342
Water utility	2,343,193	2,607,898	-	-	2,607,898
<b>Total business-type activities</b>	<b>49,229,517</b>	<b>25,163,176</b>	<b>26,342,293</b>	<b>15,879,414</b>	<b>67,384,883</b>
<b>Total</b>	<b>\$ 125,058,815</b>	<b>\$ 43,574,688</b>	<b>\$ 58,585,292</b>	<b>\$ 18,041,442</b>	<b>\$ 120,201,422</b>

**City of Montebello**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2022**

<b>Functions/Programs</b>	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>			
General government	\$ (7,557,005)	\$ -	\$ (7,557,005)
Public safety	(7,839,940)	-	(7,839,940)
Public works	(2,818,688)	-	(2,818,688)
Parks, recreation, and culture	(2,252,980)	-	(2,252,980)
Housing and community development	3,705,056	-	3,705,056
Unallocated infrastructure depreciation	(700,608)	-	(700,608)
Interest and fiscal charges	(5,548,594)	-	(5,548,594)
Total governmental activities	(23,012,759)	-	(23,012,759)
<b>Business-type Activities:</b>			
Transit system	-	15,143,349	15,143,349
Golf course	-	210,253	210,253
Montebello Hilton	-	268,831	268,831
Hotel2Suites	-	2,268,228	2,268,228
Water utility	-	264,705	264,705
Total business-type activities	-	18,155,366	18,155,366
Total	(23,012,759)	18,155,366	(4,857,393)
<b>General revenues:</b>			
Taxes:			
Property taxes	6,565,336	-	6,565,336
Sales tax	25,378,979	-	25,378,979
Franchise taxes	2,300,508	-	2,300,508
Transient occupancy tax	340,195	-	340,195
Property tax in lieu of vehicle license fee	7,629,793	-	7,629,793
Other taxes	290,889	-	290,889
Total taxes	42,505,700	-	42,505,700
Investment (loss) income	(761,829)	77,003	(684,826)
Other revenues	2,071,400	-	2,071,400
<b>Transfers</b>	(6,627)	6,627	-
<b>Total general revenues and transfers</b>	43,808,644	83,630	43,892,274
<b>Changes in net position</b>	20,795,885	18,238,996	39,034,881
<b>Net position (deficit):</b>			
Beginning of year, as restated (Note 16)	(20,014,554)	11,463,520	(8,551,034)
End of year	\$ 781,331	\$ 29,702,516	\$ 30,483,847

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# FUND FINANCIAL STATEMENTS

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The Fund Financial Statements only present individual major funds, while nonmajor funds are combined in a single column. Major funds are generally defined as having significant activities or balances in the current year.

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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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# MAJOR GOVERNMENTAL FUNDS

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The funds described below were determined to be Major Funds. Individual nonmajor funds may be found in the Supplementary Information Section.

## **GENERAL FUND**

The **General Fund** is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources of this fund include property tax, sales tax, transient occupancy tax, business license tax, utility users tax and charges for services. These revenues support the general operations of the City, which include police, fire, street maintenance, parks, recreation, planning and general government. In addition, the General Fund finances many capital improvements each year.

## **RETIREMENT FUND SPECIAL REVENUE FUND**

The City of Montebello voters twice approved a Property Tax Override (PTO) in 1946 and again in 1976 (affirmation vote) to be utilized to pay for retirement related pension costs (i.e., PERS related expenditures). Ordinance No 2148 (1996) codified the tax rate at \$0.197875 per \$100 of assessed valuation (Municipal Code Section 3.28.020). The revenue from the property tax override can only be used to pay for retirement system related expenses. The revenue is utilized to pay for unfunded actuarial liability (UAL), normal costs, and effective FY 2020-21, debt service on Pension Obligation Bonds.

## **TRANSPORTATION AND STREET IMPROVEMENT SPECIAL REVENUE FUNDS**

To account for the all transportation and street repair maintenance funds that were previously reported separately as Gas Tax Special Revenue Fund, Road Maintenance and Rehabilitation Special Revenue Fund, Prop A Local, Special Revenue Fund, Prop C Local Special Revenue Fund, Measure R Local Special Revenue Fund, and Measure M Local Special Revenue Fund. A combining statement of these funds is shown in the supplementary information.

## **PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND**

Montebello pays debt service on bond issues and lease payments for equipment. This fund records various debt related expenses. Funds are transferred into this fund (Transfers In) and debt service is recorded when paid.

**City of Montebello**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General Fund	Special Revenue Funds		Debt Service Fund
		Retirement Fund	Transportation and Street Improvement Funds	Public Financing Authority
<b>ASSETS</b>				
Cash and investments	\$ 19,131,893	\$ 20,396,902	\$ 14,282,547	\$ -
Accounts receivable	2,042,338	-	229,476	-
Interest receivable	112,522	-	-	-
Taxes receivable	4,949,073	649,996	-	-
Notes receivable	-	-	-	-
Due from other funds	5,555,019	-	-	376,060
Due from other governments	34,737	-	-	-
Advances to other funds	3,159,680	-	-	-
Prepaid items	195,722	-	28,970	-
Property held for resale	682,538	-	-	-
Restricted assets:				
Cash and investments held by fiscal agents	374,594	-	14,786,770	24,703
<b>Total assets</b>	<b>\$ 36,238,116</b>	<b>\$ 21,046,898</b>	<b>\$ 29,327,763</b>	<b>\$ 400,763</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,912,815	\$ -	\$ 657,137	\$ -
Due to other funds	1,475,000	-	-	29,057
Due to other governments	7,381	-	-	-
Unearned revenues	17,126,666	-	-	-
<b>Total Liabilities</b>	<b>21,521,862</b>	<b>-</b>	<b>657,137</b>	<b>29,057</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	4,037,940	-	28,970	-
Restricted	374,594	21,046,898	28,641,656	371,706
Committed	459,491	-	-	-
Unassigned (deficit)	9,844,229	-	-	-
<b>Total fund balances</b>	<b>14,716,254</b>	<b>21,046,898</b>	<b>28,670,626</b>	<b>371,706</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 36,238,116</b>	<b>\$ 21,046,898</b>	<b>\$ 29,327,763</b>	<b>\$ 400,763</b>

**City of Montebello**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2022**

	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 1,778,386	\$ 55,589,728
Accounts receivable	3,120,294	5,392,108
Interest receivable	-	112,522
Taxes receivable	1,818	5,600,887
Notes receivable	495,693	495,693
Due from other funds	1,475,000	7,406,079
Due from other governments	4,944,689	4,979,426
Advances to other funds	-	3,159,680
Prepaid items	121,437	346,129
Property held for resale	996,830	1,679,368
Restricted assets:		
Cash and investments held by fiscal agents	-	15,186,067
<b>Total assets</b>	<b>\$ 12,934,147</b>	<b>\$ 99,947,687</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 349,457	\$ 3,919,409
Due to other funds	1,915,568	3,419,625
Due to other governments	-	7,381
Unearned revenues	325,356	17,452,022
<b>Total Liabilities</b>	<b>2,590,381</b>	<b>24,798,437</b>
 <b>Deferred Inflows of Resources:</b>		
Unavailable revenues	455,405	455,405
<b>Total deferred inflows of resources</b>	<b>455,405</b>	<b>455,405</b>
 <b>Fund Balances:</b>		
Nonspendable	121,437	4,188,347
Restricted	10,029,884	60,464,738
Committed	-	459,491
Unassigned (deficit)	(262,960)	9,581,269
<b>Total fund balances</b>	<b>9,888,361</b>	<b>74,693,845</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,934,147</b>	<b>\$ 99,947,687</b>

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**City of Montebello**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2022**

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**Total fund balances reported on the governmental funds balance sheet** \$ 74,693,845

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Capital assets used in governmental activities are not current assets or provides financial resources and therefore are not reported in the Governmental Funds. 104,617,396

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. Currently due assets and liabilities of these funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position. (20,326,439)

Revenues earned but not available to pay for current expenditures for governmental funds are reported as unavailable revenue in the Governmental Funds Balance Sheet. 455,405

Compensated absences were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets, net of \$(3,777) reported in Internal Service Funds. (5,588,405)

Net pension liabilities and the related deferred outflows and inflows of resources were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets:

Deferred outflows of resources	6,247,861	
Net pension assets	52,134,867	
Deferred inflows of resources	<u>(38,749,254)</u>	19,633,474

Net other postemployment benefits liability and the related deferred outflows and inflows of resources were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets:

Deferred outflows of resources	\$ 5,335,951	
Net other postemployment benefits liability	(29,905,997)	
Deferred inflows of resources	<u>(2,365,627)</u>	(26,935,673)

Long-term debts and related payables were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets:

Bonds and loans payable, net of premium and discount	(145,057,822)	
Unamortized loss on defeasance of debt	134,111	
Interest payable	<u>(844,561)</u>	<u>(145,768,272)</u>

**Net position (deficit) of governmental activities:** \$ 781,331

**City of Montebello**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	General Fund	Special Revenue Funds		Debt Service Fund
		Retirement Fund	Transportation and Street Improvement Funds	Public Financing Authority
<b>REVENUES:</b>				
Taxes	\$ 42,505,700	\$ 14,569,128	\$ -	\$ -
Intergovernmental	6,311,326	-	7,799,136	-
Licenses and permits	7,806,258	-	-	-
Fines and forfeitures	2,512,256	-	-	-
Use of money and property	(869,471)	98,079	84,531	543
Charges for services	8,077,509	-	-	-
Other revenue	560,220	-	-	1,506,936
<b>Total revenues</b>	<b>66,903,798</b>	<b>14,667,207</b>	<b>7,883,667</b>	<b>1,507,479</b>
<b>EXPENDITURES:</b>				
Current:				
General government	7,508,181	191,001	-	-
Public safety	33,255,910	-	-	-
Public works	11,882,266	-	780,492	-
Parks, recreation, and culture	4,711,686	-	-	-
Housing and community development	2,370,064	-	-	-
Capital outlay	2,073,997	-	5,396,999	-
Debt service:				
Principal	1,254,815	-	-	5,876,027
Interest and fiscal charges	397,418	-	-	5,170,131
<b>Total expenditures</b>	<b>63,454,337</b>	<b>191,001</b>	<b>6,177,491</b>	<b>11,046,158</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,449,461</b>	<b>14,476,206</b>	<b>1,706,176</b>	<b>(9,538,679)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,637,348	-	-	9,532,529
Transfers out	-	(11,040,588)	(2,135,916)	-
Proceeds from sale of assets	44,300	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,681,648</b>	<b>(11,040,588)</b>	<b>(2,135,916)</b>	<b>9,532,529</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>7,131,109</b>	<b>3,435,618</b>	<b>(429,740)</b>	<b>(6,150)</b>
<b>FUND BALANCES:</b>				
Beginning of year, as restated (Note 16)	7,585,145	17,611,280	29,100,366	377,856
End of year	\$ 14,716,254	\$ 21,046,898	\$ 28,670,626	\$ 371,706

**City of Montebello**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>		
Taxes	\$ -	\$ 57,074,828
Intergovernmental	5,147,910	19,258,372
Licenses and permits	-	7,806,258
Fines and forfeitures	-	2,512,256
Use of money and property	13,947	(672,371)
Charges for services	-	8,077,509
Other revenue	52,397	2,119,553
<b>Total revenues</b>	<b>5,214,254</b>	<b>96,176,405</b>
<b>EXPENDITURES:</b>		
Current:		
General government:	-	7,699,182
Public safety	1,916,718	35,172,628
Public works	869,375	13,532,133
Parks and recreation	810,546	5,522,232
Housing and community development	284,597	2,654,661
Capital outlay	192,310	7,663,306
Debt service:		
Principal	425,000	7,555,842
Interest and fiscal charges	46,595	5,614,144
<b>Total expenditures</b>	<b>4,545,141</b>	<b>85,414,128</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>669,113</b>	<b>10,762,277</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	-	13,169,877
Transfers out	-	(13,176,504)
Proceeds from sale of assets	-	44,300
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>37,673</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>669,113</b>	<b>10,799,950</b>
<b>FUND BALANCES:</b>		
Beginning of year, as restated (Note 16)	9,219,248	63,893,895
End of year	\$ 9,888,361	\$ 74,693,845

**City of Montebello**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2022**

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**Net change in fund balances - total governmental funds:** \$ 10,799,950

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the portion of the cost attributed to capital assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The remaining amounts are expensed and allocated to the programs they support.

The capital outlay expenditures	\$ 7,961,454	
Depreciation expense	(3,408,289)	
Net effect of disposal of capital assets	<u>(2,265,654)</u>	2,287,511

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. 455,405

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal	7,555,842	
Interest and amortization expense	<u>65,550</u>	7,621,392

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds:

Pension credit, net of contribution made after measurement date	9,277,991	
OPEB expense, net of contribution made after measurement date	(600,440)	
Compensated absences	<u>(2,614,819)</u>	6,062,732

Internal Service Funds are used by management to charge the costs of insurance activities to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities. (6,431,105)

**Change in net position of governmental activities** \$ 20,795,885

**PROPRIETARY FUND FINANCIAL STATEMENTS**

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# MAJOR PROPRIETARY FUNDS

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Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds extends to Proprietary Funds. The City has identified the funds below as major proprietary funds.

## **TRANSIT SYSTEM FUND**

This fund is used to account for all revenues and expenses related to the operations of the City's transit service. The City of Montebello operates a bus line: Montebello Bus Lines. This fund is utilized to track revenue and expenditures for all operations. The revenue recorded in this fund is comprised of fares, Local Return Funds (LA County Metro) and Federal funds. Operating expenses include salaries and benefits of bus operators and mechanics, fuel, supplies for bus repairs, and other related expenditures.

## **GOLF COURSE FUND**

This fund is used to account for all revenues and expenses related to the operations of the Montebello Municipal Golf Course. The City owns and operates an eighteen hole championship Golf Course, in operation since 1926. This enterprise fund accounts for the operations of the golf course: staff, maintenance, repairs, etc. In addition, the fund accounts for revenue and operating expenses of the Quiet Cannon, an event and conference space that is owned by the City but operated by a management company.

## **MONTEBELLO HILTON FUND**

This fund is used to account for revenues and expenses related to the operations of the Montebello Hilton (i.e., Hilton Garden Inn). This City owned hotel has been in operation since 2004 and is operated by a management company. It is a full service hotel that offers a full range of amenities: business center, meeting rooms, bar/restaurant, swimming pool, etc. It is adjacent to the City's eighteen-hole championship golf course.

## **HOME2SUITES FUND**

This fund is used to account for revenues and expenses related to the operations of the Montebello Home2Suites Hotel. This City owned hotel opened in 2018 and is operated by a management company. It is a full-service hotel that caters to the long-term business traveler.

## **WATER UTILITY FUND**

This fund is used to account for the revenue and expenses of the Water Fund. The City contracts with a third-party, the San Gabriel Valley Water Company ("SGVWC"), for the operation and maintenance of this utility. In May 2020 the City received approval to move forward with the sale of its water system to SGVWC. The Public Utilities Commission ("PUC") gave final approval of the sale in November 2021. It is anticipated that the sale will be completed by June 30, 2023. All activities necessary to provide such service are accounted for in this fund including, but not limited to administration, operations, maintenance, financing, billing and collections.

**City of Montebello**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

Business-type Activities - Enterprise Funds

ASSETS	Transit System	Golf Course	Montebello Hilton	Home2Suites	Water
<b>Current assets:</b>					
Cash and investments	\$ 15,350,137	\$ -	\$ 277,514	\$ 1,270,809	\$ 896,394
Accounts receivable	9,966,661	212,638	772,292	740,731	183,620
Inventories	1,336,597	66,175	480	1,870	-
Prepaid items	71,882	-	129,980	211,602	-
Restricted:					
Cash and investments with fiscal agents	55,070	-	2,263,460	10,364,324	-
<b>Total current assets</b>	<b>26,780,347</b>	<b>278,813</b>	<b>3,443,726</b>	<b>12,589,336</b>	<b>1,080,014</b>
<b>Noncurrent assets:</b>					
Net pension assets	17,580,885	-	-	-	-
Capital assets:					
Nondepreciable	15,554,952	3,581,034	566,421	-	35,000
Depreciable	101,016,821	13,455,748	19,715,754	49,083,848	3,137,430
Accumulated depreciation	(74,605,641)	(9,931,757)	(8,419,244)	(4,601,611)	(2,252,117)
Total capital assets, net	41,966,132	7,105,025	11,862,931	44,482,237	920,313
<b>Total noncurrent assets</b>	<b>59,547,017</b>	<b>7,105,025</b>	<b>11,862,931</b>	<b>44,482,237</b>	<b>920,313</b>
<b>Total assets</b>	<b>86,327,364</b>	<b>7,383,838</b>	<b>15,306,657</b>	<b>57,071,573</b>	<b>2,000,327</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related	1,629,574	-	-	-	-
Other postemployment benefits related	676,388	-	-	-	-
Deferred charges on refunding	-	40,963	-	-	-
<b>Total deferred outflows of resources</b>	<b>2,305,962</b>	<b>40,963</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Continued)

**City of Montebello**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Total	Self-insurance
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and investments	\$ 17,794,854	\$ 7,134,648
Accounts receivable	11,875,942	3,896
Inventories	1,405,122	-
Prepaid items	413,464	-
Restricted:		
Cash and investments with fiscal agents	12,682,854	-
<b>Total current assets</b>	<b>44,172,236</b>	<b>7,138,544</b>
<b>Noncurrent assets:</b>		
Net pension assets	17,580,885	-
Capital assets:		
Nondepreciable	19,737,407	-
Depreciable	186,409,601	-
Accumulated depreciation	(99,810,370)	-
Total capital assets, net	106,336,638	-
<b>Total noncurrent assets</b>	<b>123,917,523</b>	<b>-</b>
<b>Total assets</b>	<b>168,089,759</b>	<b>7,138,544</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	1,629,574	-
Other postemployment benefits related	676,388	-
Deferred charges on refunding	40,963	-
<b>Total deferred outflows of resources</b>	<b>2,346,925</b>	<b>-</b>

(Continued)

**City of Montebello**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

Business-type Activities - Enterprise Funds

	Transit System Fund	Golf Course	Montebello Hilton	Home2Suites	Water Fund
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	1,117,265	244,824	1,112,922	937,377	92,097
Interest payable	115,575	11,535	34,000	206,954	2,770
Deposits payable	-	400	30,486	71,621	31,675
Due to other funds	-	3,986,454	-	-	-
Due to other governments	-	-	-	2,750	-
Unearned revenue	2,028,961	-	-	-	-
Compensated absences, due within one year	880,294	-	-	-	-
Claims payable, due within one year	-	-	-	-	-
Bonds and notes payable, due within one year	1,453,083	409,535	650,000	1,165,000	-
<b>Total current liabilities</b>	<b>5,595,178</b>	<b>4,652,748</b>	<b>1,827,408</b>	<b>2,383,702</b>	<b>126,542</b>
<b>Noncurrent liabilities:</b>					
Advances from other funds	-	-	2,300,000	859,680	-
Compensated absences, due in more than one year	394,594	-	-	-	-
Claims payable, due in more than one year	-	-	-	-	-
Bonds and notes payable, due in more than one year	37,325,804	1,616,517	10,733,313	55,553,005	181,557
Net other postemployment benefits liability	3,790,901	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>41,511,299</b>	<b>1,616,517</b>	<b>13,033,313</b>	<b>56,412,685</b>	<b>181,557</b>
<b>Total liabilities</b>	<b>47,106,477</b>	<b>6,269,265</b>	<b>14,860,721</b>	<b>58,796,387</b>	<b>308,099</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred gain on refunding	-	-	529,498	-	-
Pension related	12,563,853	-	-	-	-
Other postemployment benefits related	299,868	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>12,863,721</b>	<b>-</b>	<b>529,498</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	41,375,645	5,119,936	(49,880)	(12,235,768)	738,756
Restricted for debt service	8,771	-	2,263,460	10,364,324	-
Unrestricted (deficit)	(12,721,288)	(3,964,400)	(2,297,142)	146,630	953,472
<b>Total net position</b>	<b>\$ 28,663,128</b>	<b>\$ 1,155,536</b>	<b>\$ (83,562)</b>	<b>\$ (1,724,814)</b>	<b>\$ 1,692,228</b>

(Continued)

**City of Montebello**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Total	Self-insurance
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	3,504,485	16,595
Interest payable	370,834	-
Deposits payable	134,182	-
Due to other funds	3,986,454	-
Due to other governments	2,750	-
Unearned revenue	2,028,961	-
Compensated absences, due within one year	880,294	3,777
Claims payable, due within one year	-	6,696,705
Bonds and notes payable, due within one year	3,677,618	-
<b>Total current liabilities</b>	<b>14,585,578</b>	<b>6,717,077</b>
<b>Noncurrent liabilities:</b>		
Advances from other funds	3,159,680	-
Compensated absences, due in more than one year	394,594	-
Claims payable, due in more than one year	-	20,747,906
Bonds and notes payable, due in more than one year	105,410,196	-
Net other postemployment benefits liability	3,790,901	-
<b>Total noncurrent liabilities</b>	<b>112,755,371</b>	<b>20,747,906</b>
<b>Total liabilities</b>	<b>127,340,949</b>	<b>27,464,983</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding	529,498	-
Pension related	12,563,853	-
Other postemployment benefits related	299,868	-
<b>Total deferred inflows of resources</b>	<b>13,393,219</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	34,948,689	-
Restricted for debt service	12,636,555	-
Unrestricted (deficit)	(17,882,728)	(20,326,439)
<b>Total net position</b>	<b>\$ 29,702,516</b>	<b>\$ (20,326,439)</b>

(Concluded)

**City of Montebello**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

Business-type Activities - Enterprise Funds

	Transit System	Golf Course	Montebello Hilton	Home2Suites	Water
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 2,092,340	\$ 2,940,434	\$ 5,256,495	\$ 11,968,958	\$ 2,607,898
Operating subsidies:					
Proposition "A" discretionary	5,681,362	-	-	-	-
Proposition "C" discretionary	3,812,459	-	-	-	-
Measure M	3,592,001	-	-	-	-
Measure R	3,604,280	-	-	-	-
Federal and state transit assistance	9,652,191	-	-	-	-
Total operating subsidies:	<u>26,342,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other	104,707	5,051	101,009	81,384	-
<b>Total operating revenues</b>	<u>28,539,340</u>	<u>2,945,485</u>	<u>5,357,504</u>	<u>12,050,342</u>	<u>2,607,898</u>
<b>OPERATING EXPENSES:</b>					
Salaries and benefits expense (credit)	13,550,771	(261,683)	1,176,667	1,769,105	1,116
Materials and supplies	3,098,640	27,756	209,443	-	-
Food and beverage	-	-	446,424	548,968	-
Repairs and maintenance	136,811	205	-	15	-
Utilities	319,575	950,729	242,266	310,714	187,749
Insurance claims and premiums	2,100,000	-	79,200	94,568	-
Contractual services	1,981,382	1,349,987	415,037	951,532	1,983,319
Franchise fees	-	-	162,276	537,571	-
Depreciation	4,330,533	233,298	430,301	1,227,097	5,680
Administrative expense	1,953,337	357,080	1,060,461	2,007,223	160,602
Other expenses	374,753	5,766	595,623	7,832	-
<b>Total operating expenses</b>	<u>27,845,802</u>	<u>2,663,138</u>	<u>4,817,698</u>	<u>7,454,625</u>	<u>2,338,466</u>
<b>Operating income (loss)</b>	<u>693,538</u>	<u>282,347</u>	<u>539,806</u>	<u>4,595,717</u>	<u>269,432</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	58,265	-	2,240	12,142	4,356
Interest and fiscal charges	(1,434,503)	(72,094)	(270,975)	(2,327,489)	(4,727)
Gain on sale of assets	4,900	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>(1,371,338)</u>	<u>(72,094)</u>	<u>(268,735)</u>	<u>(2,315,347)</u>	<u>(371)</u>
Income before contribution and transfers	(677,800)	210,253	271,071	2,280,370	269,061
<b>CONTRIBUTIONS AND TRANSFERS:</b>					
Federal and state capital grants	15,879,414	-	-	-	-
Transfers in	-	6,627	-	-	-
<b>Total contributions and transfers</b>	<u>15,879,414</u>	<u>6,627</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	15,201,614	216,880	271,071	2,280,370	269,061
<b>NET POSITION:</b>					
Beginning of year	13,461,514	938,656	(354,633)	(4,005,184)	1,423,167
End of year	<u>\$ 28,663,128</u>	<u>\$ 1,155,536</u>	<u>\$ (83,562)</u>	<u>\$ (1,724,814)</u>	<u>\$ 1,692,228</u>

(Continued)

**City of Montebello**  
**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Total	Self-insurance
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 24,866,125	\$ 8,528,226
Operating subsidies:		
Proposition "A" discretionary	5,681,362	-
Proposition "C" discretionary	3,812,459	-
Measure M	3,592,001	-
Measure R	3,604,280	-
Federal and state transit assistance	9,652,191	-
Total operating subsidies:	<u>26,342,293</u>	<u>-</u>
Other	<u>292,151</u>	<u>-</u>
<b>Total operating revenues</b>	<u>51,500,569</u>	<u>8,528,226</u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	16,235,976	-
Materials and supplies	3,335,839	-
Food and beverage	995,392	-
Repairs and maintenance	137,031	-
Utilities	2,011,033	-
Insurance claims and premiums	2,273,768	14,474,506
Contractual services	6,681,257	484,825
Franchise fees	699,847	-
Depreciation	6,226,909	-
Administrative expense	5,538,703	-
Other expenses	983,974	-
<b>Total operating expenses</b>	<u>45,119,729</u>	<u>14,959,331</u>
<b>Operating income (loss)</b>	<u>6,380,840</u>	<u>(6,431,105)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income	77,003	-
Interest and fiscal charges	(4,109,788)	-
Gain on sale of assets	4,900	-
<b>Total nonoperating revenues (expenses)</b>	<u>(4,027,885)</u>	<u>-</u>
Income before contribution and transfers	2,352,955	(6,431,105)
<b>CONTRIBUTIONS AND TRANSFERS:</b>		
Federal and state capital grants	15,879,414	-
Transfers in	6,627	-
<b>Total contributions and transfers</b>	<u>15,886,041</u>	<u>-</u>
Change in net position	18,238,996	(6,431,105)
<b>NET POSITION:</b>		
Beginning of year	11,463,520	(13,895,334)
End of year	<u>\$ 29,702,516</u>	<u>\$ (20,326,439)</u>

(Concluded)

**City of Montebello**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

Business-type Activities - Enterprise Funds

	Transit System	Golf Course	Montebello Hilton	Home2Suites	Water
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 8,714,866	\$ 2,739,875	\$ 5,064,274	\$ 11,517,872	\$ 2,658,540
Payments to suppliers	(10,408,896)	(2,474,882)	(4,299,656)	(6,249,139)	(2,348,587)
Payments to employees	(17,011,769)	(162,840)	(1,177,294)	(1,735,000)	329
Operating subsidies received from Federal and State	26,114,585	-	-	-	-
Claims and insurance paid	-	-	-	-	-
<b>Cash flows provided by (used in) operating activities</b>	<b>7,408,786</b>	<b>102,153</b>	<b>(412,676)</b>	<b>3,533,733</b>	<b>310,282</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Principal payment on pension obligation bonds	(1,384,173)	-	-	-	-
Interest paid on pension obligation bonds	(1,412,735)	-	-	-	-
Interfund receipts	-	-	-	862,430	-
Interfund payments	(219,255)	1,619,544	(378,454)	(1,076,515)	-
Transfers in	-	6,627	-	-	-
<b>Cash flows provided by (used in) noncapital financing activities</b>	<b>(3,016,163)</b>	<b>1,626,171</b>	<b>(378,454)</b>	<b>(214,085)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Federal and State capital grants	15,879,414	-	-	-	-
Acquisition of capital assets	(8,349,823)	(1,211,034)	(6,940)	-	-
Proceed from sale of assets	4,900	-	-	-	-
Debt principal repayment	(215,443)	(443,892)	-	(1,110,000)	(76,307)
Interest paid	(48,964)	(75,775)	(408,000)	(2,545,519)	(4,240)
<b>Cash flows provided by (used in) capital and related financing activities</b>	<b>7,270,084</b>	<b>(1,730,701)</b>	<b>(414,940)</b>	<b>(3,655,519)</b>	<b>(80,547)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment earning	58,265	-	2,240	12,142	4,356
<b>Cash flows provided by investing activities</b>	<b>58,265</b>	<b>-</b>	<b>2,240</b>	<b>12,142</b>	<b>4,356</b>
<b>Net increase (decrease) in cash and investments</b>	<b>11,720,972</b>	<b>(2,377)</b>	<b>(1,203,830)</b>	<b>(323,729)</b>	<b>234,091</b>
<b>CASH AND INVESTMENTS:</b>					
Beginning of year	3,684,235	2,377	3,744,804	11,958,862	662,303
End of year	<u>\$ 15,405,207</u>	<u>\$ -</u>	<u>\$ 2,540,974</u>	<u>\$ 11,635,133</u>	<u>\$ 896,394</u>
<b>CASH AND INVESTMENTS:</b>					
Cash and investments (as restated)	\$ 15,350,137	\$ -	\$ 277,514	\$ 1,270,809	\$ 896,394
Cash and investments with fiscal agents	55,070	-	2,263,460	10,364,324	-
<b>Total cash and investments</b>	<u>\$ 15,405,207</u>	<u>\$ -</u>	<u>\$ 2,540,974</u>	<u>\$ 11,635,133</u>	<u>\$ 896,394</u>

(Continued)

**City of Montebello**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds				
	Transit System	Golf Course	Montebello Hilton	Home2Suites	Water
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating activities:					
Operating income (loss)	\$ 693,538	\$ 282,347	\$ 539,806	\$ 4,595,717	\$ 269,432
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:					
Depreciation	4,330,533	233,298	430,301	1,227,097	5,680
(Increase) decrease in:					
Accounts receivable	6,517,819	(205,610)	(310,158)	(603,709)	50,642
Inventories	32,843	4,106	(480)	(82)	-
Prepaid items	(21,177)	-	(91,510)	(178,143)	-
Net pension assets	(16,636,432)	29,444	-	-	330
Pension related deferred outflows of resources	1,284,944	90,862	-	-	1,019
Other postemployment benefits related deferred outflows of resources	(261,260)	59,975	-	-	-
Increase (decrease) in:					
Accounts payable and accrued liabilities	(360,058)	211,214	(997,563)	(1,578,386)	(16,588)
Deposit payable	-	-	16,928	71,239	-
Unearned revenue	(227,708)	-	-	-	-
Compensated absences	(4,336)	(15,300)	-	-	-
Claims payable	-	-	-	-	-
Net other postemployment benefits liability	278,303	(507,479)	-	-	-
Pension related deferred inflows of resources	11,896,510	(20,805)	-	-	(233)
Other postemployment benefits related deferred inflows of resources	(114,733)	(59,899)	-	-	-
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 7,408,786</b>	<b>\$ 102,153</b>	<b>\$ (412,676)</b>	<b>\$ 3,533,733</b>	<b>\$ 310,282</b>

(Continued)

**City of Montebello**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Total	Self-insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 30,695,427	\$ 8,528,226
Payments to suppliers	(25,781,160)	(490,274)
Payments to employees	(20,086,574)	
Operating subsidies received from Federal and State	26,114,585	-
Claims and insurance paid	-	(10,631,125)
<b>Cash flows provided by (used in) operating activities</b>	<b>10,942,278</b>	<b>(2,593,173)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Principal payment on pension obligation bonds	(1,384,173)	-
Interest paid on pension obligation bonds	(1,412,735)	-
Interfund receipts	862,430	-
Interfund payments	(54,680)	-
Transfers in	6,627	-
<b>Cash flows provided by (used in) noncapital financing activities</b>	<b>(1,982,531)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Federal and State capital grants	15,879,414	-
Acquisition of capital assets	(9,567,797)	-
Proceed from sale of assets	4,900	-
Debt principal repayment	(1,845,642)	-
Interest paid	(3,082,498)	-
<b>Cash flows provided by (used in) capital and related financing activities</b>	<b>1,388,377</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earning	77,003	-
<b>Cash flows provided by investing activities</b>	<b>77,003</b>	<b>-</b>
<b>Net increase (decrease) in cash and investments</b>	<b>10,425,127</b>	<b>(2,593,173)</b>
<b>CASH AND INVESTMENTS:</b>		
Beginning of year	20,052,581	9,727,821
End of year	<u>\$ 30,477,708</u>	<u>\$ 7,134,648</u>
<b>CASH AND INVESTMENTS:</b>		
Cash and investments (as restated)	\$ 17,794,854	\$ -
Cash and investments with fiscal agents	12,682,854	-
<b>Total cash and investments</b>	<u>\$ 30,477,708</u>	<u>\$ -</u>

(Continued)

**City of Montebello**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Total	Self-insurance
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating activities:		
Operating income (loss)	\$ 6,380,840	\$ (6,431,105)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation	6,226,909	-
(Increase) decrease in:	-	-
Accounts receivable	5,448,984	-
Inventories	36,387	-
Prepaid items	(290,830)	-
Net pension assets	(16,606,658)	-
Pension related deferred outflows of resources	1,376,825	-
Other postemployment benefits related deferred outflows of resources	(201,285)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	(2,741,381)	(5,449)
Deposit payable	88,167	-
Unearned revenue	(227,708)	-
Compensated absences	(19,636)	-
Claims payable	-	3,843,381
Net other postemployment benefits liability	(229,176)	-
Pension related deferred inflows of resources	11,875,472	-
Other postemployment benefits related deferred inflows of resources	(174,632)	-
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 10,942,278</b>	<b>\$ (2,593,173)</b>

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# FIDUCIARY FUNDS

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The City maintains two types of fiduciary funds: agency funds and private purpose trust funds. These funds are presented separately from the Entity-wide and Fund financial statements.

A private purpose trust fund is used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations or other governments. A summary description of the City's fund is as follows:

**Redevelopment Successor Agency Private Purpose Trust Fund** – This fund was established to account for assets held by the Redevelopment Successor Agency pending distribution to the appropriate taxing entities after the payment of enforceable obligations that were in effect as of the signing of Assembly Bill X1 26.

Custodial funds account for assets held by the City as agent for individuals, governmental entities, and other organizations.

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**City of Montebello**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	Successor Agency Private-Purpose Trust Fund	Custodial Fund
<b>ASSETS:</b>		
Cash and investments	\$ 19,226,231	\$ 1,081,341
Accounts receivable	2,733	-
Interest receivable	26,234	-
Notes receivable	3,831,900	-
Due from the other governments	8,016	2,115
Land held for resale	1,627,486	-
Restricted assets:		
Cash with fiscal agents	1,996,774	-
Capital assets, net	10,793,236	-
<b>Total assets</b>	<b>37,512,610</b>	<b>1,083,456</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Unamortized loss on defeasance of debt	143,052	-
<b>Total deferred outflows of resources</b>	<b>143,052</b>	<b>1,083,456</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	17,705	-
Deposits payable	50,000	-
Accrued interest	200,138	-
Due to other governments	4,967,239	12,187
Bonds payable, due in one year	4,294,333	-
Noncurrent liabilities:		
Bonds payable, due in more than one year	14,680,817	-
<b>Total liabilities</b>	<b>24,210,232</b>	<b>12,187</b>
<b>NET POSITION</b>		
Held in trust for individuals, organizations, and other governments	<u>\$ 13,445,430</u>	<u>\$ 1,071,269</u>

**City of Montebello**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	Successor Agency Private-Purpose Trust Fund	Custodial Fund
<b>ADDITIONS:</b>		
Redevelopment property trust tax fund	\$ 7,040,722	\$ -
Contributions	-	97,148
Investment income	(129,865)	116
Other income	188,430	-
Total additions	<u>7,099,287</u>	<u>97,264</u>
<b>DEDUCTIONS:</b>		
Contractual services	29,263	-
Payments for retiree benefits	-	164,700
General and administrative	35,118	2,716
Depreciation expense	228,550	-
Interest expense	1,007,461	-
Loss on disposal of property	2,100,000	-
Other deduction	40,508	139,005
Total deductions	<u>3,440,900</u>	<u>306,421</u>
<b>CHANGE IN NET POSITION</b>	3,658,387	(209,157)
<b>NET POSITION:</b>		
Beginning of year, as restated (Note 16)	<u>9,787,043</u>	<u>1,280,426</u>
End of year	<u>\$ 13,445,430</u>	<u>\$ 1,071,269</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**City of Montebello**  
**Index to the Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**City of Montebello**  
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**City of Montebello**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the City of Montebello, California, (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

**A. Financial Reporting Entity**

The City was incorporated on October 16, 1920 as a general law City, utilizing the City Council/City Manager form of government and provides the following services: general government, police, fire, street maintenance, parks, recreation, planning, public transit, golf course, two hotels, and water utility services.

**Component Units**

The financial statements includes the financial activities of the City of Montebello, the primary government, and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization, or there is a financial benefits or financial burden relationship. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City) and there is a financial burden or benefit component to the relationship. In certain cases, other organizations are included as component units if the nature and significance of their operational and financial relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Management determined that the following component unit should be blended based on the criteria above:

**Montebello Public Improvement Corporation (“MPIC”)**

The Montebello Public Improvement Corporation was formed in June 1990 as a nonprofit corporation. MPIC was formed for the purpose of acquisition and construction of various projects in the City under a financing agreement. The MPIC is not active.

**Montebello Public Financing Authority (the “Authority”)**

The Montebello Public Financing Authority was established pursuant to a Joint Exercise of Powers Agreement, dated September 2, 1997, entered into by the City and the former Redevelopment Agency for the purpose, among others, of issuing bonds to be used to provide financial assistance to its members. The activities of the Authority are reported in the Debt Service and Capital Projects Funds. In August 2014, the Montebello Parking Authority replaced the Successor Agency as one of the principals in the Montebello Public Financing Authority.

**Water System Improvement Corporation (“WSIC”)**

The Water System Improvement Corporation was formed in July 1972. The WSIC was formed for the purpose of rendering assisting the City in acquisition or improvement to the City's Water System facilities. The WSIC is not active.

Separate financial statements are not prepared for these blended component units.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

Successor Agency to the Montebello Redevelopment Agency (the “Successor Agency”)

Prior to its dissolution on February 1, 2012, the former Montebello Redevelopment Agency’s (the “Agency”) financial activity was reported as a component unit of the City. The primary purpose of the Agency was to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational, and public facilities.

Pursuant to the provisions of AB 1x26, the former Montebello Redevelopment Agency was dissolved and the Successor Agency to the Dissolved Montebello Redevelopment Agency (“Successor Agency”) was created. Accordingly, all of the assets, liabilities and obligations of the former redevelopment agency were transferred to the Successor Agency and the Housing Successor Special Revenue Fund (“Housing Fund”) of the City on February 1, 2012.

The City of Montebello currently serves as the Successor Agency to the former redevelopment agency that is responsible for revenue collection, maintaining the bond reserves, disposing of excess property and fulfilling the obligations of the dissolved Agency. The City Council serves as the Successor Agency’s governing board.

Financial information for the Successor Agency is presented as a private-purpose trust fund.

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

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The government-wide financial statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Net Position and the Statement of Activities report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's enterprise activities and various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Government-Wide Financial Statements (Continued)*

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Advances to and from other funds
- Transfers in and out

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all the eligibility requirements have been satisfied.

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

*Governmental Fund Financial Statements*

A Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances are presented for all major governmental funds and aggregated nonmajor funds. Accompanying schedules are presented to reconcile and explain the differences in fund balances as presented in these statements, to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

Governmental fund financial statements are reported using the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered “available spendable resources” since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance nonspendable accounts.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Governmental Fund Financial Statements (Continued)*

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period with the exception of interest not expected to be received within 60 days. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The Retirement Special Revenue Fund is used to account for the accumulation of resources required for costs associated with the City's defined benefit retirement program, provided through a contractual relationship with the California Public Employees Retirement System (CalPERS). The City of Montebello voters twice approved a Property Tax Override (PTO) in 1946 and again in 1976 (affirmation vote) to be utilized to pay for retirement related pension costs (i.e., PERS related expenditures). Ordinance No 2148 (1996) codified the tax rate at \$0.197875 per \$100 of assessed valuation (Municipal Code Section 3.28.020). The revenue from the property tax override can only be used to pay for retirement system related expenses. The revenue is utilized to pay for unfunded actuarial liability (UAL), normal costs, and effective fiscal year 2020 – 2021, debt service on Pension Obligation Bonds.

The Transportation and Street Improvement Special Revenue Funds is used to account for the all transportation and street repair maintenance funds that were previously reported separately as Gas Tax Special Revenue Fund, Road Maintenance and Rehabilitation Special Revenue Fund, Prop A Local, Special Revenue Fund, Prop C Local Special Revenue Fund, Measure R Local Special Revenue Fund, and Measure M Local Special Revenue Fund.

The Public Financing Authority Debt Service Fund is used to account for the accumulation of resources required for payment of interest and principal on all Public Financing Authority revenue bonds.

*Proprietary Fund Financial Statements*

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Proprietary Fund Financial Statements (Continued)*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

The Transit System Enterprise Fund is used to account for all revenues and expenses related to the operations of the City's transit service. The City of Montebello operates a bus line: Montebello Bus Lines. This fund is utilized to track revenue and expenditures for all operations. The revenue recorded in this fund is comprised of fares, Local Return Funds (LA County Metro) and Federal funds. Operating expenses include salaries and benefits of bus operators and mechanics, fuel, supplies for bus repairs, and other related expenditures. Fund 270 records Transit related grant awards and Fund 202 records the portion of the Road Maintenance and Rehabilitation Act (SB1) funding for transit agencies known as "State of Good Repair."

The Golf Course Enterprise Fund is used to account for all revenues and expenses related to the operations of the Montebello Municipal Golf Course. The City owns and operates an eighteen hole championship Golf Course, in operation since 1926. This enterprise fund accounts for the operations of the golf course: staff, maintenance, repairs, etc. In March, 2020, the City changed operators of the golf course. In addition, the fund accounts for revenue and operating expenses of the Quiet Cannon, an event and conference space that is owned by the City but operated by a third party.

The Montebello Hilton Enterprise Fund is used to account for revenues and expenses related to the operations of the Montebello Hilton (i.e., Hilton Garden Inn). This City owned hotel has been in operation since 2004 and is operated by a third-party. It is a full- service hotel that offers a full range of amenities: business center, meeting rooms, bar/restaurant, swimming pool, etc. It is adjacent to the City's eighteen-hole championship golf course.

The Home2Suites Enterprise Fund is used to account for revenues and expenses related to the operations of the Montebello Home2Suites. This City owned hotel opened in 2018 and is operated by a third-party. It is a full-service hotel that caters to the long-term business traveler. Occupancy rates traditionally have been in the 90% range (pre-pandemic).

The Water Utility Enterprise Fund is used to account for the revenues and expenses of the Water Fund. The City owns a water utility. The City contracts out to a third-party, the San Gabriel Valley Water Company ("SGVWC"), for the operation and maintenance of this utility. In May 2020, the City received approval to move forward with the sale of its water system to SGVWC. The Public Utilities Commission ("PUC") gave final approval of the sale in November 2021. It is anticipated that the sale will be completed by June 30, 2023. All activities necessary to provide such service are accounted for in this fund including, but not limited to administration, operations, maintenance, financing, and billing collections.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Proprietary Fund Financial Statements (Continued)*

Additionally, the City reports the following proprietary fund types:

The Internal Service Fund is used to account for the financing of special activities that provide services within the City. These activities include self-insurance services. Montebello is a member of CSAC and acquires liability and workers compensation insurance through an independent broker and utilizes a Third-Party Administrator to administer all claims (liability and workers compensation). Related expenses are recorded in this Internal Service Fund.

*Fiduciary Funds*

Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The City's fiduciary fund represents a private purpose trust fund and a custodial fund. The fiduciary funds are accounted for on the full accrual basis of accounting where the assets associated with the activity are controlled by the City and the assets are not derived 1) solely from the government's own-source revenues or 2) from government-mandated nonexchange transactions or voluntary nonexchange transactions.

The City reports the following two types of fiduciary funds:

The Successor Agency Private-Purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. The former Montebello Redevelopment Agency activity is now recorded in this fund. The State of California Department of Finance (DOF) approves enforceable obligations that are funded using former tax increment (i.e., property tax) revenue. All revenue and expense activity related to the Successor Agency's approved enforceable obligations are recorded in this fund.

The Custodial Fund is used to account for the resources (deposits) held by the City in a fiduciary capacity for individuals, governmental entities, and others. The City maintains various accounts, where it collects and maintains funds, but is only the custodian of such funds. For example, the City provides for police and fire personnel to contribute a percentage of income to a retiree health account. These funds are held in an account in this fund and ultimately transferred to a third party. There are other accounts where the City acts as custodian.

***C. Cash, Cash Equivalents, and Investments***

The City pools idle cash from all funds for the purpose of increasing income through investment activities. For purposes of the Statement of Cash Flows, the proprietary funds consider all cash and investments with original maturities of 90 days or less to be cash or cash equivalents. In addition, cash invested in the City's cash management pool is considered to be cash equivalents.

***D. 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.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**D. Fair Value Measurement (Continued)**

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 of what market participants would use pricing the assets or liabilities at the measurement date.

**E. Land Held for Resale**

Land held for resale is carried at the lower of cost or estimated net realizable value.

**F. Inventory and Prepaid Items**

Inventories are valued at cost on a first-in, first-out basis. The City follows the consumption method for inventory control. Inventory items are reported as expenditures/expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements by using purchase method.

A nonspendable fund balance has been reported in the governmental funds to show that inventories and prepaid items do not constitute “available spendable resources,” even though they are a component of current assets.

**G. Capital Assets**

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their acquisition value. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of one year or more.

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, bridges, and right-of-way corridors within the City. The City has valued and recorded all infrastructure asset data as of June 30, 2022.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The lives used for depreciation purposes of each capital asset class are:

Assets	Years
Buildings and improvements	10 to 50
Machinery	5 to 30
Equipment	5 to 10
Infrastructure	20 to 50

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**H. *Deferred Outflows and Inflows of Resources***

The statement of financial position reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

*Deferred Outflows of Resources* represent a consumption of net assets that applies to future periods. The City reports pension and other benefits (“OPEB”) contributions after the measurement date and deferred losses related to pensions, OPEB, and debt refunding in this category.

*Deferred Inflows of Resources* represent an acquisition of net assets that applies to future periods. The City reports unavailable revenues, deferred gains related to pensions, OPEB, and debt refunding in this category.

**I. *Compensated Absences***

It is the City's policy to permit employees to accumulate limited amounts of earned but unused vacation and sick leave benefits, which will be paid to employees upon separation from City service. In governmental fund types, the cost of vacation and sick leave benefits are recognized when payments are made to employees. Proprietary fund types accrue vacation and sick leave benefits in the period they are earned.

General fund is typically used to liquidate compensated absences for governmental funds.

**J. *Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

General Fund and special revenue funds are typically used to liquidate pension liabilities for governmental funds.

The following time frames are used for pension reporting:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***K. Postemployment Benefits Other than Pensions (“OPEB”)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City’s OPEB Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

General Fund and special revenue funds are typically used to liquidate OPEB liabilities for governmental funds.

The following timeframes are reported OPEB reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. Gains and losses are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

***L. Net Position***

In the government-wide financial statements, net positions are categorized as follows:

- Net Investment in Capital Assets consists of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of retention payable and debt that are attributable to the acquisition, construction, or improvement of those assets, and related deferred outflows and inflows of resources, net of unspent debt proceeds.
- Restricted Net Position consist of assets, net of any related liabilities, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.
- Unrestricted Net Position consist of net position that do not meet the definition of net investment in capital assets or restricted net position.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***M. Fund Balances***

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

- Nonspendable - Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the City Council and does not lapse at year-end.
- Assigned - Amounts that are intended to be used for specific purposes and that are neither considered restricted or committed. Fund balance may be assigned by City Council or by an official or body to which the City Council delegates the authority.
- Unassigned - All amounts not included in other classifications. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made as necessary.

The City Council reviewed and approved comprehensive General Fund reserve policies in June 2021. These reserve policies created distinct categories of fund balance, with specific uses and funding amounts. The reserve policies are GASB 54 compliant and present a strategic approach to categorizing available fund balance and specifying – by commitment and assignment – the uses for each reserve category. The policies can be found in their entirety in the Appendices of the Fiscal Year 2021-22 adopted budget.

***N. Property Taxes***

The assessment, levy, and collection of property taxes are the responsibility of the County of Los Angeles. The City records property taxes as revenue when received from the County, except at year-end, when property taxes received within 60 days are accrued as revenue.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1
Due Dates	November 1 and March 1
Delinquent Dates	December 10 and April 10

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***O. Use of Estimates***

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

***P. Implementation of New GASB Pronouncements***

During the fiscal year ended June 30, 2022, the City implemented the following GASB pronouncements:

- GASB Statement No. 84, *Fiduciary Activities*. This statement establishes standards relating accounting and financial reporting for identifying and financial reporting of fiduciary activities. Those provisions are effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95. See Note 15 for restatement of beginning fiduciary net position as result of implementation.
- GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*, to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.
- GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre–November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business–type activity or enterprise fund. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.
- GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**P. Implementation of New GASB Pronouncements (Continued)**

- GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.
  
- GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

**Note 2 – Cash and Investments**

Cash and investments at June 30, 2022 consisted of the following:

	Government-Wide Statement of Net Position		Fiduciary Fund	Total
	Governmental Activities	Business-Type Activities	Statement of Net Position	
Unrestricted assets:				
Cash and investments	\$ 62,724,376	17,794,854	\$ 20,307,572	\$ 100,826,802
Restricted assets:				
Cash and investments with fiscal agent	15,186,067	12,682,854	1,996,774	29,865,695
<b>Total cash and investments</b>	<b>\$ 77,910,443</b>	<b>\$ 30,477,708</b>	<b>\$ 22,304,346</b>	<b>\$ 130,692,497</b>

Cash and investments at June 30, 2022 in more detail:

Petty cash	\$ 10,312
Deposits with financial institution	19,565,156
Investments	111,117,029
<b>Total cash and investments</b>	<b>\$ 130,692,497</b>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Cash and Investments (Continued)**

**A. Deposits**

At June 30, 2022, the carrying amount of the City's demand deposits was \$19,565,156 the bank balance was \$22,104,373. The \$2,539,217 difference represents outstanding checks, deposits in transit, and other reconciling items.

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

The market value of pledged securities must equal at least 110% of the City'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 City's total cash deposits. The City may waive collateral requirements for cash deposits, deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City did not waive the collateral requirement for deposits insured by FDIC.

**B. Investments Authorized by California Government Code and the City's Investment Policy**

The table below identifies the investment types that are authorized for the City by the *California Government Code* (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The City presents its investment policy annually to the City Council, as required by Government Code. The current investment policy was updated in October 2020, and has been updated annually every June since (i.e, June 2021, June 2022). Furthermore, the City's investment policy has been received the "Investment Policy Certification" award from the California Municipal Treasurers Association ("CMTA").

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (Continued)**

***B. Investments Authorized by California Government Code and the City’s Investment Policy (Continued)***

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Quality Requirements
U.S Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
Local Agency Bonds	5 years	None	“A” rating category or its equivalent or better
Bankers’ Acceptances	180 days	40%	None
Commercial Paper— Non-Pooled Funds	270 days or less	25% of the Agency's Money	Highest letter and number rating by an NRSROH
Commercial Paper— Pooled Funds	270 days or less	40% of the Agency's Money	Highest letter and number rating by an NRSROH
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	50%	None
Placement Service Certificates of Deposit	5 years	50%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years or less	30%	“A” rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	“AA” rating category or its equivalent or better
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Supranational Obligations	5 years or less	30%	“AA” rating category or its equivalent or better

N/A - Not Applicable

***C. Disclosures Relating to 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. The City does not have a formal policy to manage interest rate risk. However, one of the ways that the City 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 over time as necessary to provide the cash flow and liquidity needed for operations.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (Continued)**

**C. Disclosures Relating to Interest Rate Risk (Continued)**

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity	
		1 Year or Less	1 Year to 3 Years
Local Agency Investment Fund	\$ 78,325,391	\$ 78,325,391	\$ -
Negotiable Certificates of Deposit	2,925,944	1,237,233	1,688,711
Held by fiscal agent:			
Money Market Mutual Funds	29,865,694	29,865,694	-
<b>Total investments</b>	<b>\$ 111,117,029</b>	<b>\$ 109,428,318</b>	<b>\$ 1,688,711</b>

**D. Disclosures Relating to 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard & Poor's, as of year-end for each investment type:

Investment Type	Total	AAA	Unrated
Local Agency Investment Fund (LAIF)	78,325,391	-	78,325,391
Negotiable Certificates of Deposit	2,925,944	-	2,925,944
Held by fiscal agent:			
Money Market Mutual Funds	29,865,694	29,865,694	-
<b>Total</b>	<b>\$ 111,117,029</b>	<b>\$ 29,865,694</b>	<b>\$ 81,251,335</b>

**E. 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. At June 30, 2022, none of the City's deposits or investments were exposed to custodial credit risk.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (Continued)**

**F. Fair Value Measurement**

The City has the following recurring fair value measurements as of June 30, 2022:

Investment Type	Measurement Input		
	Significant Other Observable Inputs (Level 2)	Uncategorized	Total
Local Agency Investment Fund	\$ -	\$ 78,325,391	\$ 78,325,391
Negotiable Certificates of deposits	2,925,944 <sup>(1)</sup>	-	2,925,944
Restricted with Fiscal Agent:			
Money Market Funds	-	29,865,694	29,865,694
Total	<u>\$ 2,925,944</u>	<u>\$ 108,191,085</u>	<u>\$ 111,117,029</u>

<sup>(1)</sup> Valued based on matrix formula.

**G. Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (“LAIF”) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments with LAIF at June 30, 2022, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: 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: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2022, the City had \$78,325,391 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset-Backed Securities. The fair value of the City’s portion in the pool is the same as the value of the pool shares and is reported at amortized cost. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. LAIF is not registered with the Securities and Exchange Commission and is not rated.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Interfund Receivables, Payables, and Transfers**

**A. Due To/From Other Funds**

At June 30, 2022, the City had the following interfund balances:

<b>Due To Other Funds</b>					
<b>Due From Other Funds</b>	<b>Governmental Funds</b>			<b>Proprietary Funds</b>	<b>Total</b>
	General Fund	Public Financing Authority	Nonmajor Governmental Funds	Golf Course Enterprise Fund	Total
<b>Governmental Funds:</b>					
General Fund	\$ -	\$ 29,057	\$ 1,915,568	\$ 3,610,394	\$ 5,555,019
Public Financing Authority Debt Service Fund	-	-	-	376,060	376,060
Nonmajor Governmental Funds	1,475,000	-	-	-	1,475,000
	<u>\$ 1,475,000</u>	<u>\$ 29,057</u>	<u>\$ 1,915,568</u>	<u>\$ 3,986,454</u>	<u>\$ 7,406,079</u>

The receivable of the General Fund and Public Financing Authority debt service fund from the Golf Course Enterprise Fund was mainly to fund operating deficits incurred by the Golf Course Enterprise Fund and debt service payments in prior years.

The receivable of the Nonmajor Governmental Fund from General Fund was to fund the acquisition of properties located at 612 W. Whittier Blvd. and 715 W. Whittier Blvd.

The other interfund payable balances represent routine and temporary cash flow assistance until amounts receivable from the other funds are collected to pay the amounts owed.

**B. Advances To/From Other Funds**

At June 30, 2022, the City had the following advances to/from other funds:

<b>Advances From Other Funds</b>			
<b>Advances To Other Funds</b>	<b>Proprietary Funds</b>		<b>Total</b>
	Hilton Garden Enterprise Fund	Home2Suites Enterprise Fund	
<b>Governmental Funds</b>			
General Fund	\$ 2,300,000	\$ 859,680	\$ 3,159,680

The receivable of the General Fund from the Hilton Garden Enterprise Fund was a loan for the renovation of the Hilton Garden Inn that will be paid back in one lump-sum payment by January 2024. The Hilton Corporation requires hotels under the Hilton “flag” undergo major renovations to stay current with corporate standards. The Hilton Garden Inn, built in 2004, had not undergone such a major renovation. The loan was necessary to complete the required renovations, with the project being completed in September 2020.

The receivable of the General Fund from the Home2Suites Enterprise Fund was a loan for the construction cost of the Home2Suites Hotel which occurred between November 2016 and December 2020. The balance of the loan will be paid fully on December 2022.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Interfund Receivables, Payables, and Transfers (Continued)**

**C. Interfund Transfers**

For the year ended June 30, 2022, the compositions of the City's interfund transfer balances are as follows:

<b>Transfers Out</b>	<b>Transfers In</b>			Total
	<b>Governmental Funds</b>		<b>Proprietary Fund</b>	
	General Fund	Public Financing Authority Debt Service Fund	Golf Course Enterprise Fund	
<b>Governmental Funds:</b>				
Retirement Special Revenue Fund	\$ 3,337,348	\$ 7,696,613	\$ 6,627	\$ 11,040,588
Transportation and Street Improvement Special Revenue Fund	300,000	1,835,916	-	2,135,916
	<u>\$ 3,637,348</u>	<u>\$ 9,532,529</u>	<u>\$ 6,627</u>	<u>\$ 13,176,504</u>

- (A) Transfers from the Retirement Fund of \$3,337,348 to the General Fund and \$6,627 to the Golf Course Enterprise Fund were to pay the annual retirement contributions to CalPERS for the City's defined benefit retirement program. Transfer from the Retirement Fund of \$7,696,613 to the Public Financing Authority Fund was to pay for debt service due for the 2020 Pension Obligation Bonds.
- (B) Transfers from Transportation and Street Improvement Special Revenue funds of \$300,000 and \$1,835,916 to General Fund and to Public Financing Authority Debt Service Fund were to pay for streets expenditures and to pay for debt service due on the 2019ABC Sales Tax Revenue bonds.

**Note 4 – Notes Receivable**

**A. Governmental Activities**

Notes receivable at June 30, 2022 include the following:

Low and Moderate Income Housing loans	\$ 5,905,908
Community Development Block Grant loans	350,693
HOME Program loan	<u>145,000</u>
	6,401,601
Allowance for loan forgiveness	<u>(5,905,908)</u>
Total notes and loans receivable	<u>\$ 495,693</u>

**Low and Moderate Income Housing Loans**

Montebello Downtown Plaza Project – On December 26, 2001, the Agency entered into an Owner Participation Agreement (Agreement) with the Montebello Downtown Plaza LLC (Participant) for the acquisition, development, and operation of affordable senior citizen rental units and retail commercial buildings. The Agreement, which was amended and restated on October 26, 2005, provides that the now dissolved Redevelopment Agency loan \$6,250,000 from the Low- and Moderate-Income Housing Fund for the acquisition of property and construction of affordable senior housing units. The Participant was to provide financing for costs in excess of \$6,250,000. The unpaid balance of the loan outstanding at June 30, 2022 was \$5,276,308. The loan is to be forgiven over a period of 99 years.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 4 – Notes Receivable (Continued)**

**A. Governmental Activities (Continued)**

**Low and Moderate Income Housing Loans (Continued)**

Whittier Project – In March 2000, the now dissolved Redevelopment Agency entered into an Owner Participation Agreement with Garfield Financial Corporation (Owner), whereby the Agency was to loan the Owner money for the construction of an affordable housing project. In accordance with the agreement, the amounts disbursed accrue interest at the rate of 7% compounded annually. In fiscal year 2005, the terms of the note were changed to forgive the loan over a period of 99 years. The balance of the note receivable at June 30, 2022 was \$629,600.

Above loans were provided with 100% allowance for forgiveness.

**Community Development Block Grant Loans**

At June 30, 2022, loans made to individual homeowners under the Community Development Block Grant program amounted to \$350,693. These loans are payable when the borrowers sell the property.

**HOME Program Loan**

On July 23, 2014, the City entered into a HOME program loan agreement with the Montebello Housing Development Corporation (the “Developer”), whereby the City provided financial assistance of \$145,000 in the form of a forgivable loan in exchange for developing single-family homes for sale to low and moderate income individuals and families. In July 2019, the City entered into a development agreement with Developer whereby certain housing units have been dedicated as affordable housing units and restricted for use as a principal residence for eligible home buyers for a period of 20 years. Upon home buyer’s purchase of the property, the Developer’s obligation under the HOME program loan agreement and development agreement will be terminated and a HOME loan agreement is executed between the home buyer and the City. The loan maybe forgiven after the end of July 2039 if the home buyer is in compliance of the affordability covenant.

**B. Fiduciary Activities**

The following is a summary of the notes receivable at June 30, 2022:

	Amount
Quiet Cannon Montebello, Inc.	\$ 2,182,178
Casa La Merced	666,308
Business assistance program	546,020
Home improvement loans	437,394
Total	\$ 3,831,900

**Quiet Cannon Montebello, Inc.**

The Agency leases a facility to Quiet Cannon Montebello, Inc. (“Quiet Cannon”). The Agency agreed to provide financing for the renovation and improvement of the leased facility and in return Quiet Cannon agreed to make additional rental payments. As of June 30, 2022, \$2,182,178 remains outstanding on the note receivable.

**Casa La Merced**

Casa La Merced entered into an agreement on September 24, 1985 with the Agency. The agreement with Casa La Merced was for the development of a parcel of land. Casa La Merced agreed to a note payable to the Agency for \$666,308 that matures February 1, 2027. The note has a simple interest rate of 9.25%. The outstanding balance on the note receivable at June 30, 2022 was \$666,308. The interest receivable is net with allowance for doubtful account.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 4 – Notes Receivable (Continued)**

**B. Fiduciary Activities (Continued)**

**Business Assistance Program**

Business improvement loans were made in the prior years between the Agency and local merchants. The loans are secured by the real estate property and personal guaranty of the borrowers. As of June 30, 2022, \$546,020 remained outstanding on the business improvement loans.

**Home Improvement Loans**

During the prior fiscal years, the Agency made home improvement loans to low- and moderate-income households. These loans accrue interest of 4% and are payable in ten years or when the borrower sells their property, whichever comes first. The total outstanding balance as of June 30, 2022 was \$437,394.

**Note 5 – Capital Assets**

**A. Governmental Activities**

A summary of changes in the governmental activities capital assets for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Reclassification	Balance June 30, 2022
<b><u>Governmental activities:</u></b>					
Capital assets, not being depreciated:					
Land	\$ 2,378,363	\$ 352,361	\$ -	\$ -	\$ 2,730,724
Right-of-way	14,391,776	-			14,391,776
Construction in progress	32,502,737	6,785,934	(2,262,716)	(11,817,588)	25,208,367
Total assets not being depreciated	<u>49,272,876</u>	<u>7,138,295</u>	<u>(2,262,716)</u>	<u>(11,817,588)</u>	<u>42,330,867</u>
Capital assets, being depreciated:					
Buildings and improvements	52,339,488	188,956	-	11,817,588	64,346,032
Machinery and equipment	55,318,028	634,203	(441,238)	-	55,510,993
Infrastructure	49,618,548	-	-	-	49,618,548
Total assets being depreciated	<u>157,276,064</u>	<u>823,159</u>	<u>(441,238)</u>	<u>11,817,588</u>	<u>169,475,573</u>
Less accumulated depreciation for:					
Buildings and improvements	(21,467,278)	(1,273,269)	-	-	(22,740,547)
Machinery and equipment	(46,998,850)	(1,404,189)	438,300	-	(47,964,739)
Infrastructure	(35,752,927)	(730,831)	-	-	(36,483,758)
Total accumulated depreciation	<u>(104,219,055)</u>	<u>(3,408,289)</u>	<u>438,300</u>	<u>-</u>	<u>(107,189,044)</u>
Total capital assets, being depreciated, net	<u>53,057,009</u>	<u>(2,585,130)</u>	<u>(2,938)</u>	<u>11,817,588</u>	<u>62,286,529</u>
Total capital assets, net	<u>\$ 102,329,885</u>	<u>\$ 4,553,165</u>	<u>\$ (2,265,654)</u>	<u>\$ -</u>	<u>\$ 104,617,396</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 5 – Capital Assets (Continued)**

**A. Governmental Activities (Continued)**

Depreciation and amortization expense was charged to functions of the governmental activities for the year June 30, 2022 as follows:

General government	\$	508,485
Public safety		1,148,795
Public works, including infrastructure		812,569
Parks, recreation, and culture		201,236
Housing and community development		36,596
Unallocated infrastructure		700,608
<b>Total depreciation expense</b>	<b>\$</b>	<b>3,408,289</b>

**B. Business-Type Activities**

A summary of changes in the business-type activities capital assets for the year ended June 30, 2022 is as follows:

	July 1, 2021 (As Restated)	Additions	Deletions	Reclassification	Balance June 30, 2022
<b><u>Business-type activities:</u></b>					
Capital assets, not being depreciated:					
Land	\$ 6,306,596	\$ -	\$ -	\$ -	\$ 6,306,596
Construction in progress	4,919,518	9,523,862	-	(1,012,569)	13,430,811
Total assets not being depreciated	11,226,114	9,523,862	-	(1,012,569)	19,737,407
Capital assets, being depreciated:					
Buildings and improvements	109,940,179	-	-	-	109,940,179
Machinery and equipment	76,370,442	43,935	(957,524)	1,012,569	76,469,422
Total assets being depreciated	186,310,621	43,935	(957,524)	1,012,569	186,409,601
Less accumulated depreciation for:					
Buildings and improvements	(36,672,406)	(2,552,719)	-	-	(39,225,125)
Machinery and equipment	(57,868,579)	(3,674,190)	957,524	-	(60,585,245)
Total accumulated depreciation	(94,540,985)	(6,226,909)	957,524	-	(99,810,370)
Total capital assets, being depreciated, net	91,769,636	(6,182,974)	-	1,012,569	86,599,231
Total capital assets, net	\$ 102,995,750	\$ 3,340,888	\$ -	\$ -	\$ 106,336,638

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 5 – Capital Assets (Continued)**

**B. Business-Type Activities (Continued)**

Depreciation and amortization expense was charged to functions of the business-type activities for the year ended June 30, 2022 as follows:

Transit system	\$	4,330,533
Golf course		233,298
Montebello Hilton		430,301
Home2suites		1,227,097
Water		5,680
<b>Total depreciation expense</b>	<b>\$</b>	<b>6,226,909</b>

**C. Fiduciary Activities**

A summary of changes in the fiduciary activities capital assets for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021 (As restated)	Additions	Deletions	Reclassification	Balance June 30, 2022
<b><u>Fiduciary activities</u></b>					
Capital assets, not being depreciated:					
Land	\$ 6,815,650	\$ -	\$ -	\$ -	\$ 6,815,650
Total assets not being depreciated	6,815,650	-	-	-	6,815,650
Capital assets, being depreciated:					
Buildings and improvements	7,507,224	-	-	-	7,507,224
Machinery and equipment	311,026	-	(311,026)	-	-
Total assets being depreciated	7,818,250	-	(311,026)	-	7,507,224
Less accumulated depreciation for:					
Buildings and improvements	(3,301,087)	(228,551)	-	-	(3,529,638)
Machinery and equipment	(313,515)	-	313,515	-	-
Total accumulated depreciation	(3,614,602)	(228,551)	313,515	-	(3,529,638)
Total capital assets, being depreciated, net	4,203,648	(228,551)	2,489	-	3,977,586
Total capital assets, net	\$ 11,019,298	\$ (228,551)	\$ 2,489	\$ -	\$ 10,793,236

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities**

The summary of changes in the governmental activities long-term liabilities for the year ended June 30, 2022 is as follows:

**A. Governmental Activities**

	Balance July 1, 2021 (As Restated)	Additions	Deletions	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
Bonds Payable, net:						
2014B Lease Revenue Refunding Bonds	\$ 5,305,000	\$ -	\$ (780,000)	\$ 4,525,000	\$ 820,000	\$ 3,705,000
2014C Lease Revenue Refunding Bonds	1,806,860	-	(420,200)	1,386,660	439,300	947,360
2019ABC Sales Tax Revenue Bonds	24,115,000	-	(870,000)	23,245,000	905,000	22,340,000
2020 Pension Obligation Bonds	108,678,726	-	(3,805,827)	104,872,899	3,882,823	100,990,076
Unamortized Premiums/(Discounts)						
2014B Lease Revenue Refunding Bonds	617,664	-	(102,944)	514,720	-	514,720
2014C Lease Revenue Refunding Bonds	(1,939)	-	484	(1,455)	-	(1,455)
2019ABC Sales Tax Revenue Bonds	3,171,379	-	(181,897)	2,989,482	-	2,989,482
Finance Purchase:						
Transportation and Public Safety Equipment	1,402,552	-	(618,969)	783,583	193,634	589,949
Notes Payable:						
ABM Notes Payable	5,785,000	-	(632,826)	5,152,174	330,966	4,821,208
United States Department of Housing and Urban Development - CDBG	1,994,000	-	(425,000)	1,569,000	445,000	1,124,000
Southern California Edison	23,779	-	(3,020)	20,759	3,020	17,739
Claims Payable	23,601,230	7,018,256	(3,174,875)	27,444,611	6,696,705	20,747,906
Compensated Absences	2,977,363	4,110,755	(1,495,936)	5,592,182	2,852,662	2,739,520
<b>Total Governmental Activities</b>	<b>\$179,476,614</b>	<b>\$ 11,129,011</b>	<b>\$(12,511,010)</b>	<b>\$178,094,615</b>	<b>\$ 16,569,110</b>	<b>\$161,525,505</b>

2014B Lease Revenue Refunding Bonds

On September 10, 2014, the Financing Authority issued the 2014 Lease Revenue Refunding Bonds, Series B, of \$10,040,000 which repaid the \$12,595,000 of principal due on the 2000 COPs. The City received a premium on the bond issue in the amount of \$1,338,273 and incurred a loss of \$294,258 in the bond defeasance. The bond premium and loss on defeasance are amortized over the life of the refunded bonds. The Bonds are payable from payments made by the City to the Financing Authority pledging public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual installments are due November 1, 2014 through November 1, 2026. Interest rates on the 2014 Lease Revenue Refunding Bonds, Series B range from 0.30% to 5.0%. The outstanding balance at June 30, 2022 was \$4,525,000.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

2014B Lease Revenue Refunding Bonds (Continued)

The future annual debt service requirements for 2014 Lease Revenue Refunding Bonds, Series B are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 820,000	\$ 205,750	\$ 1,025,750
2024	860,000	163,750	1,023,750
2025	905,000	119,625	1,024,625
2026	945,000	73,375	1,018,375
2027	995,000	24,875	1,019,875
Subtotal	4,525,000	587,375	5,112,375
Add - premium	514,720	-	514,720
Total	<u>\$ 5,039,720</u>	<u>\$ 587,375</u>	<u>\$ 5,627,095</u>

2014C Lease Revenue Refunding Bonds

On September 10, 2014, the Financing Authority issued 2014 Lease Revenue Refunding Bonds, Series C of \$5,395,000 which defeased the principal due on the 2001 Certificate of Participation. The Bonds are payable from payments made by the City to the Finance Authority pledging public facilities consisting of the City Hall and Police Department pursuant to the Agreement. The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Interest rates on the 2014 Lease Revenue Refunding Bonds, Series C range from 0.40% to 4.07%. Annual installments are due November 1, 2014 through November 1, 2024.

The governmental activities' share (76.4%) from the 2014 Lease Revenue Refunding Bonds, Series C is \$4,121,780 and the Golf Course Enterprise Fund's share (23.6%) is \$1,273,220. The governmental activities outstanding balance at June 30, 2022 was \$1,386,660.

The future annual debt service requirements for 2014 Lease Revenue Refunding Bonds, Series C are as follows:

For the Year Ending June 30,	Governmental Activities		Golf Course Enterprise Fund		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	\$ 439,300	\$ 45,584	\$ 135,700	\$ 14,081	\$ 575,000	\$ 59,665	\$ 634,665
2024	462,220	28,689	142,780	8,862	605,000	37,551	642,551
2025	485,140	9,873	149,860	3,050	635,000	12,923	647,923
Subtotal	1,386,660	84,146	428,340	25,993	1,815,000	110,139	1,925,139
Less - discount	(1,455)	-	(449)	-	(1,904)	-	(1,904)
Total	<u>\$ 1,385,205</u>	<u>\$ 84,146</u>	<u>\$ 427,891</u>	<u>\$ 25,993</u>	<u>\$ 1,813,096</u>	<u>\$ 110,139</u>	<u>\$ 1,923,235</u>

The 2014B and 2014C Lease Revenue Refunding Bonds are secured and payable solely from Revenues payable by the City pursuant to the Agreement and subsequent Amendments to the Agreement relating to certain real properties and improvement located on the Property, and the other assets pledged thereafter under the Indenture. In accordance with the Indenture, the MPFA will satisfy the applicable Reserve Requirement of each Reserve Account established under the Indenture with a Municipal Bond Debt Service Reserve Insurance Policy.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

2019ABC Sales Tax Revenue Bonds

On December 10, 2019, the Financing Authority issued \$24,945,000 in Sales Tax Revenue Bonds, 2019 Series A, B, and C, for the “Paving the Way” citywide road construction and improvement project. The bonds are secured by pledged Measure M, Measure R, and Proposition C sales tax revenues derived by Los Angeles County transportation sales tax levies approved by the voters.

Interest rates on the Sales Tax Revenue Bonds, 2019 Series A, B, and C range from 4.0% to 5.0%. Annual installments are due June 1, 2021 through June 1, 2040. The outstanding balance at June 30, 2022 was \$23,245,000.

The future annual debt service requirements for 2019A, B, and C Sales Tax Revenue Bonds are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 905,000	\$ 931,138	\$ 1,836,138
2024	935,000	894,938	1,829,938
2025	975,000	857,538	1,832,538
2026	1,020,000	818,538	1,838,538
2027	1,055,000	777,738	1,832,738
2028-2032	6,125,000	3,042,688	9,167,688
2033-2037	7,565,000	1,599,488	9,164,488
2038-2040	4,665,000	305,438	4,970,438
Subtotal	23,245,000	9,227,500	32,472,500
Add - premium	2,989,482	-	2,989,482
Total	<u>\$ 26,234,482</u>	<u>\$ 9,227,500</u>	<u>\$ 35,461,982</u>

2020 Pension Obligation Bonds

On May 27, 2020, the City issued Pension Obligation Bonds, Series 2020 for \$153,425,000 which was used to pay down the City’s unfunded actuarial liability (“UAL”) to the California Public Employees’ Retirement System (“CalPERS”). Interest rates on the 2020 POBs range from 1.94% to 4.3% and will mature in 2045.

The General Fund share (73.33%) of the 2020 Pension Obligation Bonds is \$108,678,726 and the Transit Fund’s share (26.67%) is \$39,526,274.

At June 30, 2022, the outstanding balance for the governmental activities’ 2020 Pension Obligation Bonds was \$104,872,899. The future annual debt service requirements for are as follows:

For the Year Ending June 30,	Governmental Activities		Transit Enterprise Fund		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	\$ 3,882,823	\$ 3,813,331	\$ 1,412,177	\$ 1,386,902	\$ 5,295,000	\$ 5,200,233	\$ 10,495,233
2024	3,967,153	3,728,957	1,442,847	1,356,216	5,410,000	5,085,173	10,495,173
2025	4,062,482	3,633,627	1,477,518	1,321,544	5,540,000	4,955,171	10,495,171
2026	4,161,477	3,531,943	1,513,523	1,284,562	5,675,000	4,816,505	10,491,504
2027	4,282,472	3,414,173	1,557,528	1,241,729	5,840,000	4,655,902	10,495,902
2028-2032	23,494,932	14,976,894	8,545,068	5,447,072	32,040,000	20,423,966	52,463,966
2033-2037	27,971,729	10,408,192	10,173,272	3,785,442	38,145,001	14,193,634	52,338,634
2038-2042	25,056,861	4,681,048	9,113,139	1,702,490	34,170,000	6,383,538	40,553,538
2043-2045	7,992,970	555,369	2,907,030	201,987	10,900,000	757,355	11,657,355
Total	<u>\$ 104,872,899</u>	<u>\$ 48,743,534</u>	<u>\$ 38,142,101</u>	<u>\$ 17,727,943</u>	<u>\$ 143,015,000</u>	<u>\$ 66,471,477</u>	<u>\$ 209,486,477</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

Transportation and Public Safety Equipment

The City entered into various finance purchase agreements for the acquisition of certain transportation and public safety equipment. The securities for the financing agreements are the equipment themselves, and will be surrendered to the lender in case of payment default. The outstanding balance at June 30, 2022 was \$783,583.

The future debt service payments as of June 30, 2022 are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 193,634	\$ 30,624	\$ 224,258
2024	191,183	21,799	212,982
2025	93,417	14,744	108,161
2026	71,993	11,970	83,963
2027	74,815	9,148	83,963
2028-2029	158,541	9,382	167,923
Total	<u>\$ 783,583</u>	<u>\$ 97,668</u>	<u>\$ 881,251</u>

ABM Notes Payable

The City entered into a contract with ABM Building Solutions to finance a citywide energy efficiency upgrade project. The \$6.5 million project replaced light fixtures, HVAC, and other infrastructure with more energy-efficient products (i.e., LED lighting, etc.). The goal is to reduce electrical usage by upgrading high-energy use infrastructure. The City was able to accomplish this by financing the entire cost of the project. The \$6.5 million cost is amortized over fifteen years, with payments on the note due July 1 of each year. July 1, 2021 was the first payment on the note. The debt service is split between the General Fund (89%) and the Transit Enterprise Fund (11%) based on the ratio of infrastructure in Transit vs. non-Transit operations.

The amount outstanding for governmental activities at June 30, 2022 was \$5,152,174. The annual debt service requirements for the governmental activities are as follows:

For the Year Ending June 30,	Governmental Activities		Transit Enterprise Fund		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	\$ 330,966	\$ 151,873	\$ 40,906	\$ 18,771	\$ 371,872	\$ 170,644	\$ 542,516
2024	340,722	142,117	42,112	17,565	382,834	159,682	542,516
2025	350,766	132,073	43,353	16,324	394,119	148,397	542,516
2026	361,105	121,734	44,631	15,046	405,736	136,780	542,516
2027	371,750	111,089	45,947	13,730	417,697	124,819	542,516
2028-2032	2,029,728	384,468	250,865	47,519	2,280,593	431,987	2,712,580
2033-2036	1,367,137	81,380	168,972	10,058	1,536,109	91,438	1,627,547
Total	<u>\$ 5,152,174</u>	<u>\$ 1,124,734</u>	<u>\$ 636,786</u>	<u>\$ 139,013</u>	<u>\$ 5,788,960</u>	<u>\$ 1,263,747</u>	<u>\$ 7,052,707</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

United States Department of Housing and Urban Development - CDBG

In November 2005, the City borrowed \$6,500,000 from the United States Department of Housing and Urban Development (“HUD”) to provide for funds to pay for street improvements. The principals are due annually from August 1, 2019 to August 1, 2025. Interest are due on due August 1 and February 1 at rate of 2.6% to 2.7%.

The amount outstanding at June 30, 2022 was \$1,569,000. Interest and principal are due as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 445,000	\$ 35,467	\$ 480,467
2024	493,000	23,347	516,347
2025	548,000	9,583	557,583
2026	83,000	1,136	84,136
Total	<u>\$ 1,569,000</u>	<u>\$ 69,533</u>	<u>\$ 1,638,533</u>

Southern California Edison (“SCE”) On-Bill Financing Loan

On March 13, 2017 and January 9, 2019, the City entered into a zero-interest loan agreement with Southern California Edison (“SCE”) for the Energy Management Solutions Incentives Application for the installation of certain energy efficient equipment of which is to be repaid over ten years.

SCE may determine the loan to be breached and the City to be in default if the City (1) sells, assigns or otherwise transfers ownership, possession or title of the site or the equipment, (2) fails to pay the money payment when due, (3) closes, discontinues or otherwise causes the termination of the service account(s), or (4) otherwise breaches this agreement, and the breach is not cured as specified therein. Following a breach, SCE shall have the right to declare the entire unpaid balance of the loan obligation due and payable.

The amount outstanding at June 30, 2022 was \$20,759. The annual debt service requirements on this loan are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 3,020	\$ -	\$ 3,020
2024	3,020	-	3,020
2025	3,020	-	3,020
2026	3,020	-	3,020
2027	3,020	-	3,020
2028-2029	5,659	-	5,659
Total	<u>\$ 20,759</u>	<u>\$ -</u>	<u>\$ 20,759</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

Claims Payable

Refer to Note 7 for more information on these liabilities.

Compensated Absences

The compensated absences are to be liquidated primarily by the General Fund at June 30, 2022 was in the amount of \$5,592,182.

**B. Business-Type Activities**

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
<b><u>Business-Type Activities</u></b>						
Bonds Payable, net:						
Hilton Hotel 2019A Revenue Refunding Bonds	\$ 10,200,000	\$ -	\$ -	\$ 10,200,000	\$ 650,000	\$ 9,550,000
Golf 2014A Revenue Refunding Bonds	1,635,000	-	(180,000)	1,455,000	190,000	1,265,000
Golf 2014C Revenue Refunding Bonds	558,140	-	(129,800)	428,340	135,700	292,640
Home2Suites 2016A Revenue Refunding Bonds	52,795,000	-	(1,110,000)	51,685,000	1,165,000	50,520,000
Transit 2020 Pension Obligation Bonds	39,526,274	-	(1,384,173)	38,142,101	1,412,177	36,729,924
Unamortized Premiums/(Discounts)						
Hilton Hotel 2019A Revenue Refunding Bonds	1,277,978	-	(94,665)	1,183,313	-	1,183,313
Golf 2014A Revenue Refunding Bonds	55,563	-	(6,944)	48,619	-	48,619
Golf 2014C Revenue Refunding Bonds	(599)	150	-	(449)	-	(449)
Home2Suites 2016A Revenue Refunding Bonds	5,239,841	-	(206,836)	5,033,005	-	5,033,005
Finance Purchase:						
Motorolla - Transit	137,229	-	(137,229)	-	-	-
PNC Equipment - Golf	102,971	-	(53,105)	49,866	49,866	-
Notes Payable:						
ABM Notes Payable - Transit	715,000	-	(78,214)	636,786	40,906	595,880
Southern California Edison - Golf	78,645	-	(33,969)	44,676	33,969	10,707
Quiet Cannon - Golf	47,018	-	(47,018)	-	-	-
Acuna Park Notes Payable - Water	257,864	-	(76,307)	181,557	-	181,557
Compensated Absences	1,294,524	736,788	(756,424)	1,274,888	880,294	394,594
<b>Total Business-Type Activities</b>	<b>\$113,920,448</b>	<b>\$ 736,938</b>	<b>\$ (4,294,684)</b>	<b>\$110,362,702</b>	<b>\$ 4,557,912</b>	<b>\$105,804,790</b>

Montebello Hilton Hotel Revenue Bonds

On December 19, 2019, the Financing Authority issued \$10.2 million 2019 Lease Revenue Refunding Bonds, Series A to refund 2004A Revenue Refunding Bonds, resulting in a net present value savings of approximately \$1.4 million. The 2004A Revenue Refunding Bonds were fully redeemed on January 21, 2020. The prior bond proceeds were used to finance the acquisition, construction, and equipping of hotel facility (Project) located adjacent to the Montebello municipal golf course and the Quiet Cannon Restaurant and Conference Facility. The bonds are secured by the revenues of the hotel and mature in December 2034. Interest rate on the 2019 Lease Revenue Refunding Bonds, Series A is at 4.0%. Principal amounts are due December 1, 2022 through December 1, 2034. The outstanding balance at June 30, 2022 was \$10,200,000.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 650,000	\$ 395,000	\$ 1,045,000
2024	685,000	368,300	1,053,300
2025	700,000	340,600	1,040,600
2026	715,000	312,300	1,027,300
2027	730,000	283,400	1,013,400
2028-2032	3,965,000	956,900	4,921,900
2033-2034	2,755,000	170,900	2,925,900
Subtotal	10,200,000	2,827,400	13,027,400
Add - premium	1,183,313	-	1,183,313
Total	<u>\$ 11,383,313</u>	<u>\$ 2,827,400</u>	<u>\$ 14,210,713</u>

2014A Lease Revenue Refunding Bonds

On September 10, 2014, the Financing Authority issued 2014 Lease Revenue Refunding Bonds Series A of \$2,755,000 which repaid the outstanding principal due on the 1999 COPs. The City received a premium on the bond issue in the amount of \$104,175 and incurred a loss of \$87,777 in the bond defeasance. The bond premium and loss on defeasance are amortized over the life of the refunded bonds. The Bonds are payable from payments made by the City to the Finance Authority pledging public facilities consisting of the City Hall and Police Department pursuant to the Agreement.

The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual Installments are due from November 1, 2014 through November 1, 2028. Interest rates on the 2014 Series A Lease Revenue Refunding Bonds range from 0.30% to 3.5%. The outstanding balance at June 30, 2022 was \$1,455,000.

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 190,000	\$ 44,538	\$ 234,538
2024	195,000	37,813	232,813
2025	200,000	31,888	231,888
2026	205,000	25,813	230,813
2027	215,000	19,244	234,244
2028-2029	450,000	15,925	465,925
Subtotal	1,455,000	175,221	1,630,221
Add - premium	48,619	-	48,619
Total	<u>\$ 1,503,619</u>	<u>\$ 175,221</u>	<u>\$ 1,678,840</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

2014C Lease Revenue Refunding Bonds

See Note 6A for disclosures. The outstanding balance for Golf Course Enterprise Fund at June 30, 2022 was \$428,340.

2016A Lease Revenue Bonds

On October 18, 2016, the Financing Authority issued 2016 Series A Lease Revenue Bonds in the amount of \$54,860,000. The bonds bear interest rate of 5% and will mature in 2046. The bonds were issued to (1) finance the acquisition, construction and equipping of the Home2Suites by Hilton Hotel Project, (2) fund a reserve fund for the bonds, (3) fund interest accruing on the bonds through November 1, 2019, and (4) pay costs of issuance of the bonds. The bonds are payable from the payments made by the City to the Authority pledging the Home2Suites property pursuant to the Lease Agreement. The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the bonds. Interest rate on the 2016 Lease Revenue Refunding Bonds, Series A is at 5.0% Principals are due June 1, 2018 through June 1, 2046. The outstanding balance at June 30, 2022 was \$51,685,000.

The annual future debt service requirements are as follows:

For the Year Ending	Principal	Interest	Total
June 30,			
2023	\$ 1,165,000	\$ 2,483,450	\$ 3,648,450
2024	1,225,000	2,425,200	3,650,200
2025	1,285,000	2,363,950	3,648,950
2026	1,350,000	2,299,700	3,649,700
2027	1,415,000	2,232,200	3,647,200
2028-2032	8,220,000	10,025,250	18,245,250
2033-2037	10,500,000	7,753,500	18,253,500
2038-2042	13,390,000	4,501,650	17,891,650
2043-2046	13,135,000	1,813,400	14,948,400
Subtotal	51,685,000	35,898,300	87,583,300
Add - premium	5,033,005	-	5,033,005
Total	<u>\$ 56,718,005</u>	<u>\$ 35,898,300</u>	<u>\$ 92,616,305</u>

2020 Pension Obligation Bonds (“POB”)

See Note 6A for disclosures. The outstanding balance for Transit Fund at June 30, 2022 was \$38,142,101.

Motorola Finance Purchase

The City entered into a financing agreement to finance the acquisition of certain communication equipment for the City’s Transit operation in November 2018. The securities for the agreement are the equipment themselves and to be surrendered to the lender in case of payment default or termination of the agreements. Annual payment is due on November 1 and matured on November 1, 2021. The finance agreement was fully paid off during the year ended June 30, 2022.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

PNC Equipment Finance Purchase

The City entered into a financing agreement to finance the acquisition of certain transportation equipment for the City’s Golf Course. The securities for the lease are the equipment themselves and to be surrendered to the lessor in case of payment default or termination of the agreements. The outstanding balance at June 30, 2022 was \$49,866.

The future debt service requirement is as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 49,866	\$ 2,169	\$ 52,035

ABM Notes Payable

See note 6A for disclosures. The outstanding balance of the note for Transit at June 30, 2022 was \$636,786.

Southern California Edison (“SCE”)

In July 2013, the City entered into a zero percent On-Bill Financing Agreement with the Southern California Edison Company for the installation of certain energy efficient equipment at the Golf Course premises for a total amount of \$327,213 payable over a period of 116 months (9 years and 8 months). At June 30, 2022, the total outstanding loans payable amounted to \$44,676.

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Total
2023	\$ 33,969	\$ 33,969
2024	10,707	10,707
Total	\$ 44,676	\$ 44,676

Quiet Cannon

The City entered into two loan agreements with Quiet Cannon Montebello, Inc. (“Quiet Cannon”). Quiet Cannon leases a facility on the City’s golf course property. The loans were obtained by Quiet Cannon on behalf of the City from a financial institution payable in monthly installments ranging from \$5,969 to \$6,658 at prime interest rate (currently 3.25%) until year 2021. The installment payments are deducted by Quiet Cannon from its lease payments to the City. The loan proceeds were used to finance the renovation of the facility and signage.

During the year ended June 30, 2014, the City entered into a Maintenance Loan Agreement with Quiet Cannon for \$700,000. Under the agreement, Quiet Cannon borrowed the amount from a financial institution payable over a period of 5 years at prime lending rate. The loan repayment shall be offset by Quiet Cannon from its rental obligation to the City. At June 30, 2022, the outstanding balance was fully paid off.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

Acuna Park Notes Payable - Water

The City entered into an agreement with Central Basin Municipal Water District (the “District”) to facilitate the use of the recycled water at Montebello Golf Course for constructing recycled water facilities for the amount of \$615,000. The City may request drawdowns monthly up to the total loan amount after the submission of supporting documentation verifying the costs incurred to the District. The principal is subject to 2% interest and accrued on any drawn amounts. The loan shall be repaid in the form of \$250 charge for every acre-foot of recycled water provided by the District to the City, until the balance is paid off. At June 30, 2022, the outstanding balance of the loan was \$181,557.

Compensated Absences

All vested vacation and compensatory leave time is recognized as an expense and as a liability in the business-type funds at the time the liability vests. Transit Fund has been used to liquidate the liability. The balance outstanding at June 30, 2022 was \$1,274,888.

The summary of changes in the Successor Agency long-term debts for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
<b>Successor Agency Activities</b>						
Bonds payable, net:						
1999B Montebello Hills Tax Allocation Parity Bonds	6,232,632	409,429	(2,350,000)	4,292,061	-	4,292,061
2007A Taxable South Montebello Industrial Redevelopment Project Tax Allocation Parity Bonds	1,310,000	-	(635,000)	675,000	675,000	-
2007B Taxable Montebello Hills Tax Allocation Parity Refunding Bonds	1,015,000	-	(320,000)	695,000	335,000	360,000
2015A Tax-Exempt and 2015B Taxable Subordinated Tax Allocation Bonds	13,855,000	-	(2,910,000)	10,945,000	3,045,000	7,900,000
2002 Montebello Housing Tax Allocation Parity Bonds	1,306,262	115,830	(490,000)	932,092	-	932,092
Unamortized premiums/(discounts):						
2015A Tax-Exempt Tax Allocation Bonds	1,675,330	-	(239,333)	1,435,997	239,333	1,196,664
Notes payable:						
Ostrom Chevrolet	2,223,408	-	(2,223,408)	-	-	-
<b>Total Business-Type Activities</b>	<b>\$ 27,617,632</b>	<b>\$ 525,259</b>	<b>\$ (9,167,741)</b>	<b>\$ 18,975,150</b>	<b>\$ 4,294,333</b>	<b>\$ 14,680,817</b>

1999 Montebello Hill Tax Allocation Parity Bonds, Series B

In November 1999, the former Agency issued \$5,593,888 Montebello Hills Redevelopment Project Tax Allocation Parity Bonds, 1999 Series B. The \$1,370,000 current interest serial bonds and term bonds were fully matured as of November 1, 1999. The \$2,918,888 capital appreciation bonds accrete interest from their dated date, and interest is compounded on March 1, 2000 and semiannually on each September 1 and March 1, thereafter, payable only at maturity at rates range from 6.2666% to 6.423%. The bonds are secured by incremental property taxes allocated to and received by the Successor Agency. The outstanding balance at June 30, 2022 was \$4,292,061.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Liabilities (Continued)**

**C. Fiduciary Activities**

1999 Montebello Hill Tax Allocation Parity Bonds, Series B (Continued)

The future annual debt service requirement is as follows:

For the Year Ending June 30	Principal	Accreted Interest	Interest	Total
2023	\$ 544,660	\$ 1,669,614	\$ 1,805,340	4,019,614
2024	505,273	1,572,514	1,844,727	3,922,514
Total	<u>\$ 1,049,933</u>	<u>\$ 3,242,128</u>	<u>\$ 3,650,067</u>	<u>\$7,942,128</u>

2007 South Montebello Industrial Redevelopment Project Tax Allocation Parity Bonds, Series A (Taxable)

In October 2007, the former Agency issued \$6,065,000 South Montebello Industrial Redevelopment Project Tax Allocation Parity Bonds, 2007 Series A (Taxable). Principal due annually through September 1, 2022 and interest on the bonds are due on March 1 and September 1 of each year at rate of 5.804%. The bonds are secured by incremental property taxes allocated to and received by the Successor Agency. The outstanding balance at June 30, 2022 was \$675,000.

The future annual debt service requirement is as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	<u>\$ 675,000</u>	<u>\$ 19,589</u>	<u>\$ 694,589</u>

2007 Montebello Hills Tax Allocation Parity Refunding Bonds, Series B (Taxable)

In October 2007, the former Agency issued \$3,660,000 Montebello Hills Redevelopment Project Tax Allocation Parity Refunding Bonds, 2007 Series B (Taxable). Principal due annually through March 1, 2024 and interest on the Bonds are due on March 1 and September 1 of each year at rate of 5.854%. The bonds are secured by incremental property taxes allocated to and received by the Successor Agency. The outstanding balance at June 30, 2022 was \$695,000.

The future annual debt service requirement is as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 335,000	\$ 20,343	\$ 355,343
2024	360,000	10,537	370,537
Total	<u>\$ 695,000</u>	<u>\$ 30,880</u>	<u>\$ 725,880</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Long-Term Liabilities (Continued)**

**C. Fiduciary Activities (Continued)**

2015 Subordinated Tax Allocation Refunding Bonds, Series A (Tax-exempt) and Series B (Taxable)

In August 2015, the Successor Agency issued Subordinate Tax Allocation Refunding Bonds, Series 2015 A (Tax Exempt) & Series B (Taxable), totaling \$25,180,000 to refund the following old bonds: 1997 Montebello Hills, 1998A Montebello Hills, 1999A Montebello Hills, 2009A Montebello Hills, 1999A South Montebello, 1999B South Montebello, 1998B Montebello Hills, and 2002 Housing (non-accretion bonds only) with total outstanding principal as of June 30, 2015 of \$28,355,000. The Series A bonds, with interest rate ranging from 2% to 5%, are due in annual installments of \$1,220,000 to \$3,045,000 through September 1, 2027. The Series B bonds, with interest rates ranging from 1.25% to 2.50%, are due in annual installments of \$335,000 to \$375,000 through September 1, 2019. The outstanding balance at June 30, 2022 was \$10,945,000.

The future annual debt service requirement is as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	\$ 3,045,000	\$ 444,425	\$ 3,489,425
2024	2,195,000	313,425	2,508,425
2025	1,880,000	211,550	2,091,550
2026	1,220,000	134,050	1,354,050
2027	1,270,000	71,800	1,341,800
2028	1,335,000	20,025	1,355,025
Total	<u>\$ 10,945,000</u>	<u>\$ 1,195,275</u>	<u>\$ 12,140,275</u>

2002 Montebello Housing Tax Allocation Parity Bonds

In April 2002, the former Agency issued \$5,557,642 2002 Housing Tax Allocation Parity Bonds. The \$4,910,000 current interest serial bonds and term bonds were fully matured as of September 1, 2024. Interest on the current interest bonds is payable on commencing on September 1, 2002 and semiannually thereafter on March and September 1 each year until maturity at rate of 5.25%. The \$647,642 capital appreciation bonds accrete interest from their dated date, and interest is compounded on September 1, 2002 and semiannually on each September 1 and March 1, thereafter, payable only at maturity, at rates range from 5.60% to 5.75%. The bonds are secured by incremental property taxes allocated to and received by the Successor Agency. The outstanding balance at June 30, 2022 was \$932,092.

The future annual debt service requirement is as follows:

For the Year Ending June 30	Principal	Accreted Interest	Interest	Total
2023	\$ 157,549	\$ 324,106	\$ 337,450	819,105
2024	145,906	304,531	344,093	794,530
Total	<u>\$ 303,455</u>	<u>\$ 628,637</u>	<u>\$ 681,543</u>	<u>\$1,613,635</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 6 – Long-Term Liabilities (Continued)**

**C. Fiduciary Activities (Continued)**

2002 Montebello Housing Tax Allocation Parity Bonds (Continued)

The future annual debt service requirement is as follows:

For the Year Ending June 30	Principal	Accreted Interest	Interest	Total
2023	\$ 157,549	\$ 324,106	\$ 337,450	819,105
2024	145,906	304,531	344,093	794,530
Total	\$ 303,455	\$ 628,637	\$ 681,543	\$1,613,635

Redevelopment Agency Note

The former redevelopment agency entered into an agreement dated February 11, 2009 to purchase the property owned by Ostrom Chevrolet for \$12,000,000. The Agency paid \$5,000,000 in cash; \$2,734,834 was from proceeds of a note owed by Ostrom Chevrolet to the Agency; and \$4,265,166 was financed by a note payable to the seller. The note payable has an interest rate of 5%. For the first 10 years, interest only payments are due each calendar quarter. Following the 10th anniversary of the note date, the Agency is to make four quarterly payments in an amount sufficient to amortize and repay all accrued interest and principal by the date the last payment is due on the first day of the full calendar quarter following the 20th anniversary date of the note. The Agency made early principal payments in the current year as well as the prior fiscal years with total annual payment of \$337,780 inclusive of interest. On November 23, 2021, this property was sold and the outstanding note was fully paid off.

**D. Advances from City of Montebello**

At June 30, 2022, the Successor Agency has a net liability to the City of \$4,967,239, which is reported in the Statement of Fiduciary Net Position as due to other governments. This amount was due to the Housing Successor Special Revenue Fund pertaining to advances made by the former Low-and-Moderate Income Housing Fund to the former redevelopment agency. These advances were for payment of the Supplemental Educational Revenue Augmentation Fund (“SERAF”) and to finance the project expenses of one of the project areas of the former redevelopment agency.

**Note 7 – Self Insurance**

The City is partially self-insured for general liability and workers' compensation claims. The City pays up to \$1 million per occurrence for general liability claims, and has excess insurance up to \$10 million per occurrence. For workers' compensation, the City provides self-insurance up to a \$1,000,000 retention level and has acquired excess insurance coverage of \$5 million for each claim. The City also purchases commercial insurance for other risks of loss, including property loss and vehicle physical damage. There have been no significant changes in insurance coverage as compared to last year. At June 30, 2022, the present value of the estimated liability for claims payable, discounted at a 2% rate, is \$27,444,611, based on an actuarial study. The liability includes an estimate for incurred, but not reported (IBNR), losses and is based on past experience, modified for current trends and information.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 7 – Self Insurance (Continued)**

Changes in the claims payable amount for the three years ended June 30, 2022 are as follows:

<b>Fiscal Year</b>	Balance Beginning of Year	Addition	Deletion	Balance End of Year
June 30, 2020	\$ 21,064,070	\$ 5,039,758	\$ (3,982,828)	\$ 22,121,000
June 30, 2021	22,121,000	5,266,139	(3,785,909)	23,601,230
June 30, 2022	23,601,230	7,018,256	(3,174,875)	27,444,611

**Note 8 – Hotel Management Agreements**

***Montebello Hilton Hotel (“Hilton Garden Inn”)***

Pursuant to a Hotel Management Agreement dated November 29, 2001, the Montebello Hilton Hotel (Hilton Garden Inn) pays Hotel Adventures LLC (“HALLC”) an annual management fee which includes an operational amount and a projected franchise fee assessed by Hilton Hotels. The actual franchise fee amount is paid directly to Hilton Hotels from the City’s Hilton Garden Inn (Enterprise) Fund. The obligation of the City to pay the management fee is subordinated to the payment of operating expenses and debt service on the Bonds issued to finance Hotel construction. Unpaid fees, consisting of the management fee and any franchise fee differential between projected franchise fees and actual franchise fees paid to Hilton Hotels, accrue interest at a prime lending rate established by Citibank, N.A.

On November 29, 2018, the City extended the Hotel Management Agreement with HALLC for an additional 15 years until December 17, 2032. Under this new agreement, HALLC shall receive an annual management fee of \$597,000. The franchise fee assessed by Hilton Hotels is included in the Hotel operating expenses. Unpaid management fees shall accrue interest at simple annual interest rate equal to that earned in the Local Agency Investment Fund (LAIF).

During the year ended June 30, 2022, the Hotel reported expense for management fees and interest on management fees of \$1,039,573. Accrued unpaid expenses for management fees were \$357,805 as of June 30, 2022.

***Home2Suites***

Pursuant to a Hotel Management Agreement dated May 26, 2016, the Montebello Home2Suites Hotel (“H2S”) pays Hotel2Suites LLC an annual management fee of \$700,000, as adjusted upward or downward based upon changes in the Annual CPI Index. The obligation of the City to pay the management fee is subordinated to the payment of operating expenses and debt service on the Bonds issued to finance H2S construction. The H2S accrued and unpaid management fees were \$422,909 as of June 30, 2022.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Defined Benefit Pension Plan**

**A. General Information About the Pension Plan**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the City’s Safety Plan (police and fire) and Miscellaneous Plan (all others), agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (“CalPERS”), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
	Prior to 1-Jan-13	On or after 1-Jan-13
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 67
Benefit per year of service, as a percentage of salary	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	11.129%	11.129%
	Safety	
	Prior to 1-Jan-13	On or after 1-Jan-13
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 57
Benefit per year of service, as a percentage of salary	2.0% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	12.750%
Required employer contribution rates	21.164%	21.164%

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Defined Benefit Pension Plan (Continued)**

**A. General Information About the Pension Plan (Continued)**

**Employees Covered**

At June 30, 2020, the valuation date, the following employees were covered by the benefit terms of the Plan:

	<b>Miscellaneous</b>	<b>Safety</b>
Active employees	333	112
Transferred and terminated employees	428	125
Retired employees and beneficiaries	463	282
Total	1224	519

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous and Safety Plan were \$2,061,508 and \$2,913,777, respectively.

**B. Pension Liability**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.00% Net of pension plan investment and administrative expenses; including inflation
Mortality Rate Table <sup>1</sup>	Derived using CalPERS’ Membership Data for all Funds.

<sup>1</sup>The mortality table used was developed based on CalPERS’ specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this tables please refer to the CalPERS experience study and Review of Actuarial Assumption report from December 2017 that can be found on the CalPERS website.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Defined Benefit Pension Plan (Continued)**

**B. Pension Liability(Continued)**

**Changes of Assumptions**

In 2021, there were no changes in assumptions.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class <sup>1</sup>	Current Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

<sup>1</sup> In the CalPERS's ACFR, Fixed Income is included in the Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Defined Benefit Pension Plan (Continued)**

**C. Changes in the Net Pension Liability**

The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous agent multiple-employer plan:

	<b>Miscellaneous Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2020 (Valuation Date)	\$ 207,674,011	\$ 209,346,248	\$ (1,672,237)
Changes recognized for the measurement period:			
Service cost	3,191,506	-	3,191,506
Interest on the total pension liability	14,665,797	-	14,665,797
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,575,308	-	1,575,308
Changes of assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions from the employer	-	2,061,508	(2,061,508)
Contributions from employees	-	1,399,212	(1,399,212)
Net investment income, net of administrative expense	-	46,168,935	(46,168,935)
Benefit payments, including refunds of employee contributions	(11,458,063)	(11,458,063)	-
Administrative expense	-	(209,124)	209,124
Other miscellaneous income/ (expense)	-	-	-
Net Changes during July 1, 2020 to June 30, 2021	<u>\$ 7,974,548</u>	<u>\$ 37,962,468</u>	<u>\$ (29,987,920)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 215,648,559</u>	<u>\$ 247,308,716</u>	<u>\$ (31,660,157)</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Defined Benefit Pension Plan (Continued)**

**C. Changes in the Net Pension Liability (Continued)**

The following table shows the changes in net pension liability recognized over the measurement period for the Safety agent multiple-employer plan:

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2020 (Valuation Date)	\$ 270,879,258	\$ 271,648,136	\$ (768,878)
Changes recognized for the measurement period:			
Service cost	3,827,398	-	3,827,398
Interest on the total pension liability	19,228,565	-	19,228,565
Changes of benefit terms	-	-	-
Difference between expected and actual experience	3,576,407	-	3,576,407
Changes of assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions from the employer	-	2,913,777	(2,913,777)
Contributions from employees	-	1,383,844	(1,383,844)
Net investment income, net of administrative expense	-	59,892,826	(59,892,826)
Benefit payments, including refunds of employee contributions	(14,876,758)	(14,876,758)	-
Administrative expense	-	(271,360)	271,360
Other miscellaneous income/ (expense)	-	-	-
Net Changes during July 1, 2020 to June 30, 2021	\$ 11,755,612	\$ 49,042,329	\$ (37,286,717)
Balance at June 30, 2021 (Measurement Date)	\$ 282,634,870	\$ 320,690,465	\$ (38,055,595)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Plan's Net Pension Liability		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ (4,178,565)	\$ (31,660,157)	\$ (54,444,142)
Safety Plan	\$ (1,115,292)	\$ (38,055,595)	\$ (68,437,309)

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Defined Benefit Pension Plan (Continued)**

**C. Changes in the Net Pension Liability (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the plans' fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

**D. Pension Expenses and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year measurement period ending June 30, 2021, the City recognized pension credit of (\$3,254,790) and (\$4,133,145) for the miscellaneous and safety plans, respectively.

As of June 30, 2022, the City has deferred outflows and deferred inflows of resources related to pensions for the Miscellaneous Plan as follows:

<b>Miscellaneous Plan</b>	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contributions made after the measurement date	\$ 1,942,722	\$ -
Difference between expected and actual experience	991,861	(393,863)
Net difference between projected and actual earning on pension plan investments	-	(22,231,481)
Total	\$ 2,934,583	\$ (22,625,344)

The amounts above are net of outflows and inflows recognized in the 2020-2021 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Miscellaneous Plan, for the 2020-21 measurement period is 2.7 years, which was obtained by dividing the total service years of 3,277 (the sum of remaining service lifetimes of the active employees) by 1.224 (the total number of participants: active, inactive, and retired), respectively.

The \$1,942,722 reported as deferred outflows represents contributions made after the measurement date of the net pension liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Defined Benefit Pension Plan (Continued)**

**D. Pension Expenses and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)**

Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30	Deferred Outflows/ (Inflows) of Resources Miscellaneous Plan
2022	\$ (5,305,170)
2023	(4,731,648)
2024	(5,296,491)
2025	(6,300,174)
2026	-
Thereafter	-
	\$ (21,633,483)

As of June 30, 2022, the City has deferred outflows and deferred inflows of resources related to pensions for the Safety Plan as follows:

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions made after the measurement date	\$ 2,856,615	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	2,086,237	(74,532)
Net difference between projected and actual earning on pension plan investments	-	(28,613,231)
Total	\$ 4,942,852	\$ (28,687,763)

The amounts above are net of outflows and inflows recognized in the 2020-2021 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Safety Plan for the 2020-21 measurement period is 2.4 years, which was obtained by dividing the total service years of 1,259 (the sum of remaining service lifetimes of the active employees) by 519 (the total number of participants: active, inactive, and retired), respectively.

The \$2,856,615 reported as deferred outflows of resources represents contributions made after the measurement date of the net pension liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 9 – Defined Benefit Pension Plan (Continued)**

***D. Pension Expenses and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)***

Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30	Deferred Outflows/ (Inflows) of Resources Safety Plan
2022	\$ (5,615,957)
2023	(6,011,542)
2024	(6,801,431)
2025	(8,172,596)
2026	-
Thereafter	-
	\$ (26,601,526)

**Note 10 – Other Postemployment Benefits (“OPEB”)**

***A. General Information About the Other Postemployment Benefit Plan***

**Plan Description**

The City provides postemployment healthcare benefits to eligible employees at retirement through a single-employer defined benefit other postemployment benefits (“OPEB”) plan administered by the City. Benefit provisions are established through agreements and memorandums of agreement between the City, its management employees, and unions representing the City's employees.

**Benefits Provided**

The City provides the minimum required employer contributions under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from PERS. An employee is eligible for this employer contribution provided they are vested in their PERS pension benefit and commence payment for their pension benefit when retiring from the City. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

**Additional Benefits for Miscellaneous Employees**

The current retiree health benefit is a monthly allowance that is payable to the eligible retiree and will be reduced by any amounts paid by the City towards health insurance for the retiree. The monthly allowance is available only to the retired employee and does not continue to a surviving spouse. The retiree is not required to continue medical insurance through the City to receive the monthly allowance. The monthly allowance is currently \$25 for each year of service with the City up to 25 years (\$625 maximum per month).

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 10 – Other Postemployment Benefits (“OPEB”) (Continued)**

**A. General Information About the Other Postemployment Benefit Plan (Continued)**

**Additional Benefits for Miscellaneous Employees (Continued)**

The monthly allowance is payable up to Medicare eligibility age (currently age 65).

Eligibility from the monthly allowance requires retirement from the City on or after age 50 with at least 15 years of active City service at retirement. Disability retirement requires 10 years of active City service and has no age requirement. Montebello Mid- Management Association (“MMMA”) and Montebello Supervisors Association (“MSA”) employees are not eligible for this allowance unless they made a one-time election for this benefit in lieu of a City contribution to a 401 (a) plan.

**Additional Benefits Safety (Fire and Police) Employees**

The current retiree health benefit is a monthly allowance that is payable to the eligible retiree and will be reduced by any amounts paid by the City towards health insurance for the retiree. The monthly allowance is available only to the retired employee and does not continue to a surviving spouse. The retiree is not required to continue medical insurance through the City to receive the monthly allowance. The monthly allowance is currently \$25 for each year of service with the City up to 25 years (\$625 maximum per month). The monthly allowance is payable during the retiree’s lifetime for members of Montebello Police Officers Association (“MPOA”), Montebello Police Management Association (“MPMA”) and Montebello Fire Fighters Association (“MFFA”) and to Medicare eligibility age for all unrepresented Safety employees.

Eligibility from the monthly allowance requires retirement from the City on or after age 50 with at least 15 years of active City service at retirement. Disability retirement requires only 10 years of active City service and has no age requirement. Prior to August 2008, MFA employees received a contribution to a 401 (a) (h) plan in lieu of retiree health benefits.

The City also pays 1% of payroll into a Health Reimbursement Account for MPOA, MPMA and, commencing in 2008 for MFA employees.

**Employees Covered**

At June 30, 2020, the valuation date, the following numbers of participants were covered by the benefit terms:

Inactive plan members or beneficiaries	
currently receiving benefits	181
Active plan members	343
Total	524

**Contributions**

The plan is not funded. The City finances these benefits on a pay-as-you-go basis.

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Other Postemployment Benefits (“OPEB”) (Continued)**

**B. Net OPEB Liability**

**Actuarial Methods and Assumptions Used to Determine Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2021 for the measurement period July 1, 2020 through June 30, 2021. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial assumptions:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Inflation	2.75%
Salary Increases	Based on the 2017 experience study for CalPERS pension
Discount Rate	2.66% as of June 30, 2020 and 1.92% as of June 30, 2021
Mortality rates	Scale MP-2020
Healthcare cost trend rate	6.25% for 2021 decreasing 0.25% per year to and ultimate rate of 4.50% for 2028 and later years

**Discount Rate**

The discount rate used to measure the total OPEB liability are based on the S&P Municipal Bond 20 Year High Grade Index. This index indicates discount rates of 2.66% as of June 30, 2020 and 1.92% as of June 30, 2021.

**C. Changes in the Net OPEB Liability**

The changes in the total OPEB liability for the plan are as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (c) = (a) - (b)</b>
Balance at June 30, 2020	\$ 30,359,256	\$ -	\$ 30,359,256
Changes recognized for the measurement period:			
Service cost	1,192,947	-	1,192,947
Interest on the total OPEB liability	820,237	-	820,237
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	2,766,372	-	2,766,372
Contributions from the employer	-	1,441,914	(1,441,914)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	-	-
Benefit payments, including refunds of employee contributions	(1,441,914)	(1,441,914)	-
Administrative expense	-	-	-
Net Changes during July 1, 2020 to June 30, 2021	<u>\$ 3,337,642</u>	<u>\$ -</u>	<u>\$ 3,337,642</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 33,696,898</u>	<u>\$ -</u>	<u>\$ 33,696,898</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Other Postemployment Benefits (“OPEB”) (Continued)**

**C. Changes in the Net OPEB Liability (Continued)**

**Sensitivity of the Net OPEB liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point lower than the current discount rate, for the measurement period June 30, 2021:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (0.92%)	Current Discount Rate (1.92%)	Discount Rate + 1% (2.92%)
\$ 38,131,433	\$ 33,696,898	\$ 30,046,135

**Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would it were calculated using healthcare cost trend rates that are one percentage point higher or one percentage point lower than the current healthcare cost trend rates:

Plan's Net OPEB Liability/(Asset)		
1% Decrease (5.25% decreasing to 3.50%)	Current Rate (6.25% decreasing to 4.50%)	1% Increase (7.25% decreasing to 5.50%)
\$ 31,068,112	\$ 33,696,898	\$ 36,643,907

**D. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

For the year ended June 30, 2022, the City recognized OPEB expense of \$2,054,726. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions made after the measurement date	\$ 1,514,821	\$ -
Changes of assumptions	4,497,518	(438,515)
Difference between expected and actual experience	-	(2,226,980)
Total	\$ 6,012,339	\$ (2,665,495)

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Other Postemployment Benefits (“OPEB”) (Continued)**

**D. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

The \$1,514,821 reported as deferred outflows of resources represents contributions made after the measurement date of the OPEB liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB credit as follows:

Measurement Period Ending June 30,	Deferred Outflows /(Inflows) of Resources
2022	\$ 211,162
2023	211,161
2024	211,161
2025	211,161
2026	320,790
Thereafter	666,588
	\$ 1,832,023

**Note 11 – Net Investment in Capital Assets**

The net investment in capital assets for governmental activities, business-type activities, and enterprise funds is calculated as follows:

	Governmental Activities	Business-Type Activities
Total capital assets, net	\$ 104,617,396	\$ 106,336,638
Unspent capital debt proceeds	15,161,364	46,299
Deferred loss on refunding debt	134,111	40,963
Capital related debt	(40,184,923)	(70,945,713)
Deferred gain on refunding debt	-	(529,498)
Net investment in capital assets	\$ 79,727,948	\$ 34,948,689

	Enterprise Fund				
	Transit System Fund	Golf Course	Montebello Hilton	Home2Suites	Water Fund
Total capital assets, net	\$ 41,966,132	\$ 7,105,025	\$ 11,862,931	\$ 44,482,237	\$ 920,313
Unspent capital debt proceed	46,299	-	-	-	-
Deferred loss on refunding debt	-	40,963	-	-	-
Capital related debt	(636,786)	(2,026,052)	(11,383,313)	(56,718,005)	(181,557)
Deferred gain on refunding debt	-	-	(529,498)	-	-
Net investment in capital assets	\$ 41,375,645	\$ 5,119,936	\$ (49,880)	\$ (12,235,768)	\$ 738,756

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 12 – Fund Balance Classifications**

Fund balances for the governmental funds at June 30, 2022 consisted of the following:

	General Fund	Retirement Fund	Transportation and Street Improvement Funds	Public Financing Authority	Nonmajor Governmental Fund	Total
<b>Nonspendable:</b>						
Advances to other funds	\$ 3,159,680	\$ -	\$ -	\$ -	\$ -	\$ 3,159,680
Prepaid items	195,722	-	28,970	-	121,437	346,129
Property held for resale	682,538	-	-	-	-	682,538
<b>Total nonspendable</b>	<b>4,037,940</b>	<b>-</b>	<b>28,970</b>	<b>-</b>	<b>121,437</b>	<b>4,188,347</b>
<b>Restricted:</b>						
Retirement	-	21,046,898	-	-	-	21,046,898
Community development	-	-	-	-	8,849,308	8,849,308
Public safety	-	-	-	-	965,996	965,996
Capital projects	374,594	-	14,786,770	-	214,580	15,375,944
Transportation	-	-	13,854,886	-	-	13,854,886
Debt service	-	-	-	371,706	-	371,706
<b>Total restricted</b>	<b>374,594</b>	<b>21,046,898</b>	<b>28,641,656</b>	<b>371,706</b>	<b>10,029,884</b>	<b>60,464,738</b>
<b>Committed:</b>						
Encumbrances	459,491	-	-	-	-	459,491
<b>Total committed</b>	<b>459,491</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459,491</b>
<b>Unassigned:</b>						
Fund balance (deficit)	9,844,229	-	-	-	(262,960)	9,581,269
<b>Total unassigned</b>	<b>9,844,229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(262,960)</b>	<b>9,581,269</b>
<b>Total fund balances</b>	<b>\$14,716,254</b>	<b>\$21,046,898</b>	<b>\$28,670,626</b>	<b>\$ 371,706</b>	<b>\$ 9,888,361</b>	<b>\$74,693,845</b>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 13 – Stewardship, Compliance and Accountability**

The following expenditures for the year ended June 30, 2022, exceeded appropriations in the following funds and functions:

Funds	Appropriation	Expenditures	Expenditures over Appropriation
<b>Major Governmental Funds:</b>			
General Fund			
General government	\$ 7,203,177	\$ 7,508,181	\$ (305,004)
Parks, recreation, and culture	4,489,521	4,711,686	(222,165)
Debt service:			
Principal retirement	1,012,235	1,254,815	(242,580)
Interest and fiscal charges	170,500	397,418	(226,918)
Retirement Special Revenue Funds			
General government	126,400	191,001	(64,601)
Transportation and Street Improvement			
Special Revenue Funds			
Public works	354,200	780,492	(426,292)
<b>Nonmajor Governmental Funds:</b>			
Supplemental Law Enforcement Special Revenue Fund			
Capital Outlay	-	1,794	(1,794)
Grants Special Revenue Fund			
Housing and community development	105,000	481,757	(376,757)
George Miller Estate Donations Special Revenue Fund			
Public safety	65,750	73,224	(7,474)
Measure W Special Revenue Fund			
Public works	298,447	869,375	(570,928)
Housing Successor Agency Special Revenue Fund			
Housing and community development	2,500	25,083	(22,583)

The following funds had deficit fund balances or net position at June 30, 2022. Management expects to eliminate the deficits with subsequent revenue in the funds or transfers from the General Fund.

Funds	Amount
<b>Enterprise Funds:</b>	
Montebello Hilton	\$ (83,562)
Home2Suites	(1,724,814)
<b>Internal Service Fund:</b>	
Self-insurance	(20,326,439)
<b>Nonmajor Governmental Funds:</b>	
Supplemental Law Enforcement Special Revenue Fund	(170,676)
CDBG Special Revenue Fund	(92,284)

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 14 – Construction Commitments**

The City had outstanding construction commitments in the amount of \$3,675,769 for governmental activities and \$13,958,277 for business-type activities at June 30, 2022 as follows:

<u>Governmental Activities</u>	
General Fund	\$ 459,491
Transportation and Street Improvement	
Special Revenue Funds	3,012,401
Nonmajor governmental funds	<u>203,877</u>
Total Governmental Activities	<u>\$ 3,675,769</u>
<u>Business-type Activities</u>	
Golf Enterprise Fund	<u>\$13,958,277</u>

**Note 15 – Contingencies**

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

**Note 16 – Prior Period Adjustments**

The beginning net positions and fund balances were restated as following:

	<u>Governmental- Wide</u>
	<u>Governmental Activities</u>
Beginning, as previously reported	\$ (20,800,935)
Prior year revenue correction	(102,725)
Notes payable	<u>889,106</u>
Beginning, as restated	<u>\$ (20,014,554)</u>

**City of Montebello**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 16 – Prior Period Adjustments (Continued)**

	<b>Governmental Funds</b>			<b>Fiduciary Funds</b>	
	CDBG	HOME	Total	Successor Agency	
	Special Revenue Fund	Special Revenue Fund	Governmental Fund	Private-Purpose Trust Fund	Custodial Fund
Beginning, as previously reported					
as previously reported	\$ 17,256	\$ (125,342)	\$ (108,086)	\$ (366,104)	\$ -
Unavailable revenue	543,530	145,000	688,530	-	-
Prior year revenue correction	(202,140)	99,415	(102,725)	-	-
Land held for resale	-	-	-	10,400,000	-
Capital assets	-	-	-	(246,853)	-
Deposits	-	-	-	-	1,280,426
Beginning, as restated	<u>\$ 358,646</u>	<u>\$ 119,073</u>	<u>\$ 477,719</u>	<u>\$ 9,787,043</u>	<u>\$ 1,280,426</u>

Governmental activities beginning net position was restated to correct the reporting of unavailable revenue for loans receivable in CDBG Special Revenue Fund and HOME Special Revenue Fund and to correct notes payable to HUD in HOME Special Revenue Fund which repayment was completed in fiscal year 2020.

The beginning net position of Successor Agency Private-Purpose Trust Fund was restated to correct the land held for resale not reported previously and to catch up capital assets depreciation.

The beginning net position of custodial fund was restated to implement GASB 84, *Fiduciary Activities*.

**Note 17 – Subsequent Events**

**Lease Revenue Bond, Series 2022A Issuance**

On December 1, 2022, the City issued Taxable Lease Revenue Bonds, Series 2022A in the amount of \$15,700,000 to fund for design, architectural, engineering, construction, and other related costs of the Golf Course Improvement Project. The bonds bear an interest rate of 5% and the principal matures in amounts ranging \$230,000 to \$975,000 through May 2053.

**Lease Revenue Bond, Series 2022B Issuance**

On December 1, 2022, the City issued Taxable Lease Revenue Bonds, Series 2022B in the amount of \$55,965,000 to finance the costs to design and construct a driving range and entertainment venue to be operated by Topgolf USA MB, LLC. The bonds bear an interest rates of 5.15% to 6.50% and the principal matures in amounts ranging \$805,000 to \$4,785,000 through May 2043.

**Sale of City's Water System**

On December 1, 2022, the California Public Utilities Commission authorized the sale of the City's water system and related assets to the San Gabriel Valley Water Company ("SGVWC"). The City received the sale proceeds of \$16.411 million on February 13, 2023. The City retains certain water rights and will lease such rights to SGVWC.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**City of Montebello**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Taxes	\$ 37,831,100	\$ 37,831,100	\$ 42,505,700	\$ 4,674,600
Intergovernmental	7,500	7,500	6,311,326	6,303,826
Licenses and permits	6,101,500	6,101,500	7,806,258	1,704,758
Fines and forfeitures	2,250,000	2,250,000	2,512,256	262,256
Use of money and property	225,000	225,000	(869,471)	(1,094,471)
Charges for services	7,807,350	7,807,350	8,077,509	270,159
Other revenue	557,500	557,500	560,220	2,720
<b>Total revenues</b>	<u>54,779,950</u>	<u>54,779,950</u>	<u>66,903,798</u>	<u>12,123,848</u>
<b>EXPENDITURES:</b>				
Current:				
General government	6,089,500	7,203,177	7,508,181	(305,004)
Public safety	33,577,820	34,489,873	33,255,910	1,233,963
Public works	10,338,000	12,765,829	11,882,266	883,563
Parks, recreation, and culture	4,424,550	4,489,521	4,711,686	(222,165)
Housing and community development	2,489,820	3,088,582	2,370,064	718,518
Capital outlay	481,500	3,025,000	2,073,997	951,003
Debt service:				
Principal	997,800	1,012,235	1,254,815	(242,580)
Interest	170,500	170,500	397,418	(226,918)
<b>Total expenditures</b>	<u>58,569,490</u>	<u>66,244,717</u>	<u>63,454,337</u>	<u>2,790,380</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,789,540)</u>	<u>(11,464,767)</u>	<u>3,449,461</u>	<u>14,914,228</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,100,000	4,100,000	3,637,348	(462,652)
Proceeds from sale of asset	-	-	44,300	44,300
<b>Total other financing sources (uses)</b>	<u>4,100,000</u>	<u>4,100,000</u>	<u>3,681,648</u>	<u>(418,352)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 310,460</u>	<u>\$ (7,364,767)</u>	<u>7,131,109</u>	<u>\$ 14,495,876</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>7,585,145</u>	
End of Year			<u>\$ 14,716,254</u>	

**City of Montebello**  
**Budgetary Comparison Schedule (Continued)**  
**Retirement Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES</b>				
Taxes	\$ 15,046,000	\$ 15,046,000	\$ 14,569,128	\$ (476,872)
Use of money and property	125,000	125,000	98,079	(26,921)
Total revenues	<u>15,171,000</u>	<u>15,171,000</u>	<u>14,667,207</u>	<u>(503,793)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>126,400</u>	<u>126,400</u>	<u>191,001</u>	<u>(64,601)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>15,044,600</u>	<u>15,044,600</u>	<u>14,476,206</u>	<u>(568,394)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(11,521,700)</u>	<u>(11,521,700)</u>	<u>(11,040,588)</u>	<u>481,112</u>
Total other financing (uses)	<u>(11,521,700)</u>	<u>(11,521,700)</u>	<u>(11,040,588)</u>	<u>481,112</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 3,522,900</u>	<u>\$ 3,522,900</u>	<u>3,435,618</u>	<u>\$ (87,282)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>17,611,280</u>	
End of year			<u>\$ 21,046,898</u>	

**City of Montebello**  
**Budgetary Comparison Schedule (Continued)**  
**Transportation and Street Improvement Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES</b>				
Intergovernmental	\$ 6,790,200	\$ 6,790,200	\$ 7,799,136	\$ 1,008,936
Use of money and property	48,000	48,000	84,531	36,531
Total revenues	<u>6,838,200</u>	<u>6,838,200</u>	<u>7,883,667</u>	<u>1,045,467</u>
<b>EXPENDITURES</b>				
Current:				
Public works	354,200	354,200	780,492	(426,292)
Capital outlay	8,933,074	8,933,074	5,396,999	3,536,075
Total expenditures	<u>9,287,274</u>	<u>9,287,274</u>	<u>6,177,491</u>	<u>3,109,783</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(2,449,074)</u>	<u>(2,449,074)</u>	<u>1,706,176</u>	<u>4,155,250</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(2,135,900)	(2,135,900)	(2,135,916)	(16)
Total other financing (uses)	<u>(2,135,900)</u>	<u>(2,135,900)</u>	<u>(2,135,916)</u>	<u>(16)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,584,974)</u>	<u>\$ (4,584,974)</u>	<u>(429,740)</u>	<u>\$ 4,155,234</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>29,100,366</u>	
End of year			<u>\$ 28,670,626</u>	

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**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2022**

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**Budget and Budgetary Accounting**

The City follows these procedures in establishing the operating budgetary data reflected in the financial statements:

- a. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and estimated revenues for all governmental fund types.
- b. The City Manager is authorized to transfer certain appropriations between activities within any department in accordance with the budget resolution.
- c. The budget is formally integrated into the accounting system.
- d. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The modified accrual basis of accounting is employed in the preparation of the budget.
- e. At fiscal year-end, operating budget appropriations lapse. Incomplete capital improvements are rolled over to the new fiscal year. Projects that are not started during the budget year are re-evaluated in the following year.

The budgetary comparison schedule is not presented for the Inmate Welfare Special Revenue Fund due to no approved budget for the year ended June 30, 2022.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan**

Measurement period	2013-14 <sup>1</sup>	2014-15	2015-16	2016-17	2017-18
<b>Total pension liability</b>					
Service cost	\$ 2,802,157	\$ 2,918,611	\$ 2,703,362	\$ 2,932,068	\$ 2,914,031
Interest	11,639,094	12,022,505	12,395,700	12,673,319	13,109,478
Differences between expected and actual experience	-	(2,072,412)	(2,550,443)	(2,393,873)	531,297
Changes of assumptions	-	(2,949,227)	-	10,512,651	(1,078,751)
Benefit payments, including refunds of employee contributions	(7,364,542)	(7,653,087)	(7,156,315)	(9,080,226)	(8,817,355)
<b>Net change in total pension liability</b>	<b>7,076,709</b>	<b>2,266,390</b>	<b>5,392,304</b>	<b>14,643,939</b>	<b>6,658,700</b>
<b>Total pension liability - beginning</b>	<b>157,469,110</b>	<b>164,545,819</b>	<b>166,812,209</b>	<b>172,204,513</b>	<b>186,848,452</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 164,545,819</b>	<b>\$ 166,812,209</b>	<b>\$ 172,204,513</b>	<b>\$ 186,848,452</b>	<b>\$ 193,507,152</b>
<b>Pension fiduciary net position</b>					
Contributions - employer	\$ 3,168,029	\$ 3,123,518	\$ 3,474,912	\$ 3,893,457	\$ 4,404,730
Contributions - employee	1,468,002	1,260,428	1,208,725	1,186,191	1,198,860
Net investment income <sup>2</sup>	19,352,467	2,844,663	665,613	13,752,535	11,334,145
Benefit payments, including refunds of employee contributions	(7,364,542)	(7,653,087)	(7,156,315)	(9,080,226)	(8,817,355)
Plan to plan resources movement	-	-	-	(1,197)	(334)
Administrative expense	-	(144,043)	(78,007)	(186,195)	(211,420)
Other miscellaneous income/ (expense)	-	-	-	-	(401,491)
<b>Net change in plan fiduciary net position</b>	<b>16,623,956</b>	<b>(568,521)</b>	<b>(1,885,072)</b>	<b>9,564,565</b>	<b>7,507,135</b>
<b>Plan fiduciary net position - beginning</b>	<b>111,940,967</b>	<b>128,564,923</b>	<b>127,996,402</b>	<b>126,111,330</b>	<b>135,675,895</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 128,564,923</b>	<b>\$ 127,996,402</b>	<b>\$ 126,111,330</b>	<b>\$ 135,675,895</b>	<b>\$ 143,183,030</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 35,980,896</b>	<b>\$ 38,815,807</b>	<b>\$ 46,093,183</b>	<b>\$ 51,172,557</b>	<b>\$ 50,324,122</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>78.13%</b>	<b>76.73%</b>	<b>73.23%</b>	<b>72.61%</b>	<b>73.99%</b>
<b>Covered payroll</b>	<b>\$ 15,828,716</b>	<b>\$ 16,304,182</b>	<b>\$ 16,324,646</b>	<b>\$ 16,116,462</b>	<b>\$ 15,903,678</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>227.31%</b>	<b>238.07%</b>	<b>282.35%</b>	<b>317.52%</b>	<b>316.43%</b>

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

<sup>2</sup> Net of administrative expenses for measurement period 2013-14.

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

Change of Assumptions: None in 2019 - 2021. In 2018, demographic assumptions and inflation rates were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan**

Measurement period	2018-19	2019-20	2020-21
<b>Total pension liability</b>			
Service cost	\$ 2,908,539	\$ 2,826,979	\$ 3,191,506
Interest	13,768,761	14,108,298	14,665,797
Differences between expected and actual experience	2,360,490	(1,969,315)	1,575,308
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(9,503,625)	(10,333,268)	(11,458,063)
<b>Net change in total pension liability</b>	<b>9,534,165</b>	<b>4,632,694</b>	<b>7,974,548</b>
<b>Total pension liability - beginning</b>	<b>193,507,152</b>	<b>203,041,317</b>	<b>207,674,011</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 203,041,317</b>	<b>\$ 207,674,011</b>	<b>\$ 215,648,559</b>
<b>Pension fiduciary net position</b>			
Contributions - employer	\$ 5,051,169	\$ 61,879,526	\$ 2,061,508
Contributions - employee	1,198,617	1,324,939	1,399,212
Net investment income <sup>2</sup>	9,332,756	7,525,227	46,168,935
Benefit payments, including refunds of employee contributions	(9,503,625)	(10,333,268)	(11,458,063)
Plan to plan resources movement	-	-	-
Administrative expense	(102,178)	(210,279)	(209,124)
Other miscellaneous income/ (expense)	334	-	-
<b>Net change in plan fiduciary net position</b>	<b>5,977,073</b>	<b>60,186,145</b>	<b>37,962,468</b>
<b>Plan fiduciary net position - beginning</b>	<b>143,183,030</b>	<b>149,160,103</b>	<b>209,346,248</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 149,160,103</b>	<b>\$ 209,346,248</b>	<b>\$ 247,308,716</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 53,881,214</b>	<b>\$ (1,672,237)</b>	<b>\$ (31,660,157)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>73.46%</b>	<b>100.81%</b>	<b>114.68%</b>
<b>Covered payroll</b>	<b>\$ 16,045,340</b>	<b>\$ 15,953,606</b>	<b>\$ 18,031,110</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>335.81%</b>	<b>-10.48%</b>	<b>-175.59%</b>

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

<sup>2</sup> Net of administrative expenses for measurement period 2013-14.

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

Change of Assumptions: None in 2019 - 2021. In 2018, demographic assumptions and inflation rates were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan**

	2013-14 <sup>1</sup>	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 3,123,518	\$ 3,474,912	\$ 3,893,457	\$ 4,395,719	\$ 4,404,730
Contributions in relation to the actuarially determined contribution	<u>(3,123,518)</u>	<u>(3,474,912)</u>	<u>(3,893,457)</u>	<u>(4,395,719)</u>	<u>(4,404,730)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 16,304,182	\$ 16,324,646	\$ 16,116,462	\$ 16,116,462	\$ 15,903,678
Contributions as a percentage of covered payroll	19.16%	21.29%	24.16%	27.27%	27.70%

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

<sup>2</sup> Include one year's payroll growth using 2.75 percent

**Notes to Schedule:**

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2019 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair value of assets
Inflation	2.50%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.75%
Investment rate of return	7.00% including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale MP-2016 published by the Society of Actuaries.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan**

	2018-19	2019-20	2020-21	2021-22
Actuarially determined contribution	\$ 5,051,169	\$ 5,980,507	\$ 2,061,508	\$ 1,942,722
Contributions in relation to the actuarially determined contribution	<u>(5,051,169)</u>	<u>(61,879,526)</u>	<u>(2,061,508)</u>	<u>(1,942,722)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (55,899,019)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 16,045,340	\$ 15,953,606	\$ 18,031,110	\$ 18,526,966
Contributions as a percentage of covered payroll	31.48%	37.49%	11.43%	10.49%

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

<sup>2</sup> Include one year's payroll growth using 2.75 percent

**Notes to Schedule:**

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2019 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair value of assets
Inflation	2.50%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.75%
Investment rate of return	7.00% including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale MP-2016 published by the Society of Actuaries.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Safety Plan**

Measurement period	2013-14 <sup>1</sup>	2014-15	2015-16	2016-17	2017-18
<b>Total pension liability</b>					
Service cost	\$ 3,199,355	\$ 3,228,635	\$ 3,178,292	\$ 3,513,114	\$ 3,422,176
Interest	15,059,257	15,555,154	16,109,903	16,587,154	17,067,923
Differences between expected and actual experience	-	(1,653,000)	(831,534)	(484,213)	(273,569)
Changes of assumptions	-	(3,773,844)	-	13,789,932	(910,340)
Benefit payments, including refunds of employee contributions	(10,199,284)	(10,403,035)	(10,947,880)	(11,772,390)	(12,521,308)
<b>Net change in total pension liability</b>	<b>8,059,328</b>	<b>2,953,910</b>	<b>7,508,781</b>	<b>21,633,597</b>	<b>6,784,882</b>
<b>Total pension liability - beginning</b>	<b>204,290,062</b>	<b>212,349,390</b>	<b>215,303,300</b>	<b>222,812,081</b>	<b>244,445,678</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 212,349,390</b>	<b>\$ 215,303,300</b>	<b>\$ 222,812,081</b>	<b>\$ 244,445,678</b>	<b>\$ 251,230,560</b>
<b>Pension fiduciary net position</b>					
Contributions - employer	\$ 6,437,996	\$ 4,710,747	\$ 5,153,218	\$ 5,358,752	\$ 6,104,047
Contributions - employee	1,627,017	1,207,244	1,193,160	949,049	1,070,001
Net investment income <sup>2</sup>	22,955,341	3,345,009	737,269	16,289,173	13,313,614
Benefit payments, including refunds of employee contributions	(10,199,284)	(10,403,035)	(10,947,880)	(11,772,390)	(12,521,308)
Plan to plan resources movement	-	-	-	-	(390)
Administrative expense	-	(172,263)	(93,329)	(220,253)	(248,987)
Other miscellaneous income/ (expense)	-	-	-	-	(472,831)
<b>Net change in plan fiduciary net position</b>	<b>20,821,070</b>	<b>(1,312,298)</b>	<b>(3,957,562)</b>	<b>10,604,331</b>	<b>7,244,146</b>
<b>Plan fiduciary net position - beginning</b>	<b>133,628,287</b>	<b>154,449,357</b>	<b>153,137,059</b>	<b>149,179,497</b>	<b>159,783,828</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 154,449,357</b>	<b>\$ 153,137,059</b>	<b>\$ 149,179,497</b>	<b>\$ 159,783,828</b>	<b>\$ 167,027,974</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 57,900,033</b>	<b>\$ 62,166,241</b>	<b>\$ 73,632,584</b>	<b>\$ 84,661,850</b>	<b>\$ 84,202,586</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>72.73%</b>	<b>71.13%</b>	<b>66.95%</b>	<b>65.37%</b>	<b>66.48%</b>
<b>Covered payroll</b>	<b>\$ 11,224,230</b>	<b>\$ 11,922,582</b>	<b>\$ 11,768,402</b>	<b>\$ 11,568,474</b>	<b>\$ 11,280,908</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>515.85%</b>	<b>521.42%</b>	<b>625.68%</b>	<b>731.83%</b>	<b>746.42%</b>

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

<sup>2</sup> Net of administrative expenses for measurement period 2013-14.

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

Change of Assumptions: None in 2019 - 2021. In 2018, demographic assumptions and inflation rates were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Safety Plan**

Measurement period	2018-19	2019-20	2020-21
<b>Total pension liability</b>			
Service cost	\$ 3,246,398	\$ 3,431,014	\$ 3,827,398
Interest	17,893,099	18,421,868	19,228,565
Differences between expected and actual experience	4,006,198	(322,974)	3,576,407
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(13,213,664)	(13,813,241)	(14,876,758)
<b>Net change in total pension liability</b>	<b>11,932,031</b>	<b>7,716,667</b>	<b>11,755,612</b>
<b>Total pension liability - beginning</b>	<b>251,230,560</b>	<b>263,162,591</b>	<b>270,879,258</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 263,162,591</b>	<b>\$ 270,879,258</b>	<b>\$ 282,634,870</b>
<b>Pension fiduciary net position</b>			
Contributions - employer	\$ 6,932,392	\$ 103,113,849	\$ 2,913,777
Contributions - employee	1,076,975	1,411,375	1,383,844
Net investment income <sup>2</sup>	10,771,929	8,702,502	59,892,826
Benefit payments, including refunds of employee contributions	(13,213,664)	(13,813,241)	(14,876,758)
Plan to plan resources movement	-	-	-
Administrative expense	(119,195)	(243,150)	(271,360)
Other miscellaneous income/ (expense)	390	-	-
<b>Net change in plan fiduciary net position</b>	<b>5,448,827</b>	<b>99,171,335</b>	<b>49,042,329</b>
<b>Plan fiduciary net position - beginning</b>	<b>167,027,974</b>	<b>172,476,801</b>	<b>271,648,136</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 172,476,801</b>	<b>\$ 271,648,136</b>	<b>\$ 320,690,465</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 90,685,790</b>	<b>\$ (768,878)</b>	<b>\$ (38,055,595)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>65.54%</b>	<b>100.28%</b>	<b>113.46%</b>
<b>Covered payroll</b>	<b>\$ 10,934,684</b>	<b>\$ 11,486,487</b>	<b>\$ 12,681,903</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>829.34%</b>	<b>-6.69%</b>	<b>-300.08%</b>

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

<sup>2</sup> Net of administrative expenses for measurement period 2013-14.

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

Change of Assumptions: None in 2019 - 2021. In 2018, demographic assumptions and inflation rates were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65% to 7.15 %. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Safety Plan**

	2013-14 <sup>1</sup>	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 4,710,747	\$ 5,153,218	\$ 5,358,752	\$ 6,096,263	\$ 6,104,047
Contributions in relation to the actuarially determined contribution	<u>(4,710,747)</u>	<u>(5,153,218)</u>	<u>(5,358,752)</u>	<u>(6,096,263)</u>	<u>(6,104,047)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 11,922,582	\$ 11,768,402	\$ 11,568,474	\$ 11,568,474	\$ 11,280,908
Contributions as a percentage of covered payroll	39.51%	43.79%	46.32%	52.70%	54.11%

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

<sup>2</sup> Include one year's payroll growth using 2.75 percent

**Notes to Schedule:**

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2019 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair value of assets
Inflation	2.50%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.75%
Investment rate of return	7.00% including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale MP-2016 published by the Society of Actuaries.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Safety Plan**

	2018-19	2019-20	2020-21	2021-22
Actuarially determined contribution	\$ 6,932,392	\$ 8,312,339	\$ 2,711,170	\$ 2,856,615
Contributions in relation to the actuarially determined contribution	<u>(6,932,392)</u>	<u>(103,113,849)</u>	<u>(2,711,170)</u>	<u>(2,856,615)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (94,801,510)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 10,934,684	\$ 11,486,487	\$ 12,681,903	\$ 13,030,655
Contributions as a percentage of covered payroll	63.40%	72.37%	21.38%	21.92%

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

<sup>2</sup> Include one year's payroll growth using 2.75 percent

**Notes to Schedule:**

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2019 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair value of assets
Inflation	2.50%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.75%
Investment rate of return	7.00% including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale MP-2016 published by the Society of Actuaries.

**City of Montebello**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

<b>Last Ten Fiscal Years*</b>					
<b>Other Postemployment Benefit Plan</b>					
Measurement period	2016-2017*	2017-2018	2018-2019	2019-2020	2020-2021
<b>Total OPEB liability</b>					
Service cost	\$ 1,079,041	\$ 1,115,728	\$ 972,274	\$ 1,000,546	\$ 1,192,947
Interest	849,121	970,765	1,059,759	1,060,584	820,237
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(59,573)	-	(2,969,308)	-
Changes of assumptions	(2,111,032)	1,069,938	(767,402)	2,769,257	2,766,372
Benefit payments, including refunds of employee contributions	(1,039,463)	(1,151,779)	(1,301,168)	(1,422,435)	(1,441,914)
<b>Net change in total OPEB liability</b>	(1,222,333)	1,945,079	(36,537)	438,644	3,337,642
<b>Total OPEB liability - beginning</b>	29,234,403	28,012,070	29,957,149	29,920,612	30,359,256
<b>Total OPEB liability - ending (a)</b>	<u>\$ 28,012,070</u>	<u>\$ 29,957,149</u>	<u>\$ 29,920,612</u>	<u>\$ 30,359,256</u>	<u>\$ 33,696,898</u>
<b>OPEB fiduciary net position**</b>					
Contributions - employer	\$ 1,039,463	\$ 1,151,779	\$ 1,301,168	\$ 1,422,435	\$ 1,441,914
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,039,463)	(1,151,779)	(1,301,168)	(1,422,435)	(1,441,914)
Plan to plan resources movement	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other expense	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	-	-	-	-	-
<b>Plan fiduciary net position - beginning</b>	-	-	-	-	-
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<u>\$ 28,012,070</u>	<u>\$ 29,957,149</u>	<u>\$ 29,920,612</u>	<u>\$ 30,359,256</u>	<u>\$ 33,696,898</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>Covered employee payroll</b>	<u>\$ 19,234,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 31,317,575</u>
<b>Plan net OPEB liability as a percentage of covered employee payroll</b>	<u>145.64%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>107.60%</u>

**Notes to Schedule:**

\*Measurement period 2017 was the first year of implementation, therefore only five years are shown

\*\*The Plan is not funded and on a pay-as-you go basis

\*\*\*No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

**SUPPLEMENTARY INFORMATION**

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**City of Montebello**  
**Schedule of Revenues, Expenditure, and Change in Fund Balance - Budget and Actual**  
**Public Financing Authority Debt Service Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 543	\$ 543
Other revenue	1,507,000	1,507,000	1,506,936	(64)
Total revenues	<u>1,507,000</u>	<u>1,507,000</u>	<u>1,507,479</u>	<u>479</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	5,876,200	5,876,200	5,876,027	173
Interest	5,171,300	5,171,300	5,170,131	1,169
Total expenditures	<u>11,047,500</u>	<u>11,047,500</u>	<u>11,046,158</u>	<u>1,342</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(9,540,500)</u>	<u>(9,540,500)</u>	<u>(9,538,679)</u>	<u>(863)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	9,532,700	9,532,700	9,532,529	(171)
Total other financing sources	<u>9,532,700</u>	<u>9,532,700</u>	<u>9,532,529</u>	<u>(171)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (7,800)</u>	<u>\$ (7,800)</u>	(6,150)	<u>\$ (1,034)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>377,856</u>	
End of year			<u>\$ 371,706</u>	

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# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds

**Supplemental Law Enforcement Fund** – The State legislature established a 0.15% Vehicle License Fee ("VLF") in 2009 (in addition to the 0.65% base VLF fee). Revenue from the 0.15% fee is deposited in the Local Safety and Public Protection Account and revenues are used to fund a variety of law enforcement programs previously paid from the State General Fund. The County of Los Angeles distributes these funds to eligible cities through the property tax allocation process.

**Park Development Fund** - To account for new construction license fees received. These fees are used for the maintenance and improvement of the City's parks.

**Drug Enforcement Fund** - This fund records proceeds from revenue sharing from various Federal and State asset forfeiture programs. Montebello Police Department personnel participate in Federal and State drug enforcement task force operations. Depending on the operation, and the amount of assets (i.e., money, cars, homes, etc.) seized as part of the operation, a portion of proceeds from the assets are shared by participating law enforcement agencies. These funds have strict spending guidelines, and generally Montebello has utilized the funds to pay for dispatch and related software, as well as some equipment per the program guidelines.

**Air Quality Fund** - Assembly Bill 2766 was adopted in 1990 to provide revenue to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies. The Department of Motor Vehicles collects a registration surcharge of \$6 per vehicle to fund the AB 2766 program. Forty percent of the AB 2766 fund (approximately \$20 million annually in the South Coast Air Basin) is returned to the cities and counties to fund transportation related projects that reduce air pollution. AB 2766 revenue is distributed on a quarterly basis to participating cities and counties based on the prorated share of their population.

**Justice Assistance Grants Fund** – The Justice Assistance Grant program is the leading source of federal justice funding to state and local jurisdictions. The program provides local governments with critical funding to support law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, technology improvement, and crime victim and witness initiatives and mental health programs and related law enforcement and corrections programs, including behavioral programs and crisis intervention teams.

**Grants Fund** - The City receives numerous grants and records the revenues and related expenditures in this fund for grants not reported in other funds. This fund only reports non-Transit grants.

**CDBG Fund** – This fund was created to account for financial transactions relating to the Community Development Block Grant Program of the U.S. Department of Housing and Urban Development. Program income is currently used for low interest housing rehabilitation loans and for grants to non-profit organizations for community services.

**HOME Fund** – This fund was created to account for financial translations relating to the Federal HOME program. Program income from HOME funds is used to meet housing needs for low income households in accordance with federal guidelines.

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# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds (Continued)

**TDA Article 3 Fund** – Transportation Development Act (TDA), Article 3 funds are used by cities within Los Angeles County for the planning and construction of bicycle and pedestrian facilities. By ordinance, LA County Metro is responsible for administering the program and establishing its policies. TDA, Article 3 funds are allocated annually on a per capita basis to both cities and the County of Los Angeles.

**George Miller Estate Donation Fund** – This fund was set up per the instructions and directions of a settlement agreement reached between the City and the estate of George Miller. Mr. Miller was a long-time Montebello firefighter and left a portion of his estate to the City to be utilized for fire education and training opportunities. The settlement agreement directed the donation to be deposited and any expenditures related to the donation in a separate fund.

**Measure W Fund** – Approved by Los Angeles County voters in 2018, Measure W establishes a parcel tax (i.e., property tax assessment) which generates revenue for projects, infrastructure, and programs to capture, treat and recycle rainwater. Also known as the "Safe Clean Water Act," parcels are taxed at a rate of \$.025 (2.5 cents) per square foot of impermeable area (i.e., paved or built-on surfaces such as concrete patios or driveways).

**Inmate Welfare Fund** – This fund was created to record revenue previously recorded in a Trust and Agency fund account (Fund 500). The revenue comes from inmates incarcerated in the City of Montebello Jail and proceeds are utilized for inmate welfare related purposes.

**Measure A Local** – The Los Angeles County Safe, Clean Neighborhood Parks and Beaches Measure of 2016 ("Measure A") was approved by Los Angeles County voters in 2016. This measure provides funding for local parks, beaches, open space, and water resources through the levy of an annual parcel tax of 1.5 cents per square foot of development. Local communities are allocated a portion of funding based on park needs.

**Housing Successor** – With the dissolution of redevelopment statewide effective January 31, 2012, the City of Montebello chose to become the Successor Agency for the former Redevelopment Agency. Included in that action was the former Housing Agency, with all assets, liabilities and revenue and expense activity now recorded in the Housing Successor Agency Fund.

**City of Montebello**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds				
	Supplemental				Justice
	Law Enforcement	Park Development	Drug Enforcement	Air Quality	Assistance Grants
<b>ASSETS</b>					
Cash and investments	\$ 114,595	\$ 21,098	\$ 491,754	\$ 159,256	\$ 36,734
Accounts receivable	-	-	238,300	20,692	-
Tax receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	121,437	-	-
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 114,595</b>	<b>\$ 21,098</b>	<b>\$ 851,491</b>	<b>\$ 179,948</b>	<b>\$ 36,734</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 7,169	\$ -	\$ 891	\$ 1,067	\$ -
Unearned revenue	-	-	-	-	-
Due to other funds	278,102	-	-	-	-
<b>Total liabilities</b>	<b>285,271</b>	<b>-</b>	<b>891</b>	<b>1,067</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	121,437	-	-
Restricted	-	21,098	729,163	178,881	36,734
Unassigned (deficit)	(170,676)	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>(170,676)</b>	<b>21,098</b>	<b>850,600</b>	<b>178,881</b>	<b>36,734</b>
<b>Total liabilities and fund balances</b>	<b>\$ 114,595</b>	<b>\$ 21,098</b>	<b>\$ 851,491</b>	<b>\$ 179,948</b>	<b>\$ 36,734</b>

(Continued)

**City of Montebello**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds				
	Grants	CDBG	HOME	TDA Article 3	George Miller Estate Donation
<b>ASSETS</b>					
Cash and investments	\$ -	\$ -	\$ 111,940	\$ -	\$ 201,373
Accounts receivable	1,412,489	487,205	38,764	446	-
Tax receivable	1,818	-	-	-	-
Notes receivable	-	350,693	145,000	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,414,307</b>	<b>\$ 837,898</b>	<b>\$ 295,704</b>	<b>\$ 446</b>	<b>\$ 201,373</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 139,788	\$ 80,685	\$ 2,539	\$ -	\$ 2,039
Unearned revenue	310,021	-	-	-	-
Due to other funds	615,091	432,856	-	446	-
<b>Total liabilities</b>	<b>1,064,900</b>	<b>513,541</b>	<b>2,539</b>	<b>446</b>	<b>2,039</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	416,641	38,764	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>416,641</b>	<b>38,764</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	349,407	-	254,401	-	199,334
Unassigned (deficit)	-	(92,284)	-	-	-
<b>Total fund balances (deficit)</b>	<b>349,407</b>	<b>(92,284)</b>	<b>254,401</b>	<b>-</b>	<b>199,334</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,414,307</b>	<b>\$ 837,898</b>	<b>\$ 295,704</b>	<b>\$ 446</b>	<b>\$ 201,373</b>

(Continued)

**City of Montebello**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Measure W	Inmate Welfare Fund	Measure A Local	Housing Successor	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 765	\$ 8,216	\$ 632,655	\$ 1,778,386
Accounts receivable	884,710	-	37,688	-	3,120,294
Tax receivable	-	-	-	-	1,818
Notes receivable	-	-	-	-	495,693
Due from other funds	-	-	-	1,475,000	1,475,000
Due from other governments	-	-	-	4,944,689	4,944,689
Prepaid items	-	-	-	-	121,437
Property held for resale	-	-	-	996,830	996,830
<b>Total assets</b>	<b>\$ 884,710</b>	<b>\$ 765</b>	<b>\$ 45,904</b>	<b>\$ 8,049,174</b>	<b>\$ 12,934,147</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 69,375	\$ -	\$ 45,904	\$ -	\$ 349,457
Unearned revenue	15,335	-	-	-	325,356
Due to other funds	585,420	-	-	3,653	1,915,568
<b>Total liabilities</b>	<b>670,130</b>	<b>-</b>	<b>45,904</b>	<b>3,653</b>	<b>2,590,381</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	455,405
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455,405</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	121,437
Restricted	214,580	765	-	8,045,521	10,029,884
Unassigned (deficit)	-	-	-	-	(262,960)
<b>Total fund balances (deficit)</b>	<b>214,580</b>	<b>765</b>	<b>-</b>	<b>8,045,521</b>	<b>9,888,361</b>
<b>Total liabilities and fund balances</b>	<b>\$ 884,710</b>	<b>\$ 765</b>	<b>\$ 45,904</b>	<b>\$ 8,049,174</b>	<b>\$ 12,934,147</b>

(Concluded)

**City of Montebello**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Supplemental Law Enforcement	Park Development	Drug Enforcement	Air Quality	Justice Assistance Grants
	\$	\$	\$	\$	\$
<b>REVENUES:</b>					
Intergovernmental	161,285	-	990,962	81,006	-
Use of money and property	-	104	1,449	650	182
Other revenue	-	-	-	-	-
<b>Total revenues</b>	<b>161,285</b>	<b>104</b>	<b>992,411</b>	<b>81,656</b>	<b>182</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	159,489	-	383,636	-	-
Public works	-	-	-	-	-
Housing and community development	-	-	-	19,133	-
Parks and recreation	-	-	-	-	-
Capital outlay	1,794	-	90,228	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>161,283</b>	<b>-</b>	<b>473,864</b>	<b>19,133</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>2</b>	<b>104</b>	<b>518,547</b>	<b>62,523</b>	<b>182</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>2</b>	<b>104</b>	<b>518,547</b>	<b>62,523</b>	<b>182</b>
<b>FUND BALANCES (DEFICIT):</b>					
Beginning of year, as restated (Note 16)	(170,678)	20,994	332,053	116,358	36,552
End of year	<u>\$ (170,676)</u>	<u>\$ 21,098</u>	<u>\$ 850,600</u>	<u>\$ 178,881</u>	<u>\$ 36,734</u>

(Continued)

**City of Montebello**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Grants	CDBG	HOME	TDA Article 3	George Miller Estate Donation
<b>REVENUES:</b>					
Intergovernmental	\$ 2,112,105	\$ 721,551	\$ 173,938	\$ -	\$ -
Use of money and property	-	-	-	-	1,152
Other revenue	550	-	153	49,373	-
<b>Total revenues</b>	<b>2,112,655</b>	<b>721,551</b>	<b>174,091</b>	<b>49,373</b>	<b>1,152</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	845,293	455,076	-	-	73,224
Public works	-	-	-	-	-
Housing and community development	481,757	245,810	38,763	-	-
Parks and recreation	246,909	-	-	-	-
Capital outlay	81,560	-	-	1,785	-
Debt service:					
Principal payment	-	425,000	-	-	-
Interest and fiscal charges	-	46,595	-	-	-
<b>Total expenditures</b>	<b>1,655,519</b>	<b>1,172,481</b>	<b>38,763</b>	<b>1,785</b>	<b>73,224</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>457,136</b>	<b>(450,930)</b>	<b>135,328</b>	<b>47,588</b>	<b>(72,072)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>457,136</b>	<b>(450,930)</b>	<b>135,328</b>	<b>47,588</b>	<b>(72,072)</b>
<b>FUND BALANCES (DEFICIT):</b>					
Beginning of year, as restated (Note 16)	(107,729)	358,646	119,073	(47,588)	271,406
End of year	<u>\$ 349,407</u>	<u>\$ (92,284)</u>	<u>\$ 254,401</u>	<u>\$ -</u>	<u>\$ 199,334</u>

(Continued)

**City of Montebello**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Measure W	Inmate Welfare Fund	Measure A	Housing Successor Fund	
<b>REVENUES:</b>					
Intergovernmental	\$ 869,375	\$ -	\$ 37,688	\$ -	5,147,910
Use of money and property	-	49	-	10,361	13,947
Other revenue	-	221	-	2,100	52,397
<b>Total revenues</b>	<b>869,375</b>	<b>270</b>	<b>37,688</b>	<b>12,461</b>	<b>5,214,254</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	1,916,718
Public works	869,375	-	-	-	869,375
Housing and community development	-	-	-	25,083	810,546
Parks and recreation	-	-	37,688	-	284,597
Capital outlay	-	16,943	-	-	192,310
Debt service:					
Principal payment	-	-	-	-	425,000
Interest and fiscal charges	-	-	-	-	46,595
<b>Total expenditures</b>	<b>869,375</b>	<b>16,943</b>	<b>37,688</b>	<b>25,083</b>	<b>4,545,141</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(16,673)</b>	<b>-</b>	<b>(12,622)</b>	<b>669,113</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>(16,673)</b>	<b>-</b>	<b>(12,622)</b>	<b>669,113</b>
<b>FUND BALANCES (DEFICIT):</b>					
Beginning of year, as restated (Note 16)	214,580	17,438	-	8,058,143	9,219,248
End of year	<u>\$ 214,580</u>	<u>\$ 765</u>	<u>\$ -</u>	<u>\$ 8,045,521</u>	<u>\$ 9,888,361</u>

(Concluded)

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Supplemental Law Enforcement Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 161,285	\$ 11,285
<b>Total revenues</b>	<u>150,000</u>	<u>150,000</u>	<u>161,285</u>	<u>11,285</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	347,100	347,100	159,489	187,611
Capital outlay	-	-	1,794	(1,794)
<b>Total expenditures</b>	<u>347,100</u>	<u>347,100</u>	<u>161,283</u>	<u>185,817</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (197,100)</u>	<u>\$ (197,100)</u>	2	<u>\$ 197,102</u>
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year			(170,678)	
End of Year			<u>\$ (170,676)</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Park Development Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 250	\$ 250	\$ 104	\$ (146)
<b>Total revenues</b>	250	250	104	(146)
 <b>NET CHANGE IN FUND BALANCE</b>	 \$ 250	 \$ 250	 104	 \$ (146)
 <b>FUND BALANCE:</b>				
Beginning of year			20,994	
End of Year			\$ 21,098	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Drug Enforcement Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 990,962	\$ 740,962
Use of money and property	1,500	1,500	1,449	(51)
<b>Total revenues</b>	<u>251,500</u>	<u>251,500</u>	<u>992,411</u>	<u>740,911</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	476,000	476,000	383,636	92,364
Capital outlay	40,000	101,084	90,228	10,856
<b>Total expenditures</b>	<u>516,000</u>	<u>577,084</u>	<u>473,864</u>	<u>103,220</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (264,500)</u>	<u>\$ (325,584)</u>	518,547	<u>\$ 844,131</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>332,053</u>	
End of Year			<u>\$ 850,600</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Air Quality Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 82,000	\$ 82,000	\$ 81,006	\$ (994)
Use of money and property	2,000	2,000	650	(1,350)
<b>Total revenues</b>	<u>84,000</u>	<u>84,000</u>	<u>81,656</u>	<u>(2,344)</u>
<b>EXPENDITURES:</b>				
Current:				
Housing and community development	28,700	32,700	19,133	13,567
Capital outlay	200,000	196,000	-	196,000
<b>Total expenditures</b>	<u>228,700</u>	<u>228,700</u>	<u>19,133</u>	<u>209,567</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (144,700)</u>	<u>\$ (144,700)</u>	62,523	<u>\$ 207,223</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>116,358</u>	
End of Year			<u>\$ 178,881</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Justice Assistance Grants Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 500	\$ 500	\$ 182	\$ (318)
<b>Total revenues</b>	500	500	182	(318)
<b>NET CHANGE IN FUND BALANCE</b>	\$ 500	\$ 500	182	\$ (318)
<b>FUND BALANCE:</b>				
Beginning of year			36,552	
End of Year			\$ 36,734	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Grants Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 2,177,200	\$ 3,175,453	\$ 2,112,105	\$ (1,063,348)
Other revenue	-	-	550	550
<b>Total revenues</b>	<u>2,177,200</u>	<u>3,175,453</u>	<u>2,112,655</u>	<u>(1,062,798)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	1,141,000	2,219,291	845,293	1,373,998
Parks, recreation, and culture	1,155,100	888,100	246,909	641,191
Housing and community development	105,000	105,000	481,757	(376,757)
Capital outlay	719,658	757,917	81,560	676,357
<b>Total expenditures</b>	<u>3,120,758</u>	<u>3,970,308</u>	<u>1,655,519</u>	<u>2,314,789</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (943,558)</u>	<u>\$ (794,855)</u>	457,136	<u>\$ 1,251,991</u>
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year			<u>(107,729)</u>	
End of Year			<u>\$ 349,407</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**CDBG Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,587,450	\$ 1,587,450	\$ 721,551	\$ (865,899)
<b>Total revenues</b>	<u>1,587,450</u>	<u>1,587,450</u>	<u>721,551</u>	<u>(865,899)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	50,000	893,976	455,076	438,900
Housing and community development	1,067,600	682,876	245,810	437,066
Debt service:				
Principal	425,000	425,000	425,000	-
Interest	46,600	46,600	46,595	5
Total debt service	<u>471,600</u>	<u>471,600</u>	<u>471,595</u>	<u>5</u>
<b>Total expenditures</b>	<u>1,589,200</u>	<u>2,048,452</u>	<u>1,172,481</u>	<u>875,971</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,750)</u>	<u>\$ (461,002)</u>	<u>(450,930)</u>	<u>\$ 10,072</u>
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year, as restated (Note 16)			<u>358,646</u>	
End of Year			<u>\$ (92,284)</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**HOME Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 173,938	\$ 173,938
Other revenue	400,000	400,000	153	(399,847)
<b>Total revenues</b>	<u>400,000</u>	<u>400,000</u>	<u>174,091</u>	<u>(225,909)</u>
<b>EXPENDITURES:</b>				
Current:				
Housing and community development	502,400	505,987	38,763	467,224
<b>Total expenditures</b>	<u>502,400</u>	<u>505,987</u>	<u>38,763</u>	<u>467,224</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (102,400)</u>	<u>\$ (105,987)</u>	135,328	<u>\$ 241,315</u>
<b>FUND BALANCE:</b>				
Beginning of year, as restated (Note 16)			<u>119,073</u>	
End of Year			<u>\$ 254,401</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**TDA Article 3 Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Other revenue	\$ 46,500	\$ 46,500	\$ 49,373	\$ 2,873
<b>Total revenues</b>	<u>46,500</u>	<u>46,500</u>	<u>49,373</u>	<u>2,873</u>
<b>EXPENDITURES:</b>				
Capital outlay	91,088	92,872	1,785	91,087
<b>Total expenditures</b>	<u>91,088</u>	<u>92,872</u>	<u>1,785</u>	<u>91,087</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (44,588)</u>	<u>\$ (46,372)</u>	47,588	<u>\$ 93,960</u>
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year			<u>(47,588)</u>	
End of Year			<u>\$ -</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**George Miller Estate Donations Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 750	\$ 750	\$ 1,152	\$ 402
<b>Total revenues</b>	750	750	1,152	402
<b>EXPENDITURES:</b>				
Current:				
Public safety	65,750	65,750	73,224	(7,474)
<b>Total expenditures</b>	65,750	65,750	73,224	(7,474)
<b>NET CHANGE IN FUND BALANCE</b>	\$ (65,000)	\$ (65,000)	(72,072)	\$ (7,072)
<b>FUND BALANCE:</b>				
Beginning of year			271,406	
End of Year			\$ 199,334	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Measure W Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 900,000	900,000	\$ 869,375	\$ (30,625)
<b>Total revenues</b>	<u>900,000</u>	<u>900,000</u>	<u>869,375</u>	<u>(30,625)</u>
Current:				
Public works	\$ -	\$ 298,447	\$ 869,375	\$ (570,928)
<b>Total expenditures</b>	<u>-</u>	<u>298,447</u>	<u>869,375</u>	<u>(570,928)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (298,447)</u>	-	<u>\$ 298,447</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>214,580</u>	
End of Year			<u>\$ 214,580</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Measure A Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 37,688	\$ 37,688
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>37,688</u>	<u>37,688</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	\$ -	\$ 66,000	\$ 37,688	\$ 28,312
<b>Total expenditures</b>	<u>-</u>	<u>66,000</u>	<u>37,688</u>	<u>28,312</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (66,000)</u>	<u>-</u>	<u>\$ 66,000</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>-</u>	
End of Year			<u>\$ -</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Housing Successor Agency Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 10,361	\$ 10,361
Other revenue	-	-	2,100	2,100
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>12,461</u>	<u>12,461</u>
<b>EXPENDITURES:</b>				
Current:				
Housing and community development	2,500	2,500	25,083	(22,583)
<b>Total expenditures</b>	<u>2,500</u>	<u>2,500</u>	<u>25,083</u>	<u>(22,583)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,500)</u>	<u>\$ (2,500)</u>	(12,622)	<u>\$ (10,122)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>8,058,143</u>	
End of Year			<u>\$ 8,045,521</u>	

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# TRANSPORTATION AND STREET IMPROVEMENT FUNDS

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## Special Revenue Funds

**Gas Tax Fund** - The State of California levies a per gallon gasoline tax. Cities and Counties receive revenue from the motor vehicle fuel taxes imposed pursuant to Revenue and Taxation Code Section 7360(a) and (b) through the Highway User Tax Account (HUTA) as outlined in the Streets and Highways Code Sections 2103, 2105, 2107, 2017.5.

**Road Maintenance and Rehabilitation Fund** - The Road Repair and Accountability Act of 2017 (SB 1) set new transportation taxes allocated to Cities and Counties through the Road Maintenance and Rehabilitation Account (RMRA): additional \$0.12 per gallon increase to the gasoline excise tax (with annual inflation adjustments beginning July 1, 2020), additional \$0.20 per gallon increase to the diesel fuel excise tax (with half of the revenue going to the RMRA), additional vehicle registration tax, and additional \$100 per vehicle registration tax on zero emissions vehicles.

**Prop A Local Fund** - The Proposition A sales tax, approved by Los Angeles County voters in 1980, is a half cent tax on most retail sales in Los Angeles County. LA County Metro returns 25% of the Proposition A tax to the Cities in the County for transportation purposes. The balance of the tax revenue is restricted to 35% for rail development and 40% for discretionary purposes.

**Prop C Local Fund** - The Proposition C sales tax, approved by LA County voters in 1990, is an additional half cent tax on retail sales in Los Angeles County. LA County Metro returns 20% of the Proposition C tax to the cities in the County for transportation purposes. The balance of the Proposition C tax is restricted 40% for construction and operation of the bus transit and rail system; 5% to expand rail and bus security; 10% for commuter rail, construction of transit centers, park and ride lots and freeway bus stops; and 25% for transit-related improvements to freeways and state highways.

**Measure R Local Fund** - Measure R was approved by Los Angeles County voters in November 2008. Measure R is an ordinance authorizing an additional half cent sales tax to fund traffic relief and rail expansion according to an expenditure plan contained in the ordinance. The sales tax became effective July 1, 2009 and will remain in effect for 30 years (expiring July 1, 2039).

**Measure M Local Fund** – Measure M was approved and imposes a retail transaction and use tax at the rate of one-half of one percent within Los Angeles County. The sales tax will increase to one percent (1%) on July 1, 2039, when the Measure R one-half of one percent (0.5%) tax expires (see description of Measure R above). The sales tax is in addition to any other taxes authorized by law. The sales tax has no expiration date.

**City of Montebello**  
**Combining Balance Sheet**  
**Transportation and Street Improvement Special Revenue Funds**  
**June 30, 2022**

	Special Revenue Funds			
	Gas Tax	Road Maintenance & Rehabilitation	Prop A Local	Prop C Local
<b>ASSETS</b>				
Cash and investments	\$ 1,801,645	\$ 2,421,868	\$ 6,054,012	\$ 1,220,281
Restricted cash and investments:				
Held by fiscal agent	-	-	-	10,974,746
Accounts receivable	116,139	113,337	-	-
Prepaid items	-	-	-	28,970
<b>Total assets</b>	<b>\$ 1,917,784</b>	<b>\$ 2,535,205</b>	<b>\$ 6,054,012</b>	<b>\$ 12,223,997</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 170,556	\$ 446,101	\$ 355	\$ 20,365
<b>Total liabilities</b>	<b>170,556</b>	<b>446,101</b>	<b>355</b>	<b>20,365</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	28,970
Restricted	1,747,228	2,089,104	6,053,657	12,174,662
<b>Total fund balances</b>	<b>1,747,228</b>	<b>2,089,104</b>	<b>6,053,657</b>	<b>12,203,632</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,917,784</b>	<b>\$ 2,535,205</b>	<b>\$ 6,054,012</b>	<b>\$ 12,223,997</b>

(Continued)

**City of Montebello**  
**Combining Balance Sheet (Continued)**  
**Transportation and Street Improvement Special Revenue Funds**  
**June 30, 2022**

	<u>Special Revenue Funds</u>		Total Transportation and Street Improvement Funds
	<u>Measure R Local</u>	<u>Measure M Local</u>	
<b>ASSETS</b>			
Cash and investments	\$ 1,280,767	\$ 1,503,974	\$ 14,282,547
Restricted cash and investments:			
Held by fiscal agent	1,626,805	2,185,219	14,786,770
Accounts receivable	-	-	229,476
Prepaid items	-	-	28,970
<b>Total assets</b>	<u><u>\$ 2,907,572</u></u>	<u><u>\$ 3,689,193</u></u>	<u><u>\$ 29,327,763</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 155	\$ 19,605	\$ 657,137
<b>Total liabilities</b>	<u>155</u>	<u>19,605</u>	<u>657,137</u>
<b>Fund Balances:</b>			
Nonspendable	-	-	28,970
Restricted	2,907,417	3,669,588	28,641,656
<b>Total fund balances</b>	<u>2,907,417</u>	<u>3,669,588</u>	<u>28,670,626</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 2,907,572</u></u>	<u><u>\$ 3,689,193</u></u>	<u><u>\$ 29,327,763</u></u>

(Concluded)

**City of Montebello**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Transportation and Street Improvement Special Revenue Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds			
	Gas	Road	Prop A	Prop C
	Tax	Maintenance & Rehabilitation	Local	Local
<b>REVENUES:</b>				
Intergovernmental	\$ 1,474,746	\$ 1,261,049	\$ 1,604,678	\$ 1,331,047
Use of money and property	8,912	13,705	27,493	17,753
<b>Total revenues</b>	<u>1,483,658</u>	<u>1,274,754</u>	<u>1,632,171</u>	<u>1,348,800</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	372,718	9,700	32,620	116,904
Capital outlay	568,861	1,733,745	101,063	154,446
<b>Total expenditures</b>	<u>941,579</u>	<u>1,743,445</u>	<u>133,683</u>	<u>271,350</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>542,079</u>	<u>(468,691)</u>	<u>1,498,488</u>	<u>1,077,450</u>
<b>OTHER FINANCING (USES):</b>				
Transfers out	(300,000)	-	-	(708,779)
<b>Total other financing (uses)</b>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(708,779)</u>
<b>NET CHANGES IN FUND BALANCES</b>	242,079	(468,691)	1,498,488	368,671
<b>FUND BALANCES:</b>				
Beginning of year	1,505,149	2,557,795	4,555,169	11,834,961
End of year	<u>\$ 1,747,228</u>	<u>\$ 2,089,104</u>	<u>\$ 6,053,657</u>	<u>\$ 12,203,632</u>

(Continued)

**City of Montebello**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Transportation and Street Improvement Special Revenue Funds**  
**For the Year Ended June 30, 2022**

	<u>Special Revenue Funds</u>		Total Transportation and Street Improvement Funds
	<u>Measure R Local</u>	<u>Measure M Local</u>	
<b>REVENUES:</b>			
Intergovernmental	\$ 998,124	\$ 1,129,492	7,799,136
Use of money and property	7,525	9,143	84,531
<b>Total revenues</b>	<u>1,005,649</u>	<u>1,138,635</u>	<u>7,883,667</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	185,893	62,657	780,492
Capital outlay	1,102,096	1,736,788	5,396,999
<b>Total expenditures</b>	<u>1,287,989</u>	<u>1,799,445</u>	<u>6,177,491</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(282,340)</u>	<u>(660,810)</u>	<u>1,706,176</u>
<b>OTHER FINANCING (USES):</b>			
Transfers out	(527,844)	(599,293)	(2,135,916)
<b>Total other financing (uses)</b>	<u>(527,844)</u>	<u>(599,293)</u>	<u>(2,135,916)</u>
<b>NET CHANGES IN FUND BALANCES</b>	(810,184)	(1,260,103)	(429,740)
<b>FUND BALANCES:</b>			
Beginning of year	3,717,601	4,929,691	29,100,366
End of year	<u>\$ 2,907,417</u>	<u>\$ 3,669,588</u>	<u>\$ 28,670,626</u>

(Concluded)

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual**  
**Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,518,800	1,518,800	\$ 1,474,746	\$ (44,054)
Use of money and property	-	-	8,912	8,912
Total revenues	<u>1,518,800</u>	<u>1,518,800</u>	<u>1,483,658</u>	<u>(35,142)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	289,700	333,368	372,718	(39,350)
Capital outlay	<u>2,726,504</u>	<u>2,709,369</u>	<u>568,861</u>	<u>2,140,508</u>
Total expenditures	<u>3,016,204</u>	<u>3,042,737</u>	<u>941,579</u>	<u>2,101,158</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(1,497,404)</u>	<u>(1,523,937)</u>	<u>542,079</u>	<u>2,066,016</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,797,404)</u>	<u>\$ (1,823,937)</u>	<u>242,079</u>	<u>\$ 2,066,016</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>1,505,149</u>	
End of year			<u>\$ 1,747,228</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)**  
**Road Maintenance and Rehabilitation Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,220,700	\$ 1,220,700	\$ 1,261,049	\$ 40,349
Use of money and property	5,000	5,000	13,705	8,705
<b>Total revenues</b>	<u>1,225,700</u>	<u>1,225,700</u>	<u>1,274,754</u>	<u>49,054</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	9,700	9,700	9,700	-
Capital outlay	<u>3,515,000</u>	<u>3,542,312</u>	<u>1,733,745</u>	<u>1,808,567</u>
Total expenditures	<u>3,524,700</u>	<u>3,552,012.00</u>	<u>1,743,445</u>	<u>1,808,567</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,299,000)</u>	<u>\$ (2,326,312)</u>	(468,691)	<u>\$ 1,857,621</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,557,795</u>	
End of year			<u>\$ 2,089,104</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)**  
**Prop A Local Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,283,200	\$ 1,283,200	\$ 1,604,678	\$ 321,478
Use of money and property	16,000	16,000	27,493	11,493
<b>Total revenues</b>	<u>1,299,200</u>	<u>1,299,200</u>	<u>1,632,171</u>	<u>332,971</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	9,700	29,336	32,620	(3,284)
Capital outlay	<u>1,785,000</u>	<u>1,883,985</u>	<u>101,063</u>	<u>1,782,922</u>
Total expenditures	<u>1,794,700</u>	<u>1,913,321</u>	<u>133,683</u>	<u>1,779,638</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (495,500)</u>	<u>\$ (614,121)</u>	1,498,488	<u>\$ 2,112,609</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>4,555,169</u>	
End of year			<u>\$ 6,053,657</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)**  
**Prop C Local Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,064,400	\$ 1,064,400	\$ 1,331,047	\$ 266,647
Use of money and property	16,000	16,000	17,753	1,753
<b>Total revenues</b>	<u>1,080,400</u>	<u>1,080,400</u>	<u>1,348,800</u>	<u>268,400</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	19,700	19,700	116,904	(97,204)
Capital outlay	385,000	428,870	154,446	274,424
Total expenditures	<u>404,700</u>	<u>448,570</u>	<u>271,350</u>	<u>177,220</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>675,700</u>	<u>631,830</u>	<u>1,077,450</u>	<u>445,620</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(708,800)</u>	<u>(708,800)</u>	<u>(708,779)</u>	<u>21</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 675,700</u>	<u>\$ 631,830</u>	<u>368,671</u>	<u>\$ 445,641</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>11,834,961</u>	
End of year			<u>\$ 12,203,632</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)**  
**Measure R Local Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 798,300	\$ 798,300	\$ 998,124	\$ 199,824
Use of money and property	5,500	5,500	7,525	2,025
<b>Total revenues</b>	<u>803,800</u>	<u>803,800</u>	<u>1,005,649</u>	<u>201,849</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	15,700	15,700	185,893	(170,193)
Capital outlay	-	1,273,160	1,102,096	171,064
Total expenditures	<u>15,700</u>	<u>1,288,860</u>	<u>1,287,989</u>	<u>871</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>788,100</u>	<u>(485,060)</u>	<u>(282,340)</u>	<u>202,720</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(527,800)</u>	<u>(527,800)</u>	<u>(527,844)</u>	<u>(44)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 260,300</u>	<u>\$ (1,012,860)</u>	<u>(810,184)</u>	<u>\$ 202,676</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>3,717,601</u>	
End of year			<u>\$ 2,907,417</u>	

**City of Montebello**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)**  
**Measure M Local Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 904,800	\$ 904,800	\$ 1,129,492	\$ 224,692
Use of money and property	5,500	5,500	9,143	3,643
<b>Total revenues</b>	<u>910,300</u>	<u>910,300</u>	<u>1,138,635</u>	<u>228,335</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	9,700	9,700	62,657	(52,957)
Capital outlay	<u>521,570</u>	<u>3,032,363</u>	<u>1,736,788</u>	<u>1,295,575</u>
Total expenditures	<u>531,270</u>	<u>3,042,063</u>	<u>1,799,445</u>	<u>1,242,618</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>379,030</u>	<u>(2,131,763)</u>	<u>(660,810)</u>	<u>1,470,953</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(599,300)</u>	<u>(599,300)</u>	<u>(599,293)</u>	<u>7</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (220,270)</u></u>	<u><u>\$ (2,731,063)</u></u>	<u>(1,260,103)</u>	<u><u>\$ 1,470,960</u></u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>4,929,691</u>	
End of year			<u><u>\$ 3,669,588</u></u>	

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## **STATISTICAL SECTION**

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# City of Montebello

## Statistical Section Overview

### (Unaudited)

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This part of the City of Montebello's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	174-184
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	185-189
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	190-195
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	196-198
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	199-201

**City of Montebello**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Government Activities</b>					
Invested in capital assets, net of related debt	\$ 54,636,719	\$ 55,212,827	\$ 56,943,195	\$ 58,082,755	\$ 58,372,453
Restricted	20,219,054	29,141,471	22,556,230	27,459,377	37,978,261
Unrestricted	(4,370,518)	(13,656,834)	(93,615,680)	(96,385,527)	(152,645,842)
Total governmental activities net assets	<u>70,485,255</u>	<u>70,697,464</u>	<u>(14,116,255)</u>	<u>(10,843,395)</u>	<u>(56,295,128)</u>
<b>Business-Type Activities</b>					
Invested in capital assets, net of related debt	55,753,529	53,562,215	51,644,871	49,943,300	62,240,064
Restricted	302,120	1,017,411	496,628	153,929	37,063,750
Unrestricted	(8,619,600)	(8,758,663)	(29,367,364)	(29,377,639)	(26,856,332)
	<u>47,436,049</u>	<u>45,820,963</u>	<u>22,774,135</u>	<u>20,719,590</u>	<u>72,447,482</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	110,390,248	108,775,042	108,588,066	108,026,055	120,612,517
Restricted	20,521,174	30,158,882	23,052,858	27,613,306	75,042,011
Unrestricted	(12,990,118)	(22,415,497)	(122,983,044)	(125,763,166)	(179,502,174)
	<u>\$ 117,921,304</u>	<u>\$ 116,518,427</u>	<u>\$ 8,657,880</u>	<u>\$ 9,876,195</u>	<u>\$ 16,152,354</u>

Source: City Financial Statements

**City of Montebello**  
**Net Position by Component (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Government Activities</b>					
Invested in capital assets, net of related debt	\$ 60,131,857	\$ 56,932,832	\$ 37,577,753	\$ 76,850,718	\$ 79,727,948
Restricted	30,870,850	36,227,927	40,673,199	59,934,222	45,666,495
Unrestricted	(104,996,678)	(114,003,833)	(112,400,654)	(156,799,494)	(124,613,112)
Total governmental activities net assets	(13,993,971)	(20,843,074)	(34,149,702)	(20,014,554)	781,331
<b>Business-Type Activities</b>					
Invested in capital assets, net of related debt	50,936,245	51,863,185	45,101,842	30,182,517	34,948,689
Restricted	26,656,264	16,260,962	12,617,206	11,202,567	12,636,555
Unrestricted	(70,241,601)	(50,555,062)	(40,685,697)	(29,921,564)	(17,882,728)
	7,350,908	17,569,085	17,033,351	11,463,520	29,702,516
<b>Primary Government</b>					
Invested in capital assets, net of related debt	111,068,102	108,796,017	82,679,595	107,033,235	114,676,637
Restricted	57,527,114	52,488,889	53,290,405	71,136,789	58,303,050
Unrestricted	(175,238,279)	(164,558,895)	(153,975,457)	(186,721,058)	(142,495,840)
	\$ (6,643,063)	\$ (3,273,989)	\$ (18,005,457)	\$ (8,551,034)	\$ 30,483,847

Source: City Financial Statements

**City of Montebello**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Expenses:</b>					
Governmental Activities:					
General government	\$ 3,397,386	\$ 3,868,688	\$ 8,214,000	\$ 9,376,874	\$ 5,800,255
Public safety	31,736,790	33,376,844	33,233,838	34,991,222	38,180,200
Public works	6,222,809	7,063,899	7,145,909	7,314,357	6,892,489
Parks, recreation, and culture	5,183,532	4,943,297	4,433,420	4,244,463	3,589,256
Housing and community development	2,042,906	4,045,684	3,662,170	4,149,321	4,625,548
Unallocated infrastructure depreciation	704,807	704,807	704,807	464,900	704,807
Interest on long-term debt	1,954,908	1,254,337	1,908,319	1,238,015	3,882,293
<b>Total governmental activities and expenses</b>	<b>51,243,138</b>	<b>55,257,556</b>	<b>59,302,463</b>	<b>61,779,152</b>	<b>63,674,848</b>
Business-Type Activities:					
Transit system	28,190,745	30,850,208	29,557,024	28,530,818	28,540,085
Golf course	3,015,645	2,965,428	3,095,101	2,914,099	2,745,203
Montebello Hilton	3,558,013	4,302,388	4,600,977	4,742,125	4,866,766
Water utility	2,515,604	2,806,018	2,945,512	3,138,928	2,731,099
Hotel2Suites	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
<b>Total business-type activities and expenses</b>	<b>37,280,007</b>	<b>40,924,042</b>	<b>40,198,614</b>	<b>39,325,970</b>	<b>38,883,153</b>
<b>Total primary government expenses</b>	<b>88,523,145</b>	<b>96,181,598</b>	<b>99,501,077</b>	<b>101,105,122</b>	<b>102,558,001</b>
<b>Program revenues:</b>					
Governmental Activities:					
Charges for services:					
General government	3,071,973	4,074,735	3,720,526	3,548,576	3,709,505
Public safety	2,103,502	2,767,256	2,644,432	3,167,766	3,311,979
Public works	5,377,463	5,427,918	5,391,630	5,565,885	5,515,371
Parks, recreation, and culture	665,468	533,575	527,346	414,018	471,348
Housing and community development	-	-	-	-	-
Operating grants and contributions	8,519,753	8,292,687	9,522,821	10,109,717	7,382,419
Capital grants and contributions	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>19,738,159</b>	<b>21,096,171</b>	<b>21,806,755</b>	<b>22,805,962</b>	<b>20,390,622</b>
Business-Type Activities:					
Charges for services:					
Transit system	6,078,505	5,985,798	5,838,678	5,680,227	5,086,810
Golf course	2,389,101	2,385,213	2,312,095	2,294,518	2,091,410
Montebello Hilton	4,316,746	5,522,384	6,270,196	6,579,766	6,834,772
Water utility	1,325,834	2,121,732	2,505,234	2,295,158	2,409,339
Hotel2Suites	-	-	-	-	-
Operating grants and contributions	18,834,317	19,726,264	20,914,063	19,314,666	20,593,875
Capital grants and contributions	7,777,911	2,764,857	1,780,967	1,726,259	5,540,308
<b>Total business-type activities program revenues</b>	<b>40,722,414</b>	<b>38,506,248</b>	<b>39,621,233</b>	<b>37,890,594</b>	<b>42,556,514</b>
<b>Primary government program revenues</b>	<b>60,460,573</b>	<b>59,602,419</b>	<b>61,427,988</b>	<b>60,696,556</b>	<b>62,947,136</b>
<b>Net (Expense) Revenue:</b>					
Governmental activities:	(31,504,979)	(34,161,385)	(37,495,708)	(38,973,190)	(43,284,226)
Business-type activities:	3,442,407	(2,417,794)	(577,381)	(1,435,376)	3,673,361
<b>Total primary government net (expense) revenue</b>	<b>\$ (28,062,572)</b>	<b>\$ (36,579,179)</b>	<b>\$ (38,073,089)</b>	<b>\$ (40,408,566)</b>	<b>\$ (39,610,865)</b>

(Continued)

**City of Montebello**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Expenses:</b>					
Governmental Activities:					
General government	\$ 10,590,425	\$ 15,966,059	\$ 15,829,352	\$ 2,478,196	\$ 13,983,490
Public safety	39,719,749	37,512,859	41,005,310	54,764,550	31,790,604
Public works	9,824,917	8,765,502	10,062,947	2,737,856	16,052,469
Parks, recreation, and culture	3,948,193	4,298,740	5,382,393	1,367,331	5,406,906
Housing and community development	2,923,175	2,960,143	3,401,688	643,492	2,346,627
Unallocated infrastructure depreciation	704,807	700,608	700,607	713,200	700,608
Interest on long-term debt	356,579	605,163	5,307,866	5,251,771	5,548,594
Total governmental activities and expenses	<u>68,067,845</u>	<u>70,809,074</u>	<u>81,690,163</u>	<u>67,956,396</u>	<u>75,829,298</u>
Business-Type Activities:					
Transit system	34,587,386	35,629,180	37,053,009	41,718,320	29,280,305
Golf course	3,169,377	2,699,786	2,378,067	2,779,651	2,735,232
Montebello Hilton	4,590,912	4,720,613	4,306,465	3,096,193	5,088,673
Water utility	2,697,085	2,293,908	2,358,938	2,290,649	2,343,193
Hotel2Suites	30,205	5,674,308	6,167,195	5,612,342	9,782,114
Interest on long-term debt	3,409,286	3,077,709	2,983,151	4,307,914	-
Total business-type activities and expenses	<u>48,484,251</u>	<u>54,095,504</u>	<u>55,246,825</u>	<u>59,805,069</u>	<u>49,229,517</u>
Total primary government expenses	<u>116,552,096</u>	<u>124,904,578</u>	<u>136,936,988</u>	<u>127,761,465</u>	<u>125,058,815</u>
<b>Program revenues:</b>					
Governmental Activities:					
Charges for services:					
General government	3,921,684	5,847,466	3,755,079	4,745,318	4,823,331
Public safety	3,227,705	3,372,826	3,473,591	3,711,080	4,576,406
Public works	4,421,025	4,793,062	4,962,127	5,159,387	4,680,288
Parks, recreation, and culture	486,274	533,344	329,834	25,763	220,152
Housing and community development	1,018,644	497,300	509,089	757,819	4,111,335
Operating grants and contributions	9,759,068	9,955,275	11,105,930	10,941,780	32,242,999
Capital grants and contributions	-	-	-	1,206,941	2,162,028
Total governmental activities program revenues	<u>22,834,400</u>	<u>24,999,273</u>	<u>24,135,650</u>	<u>26,548,088</u>	<u>52,816,539</u>
Business-Type Activities:					
Charges for services:					
Transit system	4,728,570	4,056,307	2,999,561	1,376,710	2,201,947
Golf course	2,194,976	2,219,790	2,051,607	2,966,791	2,945,485
Montebello Hilton	7,197,488	6,436,430	4,446,750	2,072,868	5,357,504
Water utility	3,070,381	3,190,460	2,558,986	2,590,903	2,607,898
Hotel2Suites	-	7,628,131	8,881,650	8,357,846	12,050,342
Operating grants and contributions	23,014,664	27,205,168	29,238,210	23,232,583	26,342,293
Capital grants and contributions	5,994,885	4,802,972	3,275,168	11,801,668	15,879,414
Total business-type activities program revenues	<u>46,200,964</u>	<u>55,539,258</u>	<u>53,451,932</u>	<u>52,399,369</u>	<u>67,384,883</u>
Primary government program revenues	<u>69,035,364</u>	<u>80,538,531</u>	<u>77,587,582</u>	<u>78,947,457</u>	<u>120,201,422</u>
<b>Net (Expense) Revenue:</b>					
Governmental activities:	(45,233,444)	(45,809,800)	(57,554,513)	(41,408,308)	(23,012,759)
Business-type activities:	(2,283,287)	1,443,754	(1,794,893)	(7,405,700)	18,155,366
Total primary government net (expense) revenue	<u>\$ (47,516,731)</u>	<u>\$ (44,366,046)</u>	<u>\$ (59,349,406)</u>	<u>\$ (48,814,008)</u>	<u>\$ (4,857,393)</u>

(Continued)

**City of Montebello**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>General Revenues and Other Changes in Net Assets:</b>					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 15,449,858	\$ 14,931,613	\$ 13,759,217	\$ 15,988,925	\$ 16,507,389
Franchise taxes	1,158,219	1,303,603	1,410,918	1,405,229	1,493,956
Sales tax	11,363,067	11,725,818	12,563,805	13,992,347	13,267,373
Transient occupancy tax	271,153	355,404	357,896	365,290	401,852
Unrestricted intergovernmental revenue	5,299,230	5,513,018	5,746,091	5,373,715	6,099,771
Other revenues	2,239,898	2,036,142	2,897,684	4,401,115	7,062,983
Investment earnings	54,393	49,705	54,391	86,920	172,515
Transfers	602,070	(792,325)	(4,948,058)	632,509	(47,976,779)
Total governmental activities	<u>36,437,888</u>	<u>35,122,978</u>	<u>31,841,944</u>	<u>42,246,050</u>	<u>(2,970,940)</u>
Business-Type Activities:					
Investment earnings	-	10,383	6,433	13,340	135,411
Transfers	(602,070)	792,325	4,948,058	(632,509)	47,976,779
Total business-type activities	<u>(602,070)</u>	<u>802,708</u>	<u>4,954,491</u>	<u>(619,169)</u>	<u>48,112,190</u>
Total primary government	<u>35,835,818</u>	<u>35,925,686</u>	<u>36,796,435</u>	<u>41,626,881</u>	<u>45,141,250</u>
<b>Change in Net Position:</b>					
Governmental Activities:	4,932,909	212,209	(56,537,964)	3,272,860	(46,255,166)
Business-Type Activities:	2,840,337	(1,615,086)	4,377,110	(2,054,545)	51,785,551
Total primary government	<u>\$ 7,773,246</u>	<u>\$ (1,402,877)</u>	<u>\$ (52,160,854)</u>	<u>\$ 1,218,315</u>	<u>\$ 5,530,385</u>

(Continued)

Source: City Financial Statements

For TOT amount from GL, For Other Revenue amount from CAFR Change in Net position for Ten Years

**City of Montebello**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>General Revenues and Other Changes in Net Assets:</b>					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 16,961,038	\$ 18,385,624	\$ 18,662,270	\$ 21,414,087	\$ 6,565,336
Franchise taxes	2,141,450	2,224,087	2,199,915	2,316,250	2,300,508
Sales tax	13,118,981	14,031,972	12,817,884	22,270,247	25,378,979
Transient occupancy tax	414,198	421,412	376,424	223,620	340,195
Unrestricted intergovernmental revenue	6,322,299	6,708,639	7,055,984	7,238,433	7,920,682
Other revenues	2,626,065	2,270,785	2,327,446	3,542,120	2,071,400
Investment earnings	665,702	743,557	761,960	459,066	(761,829)
Transfers	(1,634,476)	(529,493)	(843,106)	(517,833)	(6,627)
Total governmental activities	<u>40,615,257</u>	<u>44,256,583</u>	<u>43,358,777</u>	<u>56,945,990</u>	<u>43,808,644</u>
Business-Type Activities:					
Investment earnings	448,876	461,704	416,053	18,226	77,003
Transfers	1,634,476	529,493	843,106	517,833	6,627
Total business-type activities	<u>2,083,352</u>	<u>991,197</u>	<u>1,259,159</u>	<u>536,059</u>	<u>83,630</u>
Total primary government	<u>42,698,609</u>	<u>45,247,780</u>	<u>44,617,936</u>	<u>57,482,049</u>	<u>43,892,274</u>
<b>Change in Net Position:</b>					
Governmental Activities:	(4,618,187)	(1,553,217)	(14,195,734)	15,537,683	20,795,885
Business-Type Activities:	(199,935)	2,434,951	(535,734)	(6,869,641)	18,238,996
Total primary government	<u>\$ (4,818,122)</u>	<u>\$ 881,734</u>	<u>\$ (14,731,468)</u>	<u>\$ 8,668,042</u>	<u>\$ 39,034,881</u>

(Concluded)

Source: City Financial Statements

For TOT amount from GL, For Other Revenue amount from CAFR Change in Net position for Ten Years

**City of Montebello**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
General Fund					
Nonspendable	\$ 187,730	\$ 142,394	\$ 64,038	\$ 122,474	\$ 1,380,282
Restricted	-	-	-	-	4,666,731
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	7,879,020	8,387,981	8,934,094	9,325,124	7,995,872
Total general fund	<u>\$ 8,066,750</u>	<u>\$ 8,530,375</u>	<u>\$ 8,998,132</u>	<u>\$ 9,447,598</u>	<u>\$ 14,042,885</u>
All Other Governmental Funds:					
Nonspendable	\$ 2,288,508	\$ 2,057,207	\$ 10,719,195	\$ 10,258,543	\$ 8,533,222
Restricted					
Debt service	6,116,124	7,960,932	3,070,688	3,865,331	13,162,936
Special revenue funds	22,034,631	18,000,779	7,814,447	12,882,023	15,951,357
Capital projects funds	1,445,551	1,090,991	1,093,640	453,480	330,746
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(80,230)	-	(111,631)	(682,268)	(318,397)
Total all other governmental funds	<u>\$ 31,804,584</u>	<u>\$ 29,109,909</u>	<u>\$ 22,586,339</u>	<u>\$ 26,777,109</u>	<u>\$ 37,659,864</u>

Source: City Financial Statements

**City of Montebello**  
**Fund Balances - Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
General Fund					
Nonspendable	\$ 1,383,212	\$ 823,582	\$ 811,985	\$ 788,954	\$ 4,037,940
Restricted	4,666,731	4,827,601	2,408,850	1,921,304	374,594
Committed	-	-	-	-	459,491
Assigned	-	-	-	-	-
Unassigned	11,287,858	14,542,796	6,226,719	4,874,887	9,844,229
Total general fund	<u>\$ 17,337,801</u>	<u>\$ 20,193,979</u>	<u>\$ 9,447,554</u>	<u>\$ 7,585,145</u>	<u>\$ 14,716,254</u>
All Other Governmental Funds:					
Nonspendable	\$ 8,157,472	\$ 6,928,947	\$ 6,585,577	\$ 6,178,711	\$ 150,407
Restricted					
Debt service	366,492	361,922	397,402	377,856	371,706
Special revenue funds	17,557,949	22,634,731	51,427,988	46,952,191	59,718,438
Capital projects funds	122,206	1,195,998	2,255,946	2,557,795	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(157,153)	(165,424)	(125,245)	(343,608)	(262,960)
Total all other governmental funds	<u>\$ 26,046,966</u>	<u>\$ 30,956,174</u>	<u>\$ 60,541,668</u>	<u>\$ 55,722,945</u>	<u>\$ 59,977,591</u>

Source: City Financial Statements

**City of Montebello**  
**Change in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>REVENUE</b>					
Taxes					
Property taxes	\$ 15,449,858	\$ 14,931,613	\$ 13,759,217	\$ 15,988,925	\$ 16,507,389
Sales and use taxes	11,363,067	11,725,818	12,563,805	13,992,347	13,267,373
All other taxes	1,522,644	1,777,248	1,900,914	1,908,402	2,047,418
Licences and permits	4,664,830	4,617,905	4,640,365	4,733,752	4,374,761
Fines & forfeitures	1,802,114	1,774,912	1,589,536	1,912,729	2,251,384
Investments income (loss)	54,392	49,705	54,391	86,920	172,515
Intergovernmental	12,496,970	13,115,067	15,461,503	14,853,360	13,330,580
Charges for services	6,656,927	6,410,667	6,054,033	6,611,348	6,382,058
Other Revenue	313,175	3,286,142	2,897,684	2,432,902	2,396,252
<b>Total revenues</b>	<b>54,323,977</b>	<b>57,689,077</b>	<b>58,921,448</b>	<b>62,520,685</b>	<b>60,729,730</b>
<b>EXPENDITURES</b>					
General government	2,728,805	6,672,386	8,003,938	7,294,109	6,763,294
Public safety	29,387,879	30,989,230	31,844,365	34,595,741	32,678,899
Public works	6,005,418	6,594,303	6,551,707	6,824,093	6,812,050
Park and recreation	4,310,058	4,412,105	4,026,983	3,889,366	3,658,338
Housing and community development	1,917,976	3,918,011	3,625,767	4,136,607	4,774,847
Capital outlay	3,916,328	3,168,579	4,189,487	1,703,214	2,449,286
Debt services:					
Principal retirement	1,590,580	1,664,040	1,849,995	1,305,760	1,757,500
Interest and fiscal charges	1,525,140	1,454,943	1,995,352	1,367,401	2,849,428
Bond issuance costs					1,130,167
Interfund charges (revenue)		(1,991,200)	(646,790)	(641,466)	130,090
<b>Total expenditures</b>	<b>51,382,184</b>	<b>56,882,397</b>	<b>61,440,804</b>	<b>60,474,825</b>	<b>63,003,899</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>2,941,793</b>	<b>806,680</b>	<b>(2,519,356)</b>	<b>2,045,860</b>	<b>(2,274,169)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	10,703,941	14,503,082	14,596,612	12,225,284	14,476,752
Transfer out	(10,944,871)	(17,039,134)	(16,844,670)	(11,599,121)	(62,456,346)
Issuance of debts	-	-	28,916,923	-	61,065,074
Settlement of unfunded actuarial accrued liability	-	-	-	-	-
Defeasance of debts	-	-	(30,387,860)	-	-
Unspent bond proceeds from Successor Agency	-	-	-	-	4,666,731
Other financing uses	-	-	(295,155)	-	-
Other financing sources	-	-	477,693	1,968,213	-
<b>Net other financing sources (uses)</b>	<b>(240,930)</b>	<b>(2,536,052)</b>	<b>(3,536,457)</b>	<b>2,594,376</b>	<b>17,752,211</b>
<b>Change of fund balances</b>					
<b>before extraordinary item</b>	<b>2,700,863</b>	<b>(1,729,372)</b>	<b>(6,055,813)</b>	<b>4,640,236</b>	<b>15,478,042</b>
<b>Extraordinary gain (loss)</b>					
RDA dissolution transactions	-	(501,678)	-	-	-
Total Extraordinary gain (loss)	-	(501,678)	-	-	-
<b>Change in fund balances</b>					
<b>after extraordinary item</b>	<b>2,700,863</b>	<b>(2,231,050)</b>	<b>(6,055,813)</b>	<b>4,640,236</b>	<b>15,478,042</b>
<b>Fund balances - July 1</b>	<b>37,170,471</b>	<b>39,871,334</b>	<b>37,640,284</b>	<b>31,584,471</b>	<b>36,224,707</b>
<b>Fund balances - June 30</b>	<b>\$ 39,871,334</b>	<b>\$ 37,640,284</b>	<b>\$ 31,584,471</b>	<b>\$ 36,224,707</b>	<b>\$ 51,702,749</b>
<b>DEBT SERVICE AS A PERCENTAGE</b>					
<b>OF NONCAPITAL EXPENDITURES</b>	6.56%	5.81%	6.72%	4.55%	7.61%

**City of Montebello**  
**Change in Fund Balance of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>REVENUE</b>					
Taxes					
Property taxes	\$ 16,961,038	\$ 18,385,624	\$ 18,662,270	\$ 21,414,087	\$ 21,134,464
Sales and use taxes	13,118,981	14,031,972	12,817,884	22,270,247	25,378,979
All other taxes	2,727,410	2,838,572	2,732,920	10,031,642	10,561,385
Licences and permits	4,452,210	6,220,483	4,790,211	5,769,474	7,806,258
Fines & forfeitures	2,185,022	2,165,922	2,186,401	2,312,454	2,512,256
Investments income (loss)	665,702	743,557	761,960	459,066	(672,371)
Intergovernmental	15,909,605	15,752,312	18,035,332	12,148,721	19,258,372
Charges for services	6,438,100	6,657,594	6,053,109	6,317,440	8,077,509
Other Revenue	2,626,065	2,270,785	2,327,446	3,288,781	2,119,553
<b>Total revenues</b>	<b>65,084,133</b>	<b>69,066,821</b>	<b>68,367,533</b>	<b>84,011,912</b>	<b>96,176,405</b>
<b>EXPENDITURES</b>					
General government	6,791,444	12,175,179	13,768,246	8,853,719	7,699,182
Public safety	32,345,080	30,964,740	33,398,835	33,643,089	35,172,628
Public works	7,592,311	7,356,232	7,667,791	11,526,775	13,532,133
Park and recreation	3,813,599	3,827,559	4,392,532	4,514,120	5,522,232
Housing and community development	3,005,203	2,756,438	2,899,455	2,467,252	2,654,661
Capital outlay	4,749,316	4,934,643	12,785,876	23,341,025	7,663,306
Debt services:					
Principal retirement	1,325,340	1,419,180	2,433,971	6,869,371	7,555,842
Interest and fiscal charges	674,338	640,162	912,684	5,280,939	5,614,144
Bond issuance costs			2,422,237		-
Interfund charges (revenue)	(231,650)	(366,046)	(361,160)	(536,079)	-
<b>Total expenditures</b>	<b>60,064,981</b>	<b>63,708,087</b>	<b>80,320,467</b>	<b>95,960,211</b>	<b>85,414,128</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>5,019,152</b>	<b>5,358,734</b>	<b>(11,952,934)</b>	<b>(11,948,299)</b>	<b>10,762,277</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	12,257,329	6,934,943	32,790,225	13,109,570	13,169,877
Transfer out	(13,898,975)	(6,066,053)	(33,210,652)	(13,627,403)	(13,176,504)
Issuance of debts	-	1,547,962	141,710,928	-	-
Settlement of unfunded actuarial accrued liability	-	-	(110,508,698)	5,785,000	-
Defeasance of debts	-	-	-	-	-
Unspent bond proceeds from Successor Agency	-	-	-	-	-
Other financing uses	-	-	-	-	-
Other financing sources	-	-	-	-	44,300
<b>Net other financing sources (uses)</b>	<b>(1,641,646)</b>	<b>2,416,852</b>	<b>30,781,803</b>	<b>5,267,167</b>	<b>37,673</b>
<b>Change of fund balances</b>					
<b>before extraordinary item</b>	<b>3,377,506</b>	<b>7,775,586</b>	<b>18,828,869</b>	<b>(6,681,132)</b>	<b>10,799,950</b>
<b>Extraordinary gain (loss)</b>					
RDA dissolution transactions	-	-	-	-	-
Total Extraordinary gain (loss)	-	-	-	-	-
<b>Change in fund balances</b>					
<b>after extraordinary item</b>	<b>3,377,506</b>	<b>7,775,586</b>	<b>18,828,869</b>	<b>(6,681,132)</b>	<b>10,799,950</b>
<b>Fund balances - July 1 (as restated)</b>	<b>40,007,261</b>	<b>43,384,767</b>	<b>51,160,353</b>	<b>69,989,222</b>	<b>63,893,895</b>
<b>Fund balances - June 30</b>	<b>\$ 43,384,767</b>	<b>\$ 51,160,353</b>	<b>\$ 69,989,222</b>	<b>\$ 63,308,090</b>	<b>\$ 74,693,845</b>
<b>DEBT SERVICE AS A PERCENTAGE</b>					
<b>OF NONCAPITAL EXPENDITURES</b>	3.62%	3.50%	4.96%	16.73%	17.00%

**City of Montebello**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**

Fiscal Year	Property Tax	Sales and Use Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Total Taxes
2011-12	23,636,827	10,847,400	297,679	1,221,311	1,765,267	37,768,484
2012-13	20,655,816	11,363,067	271,153	1,158,219	93,272.00	33,541,527
2013-14	20,078,684	11,725,818	355,404	1,303,603	118,241	33,581,750
2014-15	19,373,208	12,563,805	357,896	1,410,918	132,100	33,837,927
2015-16	21,224,757	13,992,347	365,290	1,405,229	137,883	37,125,506
2016-17	16,507,389	13,267,373	401,852	1,493,956	151,611	31,822,180
2017-18	16,961,038	13,118,981	414,198	2,141,450	171,762	32,807,430
2018-19	18,385,625	14,031,972	421,412	2,224,088	193,073	35,256,170
2019-20	18,662,270	12,817,884	376,424	2,199,915	156,581	34,213,073
2020-21	21,414,087	22,270,247	223,620	2,316,250	253,339	46,477,543
2021-22	28,764,256	25,378,979	340,195	2,300,508	290,890	57,074,828

Source: City Financial Statements

**City of Montebello**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(rate per \$1,000 of assessed value)**

Fiscal Year	City				Redevelopment Agency			
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
2010-11	\$ 3,009,280	\$ 93,206	\$ 100,372	\$ 3,002,114	\$ 1,565,508	\$ 139,738	\$ 39,759	\$ 1,659,537
2011-12	3,081,874	95,765	99,789	3,077,850	1,578,855	139,820	41,746	1,676,929
2012-13	3,166,417	87,265	104,467	3,149,215	1,591,142	135,785	42,457	1,684,470
2013-14	4,938,771	220,911	146,649	5,013,033	1,671,422	133,318	40,811	1,763,929
2014-15	3,420,628	99,344	110,362	3,409,610	1,701,294	129,735	41,886	1,789,143
2015-16	3,317,644	82,016	113,073	3,286,587	1,168,508	129,094	44,039	1,253,564
2016-17	3,693,850	82,228	99,747	3,676,331	1,734,850	141,080	26,411	1,849,518
2017-18	3,845,241	76,621	103,168	3,818,695	1,789,082	144,402	42,088	1,891,396
2018-19	4,033,298	83,389	63,264	4,053,424	1,878,833	155,004	33,832	2,000,005
2019-20	4,183,599	85,986	66,377	4,203,208	1,952,461	171,050	33,065	2,090,446
2020-21	4,529,900	90,240	118,765	4,501,375	2,092,563	181,836	62,233	2,212,166
2021-22	4,691,478	90,364	120,075	4,661,767	2,248,588	177,313	55,269	2,370,632

Source: MuniServices an Avenu Insights & Analytics Company

Source: Los Angeles County Assessor Data

**City of Montebello**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate per \$100 of taxable value)**

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>City Direct Rate:</b>					
City basic rate	1.00000	1.00000	1.00000	1.00000	1.00000
Retirement	0.19788	0.19788	0.19788	0.19788	0.19788
<b>Total City Direct Rate</b>	<b>1.19788</b>	<b>1.19788</b>	<b>1.19788</b>	<b>1.19788</b>	<b>1.19788</b>
<b>Overlapping Rates:</b>					
L.A. County General	0.00000	0.00000	0.00000	0.00000	0.00000
Montebello USD	0.09630	0.09457	0.08750	0.08715	0.14705
L.A. County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Community College	0.03756	0.04454	0.04017	0.03575	0.03596
<b>Totals</b>	<b>1.33524</b>	<b>1.34049</b>	<b>1.32905</b>	<b>1.32428</b>	<b>1.38439</b>

Source: Los Angeles County Assessor Data, Avenu Insights & Analytics  
Source: City of Montebello, ACFR Fiscal Year Ended June 30, 2021  
TRA 6-323 IS REPRESENTED FOR THIS REPORT

**City of Montebello**  
**Direct and Overlapping Property Tax Rates (Continued)**  
**Last Ten Fiscal Years**  
**(rate per \$100 of taxable value)**

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>City Direct Rate:</b>					
City basic rate	1.00000	1.00000	1.00000	1.00000	1.00000
Retirement	0.197875	0.197875	0.197875	0.19788	0.19788
<b>Total City Direct Rate</b>	<b>1.19788</b>	<b>1.19788</b>	<b>1.19788</b>	<b>1.19788</b>	<b>1.19788</b>
<b>Overlapping Rates:</b>					
L.A. County General	0.00000	0.00000	0.00000	0.00000	0.00000
Montebello USD	0.13514	0.13921	0.09306	0.09706	0.09031
L.A. County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Community College	0.04599	0.04621	0.02717	0.04016	0.04376
<b>Totals</b>	<b>1.38251</b>	<b>1.38680</b>	<b>1.32161</b>	<b>1.33860</b>	<b>1.33545</b>

Source: Los Angeles County Assessor Data, Avenu Insights & Analytics

Source: City of Montebello, ACFR Fiscal Year Ended June 30, 2021

TRA 6-323 IS REPRESENTED FOR THIS REPORT

**City of Montebello**  
**Principal Property Tax Payers**  
**Current Fiscal Year and Nine Fiscal Years Ago**

Taxpayer	2021-22			2012-13		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Metro Heights Montebello LLC	\$ 199,193,858	1	2.93%			0.00%
Montebello Town Center	197,535,451	2	2.90%	189,070,962	1	3.90%
Bimbo Bakeries USA Inc	84,085,787	3	1.23%	65,183,503	3	1.34%
Brixmor Montebello Plaza LP	79,404,434	4	1.17%	63,388,910	4	1.31%
KK 3A CORP	51,122,306	5	0.75%	32,557,977	10	0.67%
Somerset Apts LLC	48,622,876	6	0.71%	41,901,806	6	0.86%
Comref So CA Industrial	46,718,982	7	0.69%			
M and M At Montebello LLC	41,650,000	8	0.61%			
Rreef America Reit II Corp	41,240,079	9	0.61%	35,539,454	9	0.73%
Macys West Stores Inc.	37,522,886	10	0.55%	36,764,459	8	0.76%
Plains Exploration and Production Company				122,557,911	2	2.53%
Southern California Gas Company				53,261,916	5	1.10%
Excel Realty Partners LP						
KIR Montebello LP				36,878,698	7	0.76%
<b>TOTAL TOP 10 TAXPAYERS</b>	<b>827,096,659</b>		<b>12.15%</b>	<b>677,105,596</b>		<b>13.95%</b>
<b>TOTAL CITY TAXABLE VALUE</b>	<b>\$ 6,809,731,075</b>			<b>\$ 4,852,655,387</b>		

Source: HDL

**City of Montebello**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2012-13	\$ 6,975,325	\$ 11,293,837	161.91%	\$ -	\$ 11,293,837	161.91%
2013-14	7,279,631	7,275,179	99.94%	338,473	7,613,652	104.59%
2014-15	7,504,080	7,092,120	94.51%	330,553	7,422,673	98.92%
2015-16	7,616,230	10,352,514	135.93%	385,447	10,737,961	140.99%
2016-17	7,923,442	10,685,828	134.86%	579,837	11,265,665	142.18%
2017-18	8,159,530	11,032,559	135.21%	659,322	11,691,881	143.29%
2018-19	8,638,639	11,032,570	127.71%	439,208	11,471,778	132.80%
2019-20	9,133,355	12,528,093	137.17%	348,671	12,876,764	140.99%
2020-21	9,446,262	13,318,638	140.99%	352,908	13,671,546	144.73%
2021-22	9,967,851	13,653,488	136.98%	909,913	14,563,401	146.10%

Note (1) Negative number not included

Source: Los Angeles County Auditor - AF91 Report and City Remittance Advice Summary

<http://auditor.lacounty.gov/property-tax-report-central/>

**City of Montebello**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities							Total Governmental Activities
	Certificates of Participation	Lease Revenue	Sales Tax Revenue	Pension Obligation	Capitalized Finance Purchase	Notes Payable	Unamortized Bond Discount/Premium	
2012-13	\$ 17,447,900	\$ 14,800,000	\$ -	\$ -	\$ -	\$ 5,624,106	\$ (96,673)	\$ 37,775,333
2013-14	16,502,860	14,370,000	-	-	-	5,335,106	(88,143)	36,119,823
2014-15	-	25,728,200	-	-	422,278	5,334,974	2,035,323	33,520,775
2015-16	-	24,738,440	-	-	452,197	5,018,974	1,890,503	32,100,114
2016-17	-	78,171,940	-	-	972,060	4,387,106	7,950,757	91,481,863
2017-18	-	10,409,600 (1)	-	-	902,071	4,042,886	923,106	16,277,662
2018-19	-	9,356,420	-	-	2,083,910	3,702,914	820,646	15,963,890
2019-20	-	8,261,780	24,945,000	112,506,552	1,993,247	3,314,900	4,071,461	155,092,940
2020-21	-	7,111,860	24,115,000	108,678,727	1,402,552	7,802,779	3,787,104	153,787,128
2021-22	-	5,911,660	23,245,000	104,872,900	783,658	6,741,933	3,502,747	145,947,004

Note: (1) In 17-18 Home2suites bond (\$ 54.8 million) and Hilton hotel bond (\$11.9 million ) were transferred from Governmental Activities to Business-type Activities

Source: City Financial Statements

**City of Montebello**  
**Ratios of Outstanding Debt by Type (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year	Business Activities							Total Primary Government	Percentage of Personal Income	Total Debt per Capita
	Certificates of Participation	Lease Revenue	Pension Obligation	Capitalized Finance Purchase	Notes Payable	Unamortized Discount/Premium	Total Business Activities			
2012-13	\$ 4,407,100				\$ 843,294		\$ 5,250,394	\$43,025,727	3.24%	685
2013-14	4,197,140				1,668,734		5,865,874	41,985,697	3.26%	661
2014-15		3,771,800		214,691	1,333,531	95,735	5,415,757	38,936,532	2.95%	613
2015-16		3,546,560		176,037	1,007,244	88,940	4,818,781	36,918,895	2.78%	578
2016-17		3,313,060		457,321	686,116	82,144	4,538,641	96,020,504	7.26%	1,502
2017-18		69,840,400 (1)		414,495	484,434	6,613,454	77,352,782	93,630,444	6.96%	1,456
2018-19		69,305,400		820,202	919,051	6,357,464	77,402,117	93,366,007	6.60%	1,491
2019-20		88,987,220	40,918,448	423,055	527,707	6,881,076	137,737,506	292,830,446	20.13%	4,608
2020-21		65,188,140	39,526,274	240,200	1,098,527	6,572,783	112,625,924	266,413,052	15.04%	4,235
2021-22		63,768,340	38,142,101	49,867	863,018	6,264,486	109,087,812	255,034,816	12.69%	4,102

Note: (1) In 17-18 Home2suites bond (\$ 54.8 million) and Hilton hotel bond (\$11.9 million ) were transferred from Governmental Activities to Business-type Activities

Source: City Financial Statements

**City of Montebello**  
**Ratios of Outstanding Debt by Type (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities						Total Primary Government	Total Debt Per Capita
	Certificates of Participation	Tax Allocation Bonds	Lease Revenue	Sales Tax Revenue	Pension Obligation	Other		
2012-13	\$ 17,447,900	\$ -	\$ 14,800,000	\$ -	\$ -	\$ -	\$ 32,247,900	\$ 513
2013-14	16,502,860	-	14,370,000	-	-	-	30,872,860	486
2014-15	-	-	25,728,200	-	-	-	25,728,200	405
2015-16	-	-	24,738,440	-	-	-	24,738,440	387
2016-17	-	-	78,171,940	-	-	-	78,171,940	1,223
2017-18	-	-	10,409,600	-	-	-	10,409,600	162
2018-19	-	-	9,356,420	-	-	-	9,356,420	149
2019-20	-	-	8,261,780	24,945,000	112,506,552	-	145,713,332	2,293
2020-21	-	-	7,111,860	24,115,000	108,678,727	-	139,905,587	2,224
2021-22	-	-	5,911,660	23,245,000	104,872,900	-	134,029,560	2,156

Source: City Financial Statements

**City of Montebello**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(Dollar amounts in thousands, except per capita)

Fiscal Year	Outstanding General Bonded Debt							Percent of Assessed Value(1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Revenue	Sales Tax Revenue	Pension Obligation	Unamortized Bond Discount/Premium	Total		
2012-13	\$ 17,448	-	\$ 14,800	\$ -	\$ -	\$ (97)	\$ 32,151	0.65%	\$ 511
2013-14	16,503	-	14,370	-	-	(88)	30,785	0.62%	486
2014-15	-	-	25,728	-	-	2,035	27,763	0.54%	405
2015-16	-	-	24,738	-	-	1891	26,629	0.50%	417
2016-17	-	-	78,172	-	-	795	78,967	1.43%	1,235
2017-18	-	-	10,410	-	-	923	11,333	0.20%	176
2018-19	-	-	9,356	-	-	82	9,438	0.16%	151
2019-20	-	-	8,262	24,945	112,507	4,071	149,784	2.34%	2,357
2020-21	-	-	7,112	24,115	108,679	3,787	143,693	2.14%	2,284
2021-22	-	-	5,912	23,245	104,873	3,504	137,534	1.95%	2,212

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: City Finance Department

## City of Montebello Direct and Overlapping Debt

**2021-22 Assessed Valuation: \$7,054,531,080**

	Total Outstanding Debt 6/30/22	Percentage Applicable (1)	City's Share of Overlapping Debt 6/30/22
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	\$ 20,175,000	0.208%	\$ 41,964
Los Angeles Community College District	4,146,515,000	0.705%	29,232,931
El Rancho Unified School District	99,377,736	0.004%	3,975
Los Angeles Unified School District	10,770,060,000	0.001%	107,701
Montebello Unified School District	155,962,323	36.14%	56,369,462
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DE			<u>\$ 85,756,034</u>
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005 Series J (2010) Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside for Repayment			<u>\$ 2,253</u>
<b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u>\$ 85,753,781</u>
 <b><u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u></b>			
Los Angeles County General Fund Obligation	\$ 2,698,357,105	0.398%	\$ 10,739,461
Los Angeles County Superintendent of Schools Certificates of Participation	3,972,227	0.398%	15,809
Los Angeles County Sanitation District No. 2 Authority	1,517,904	9.085%	137,902
Los Angeles County Sanitation District No. 15 Authority	1,553,760	0.702%	10,907
Los Angeles Unified School District Certificates of Participation	120,710,000	0.001%	1,207
Montebello Unified School District Certificates of Participation	5,295,000	36.143%	1,913,772
<b>City of Montebello General Fund Obligation</b>	<b>29,156,660</b>	<b>100.000%</b>	<b>29,156,660</b>
<b>City of Montebello Capital Lease Obligations</b>	<b>783,656</b>	<b>100.000%</b>	<b>783,656</b>
<b>City of Montebello Pension Obligation Bonds</b>	<b>104,872,900</b>	<b>100.000%</b>	<b>104,872,900</b>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FU			<u>147,632,275</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 13,668,389	100%	<u>\$ 13,668,389 (2)</u>
<b>TOTAL DIRECT DEBT</b>			<u>\$ 134,813,216</u>
<b>TOTAL NET OVERLAPPING DEBT</b>			<u>\$ 112,241,227</u>
 <b>NET COMBINED TOTAL DEBT</b>			 <b>\$ 247,054,443</b>

1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

2) Excludes accreted value

Ratios to 2021-22 Assessed Valuation:

Total Net Overlapping Tax and Assessment Debt	1.22%
<b>Total Net Direct Debt</b>	1.91%
Net Combined Total Debt	3.50%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$ 2,259,537,762):

Total Overlapping Tax Increment Debt	0.88%	0.60%
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Source: Avenu Insights & Analytics

California Municipal Statistics, Inc.

**City of Montebello**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
Assessed valuation	\$19,404,069,772	\$19,864,600,740	\$20,609,967,972	\$21,223,501,036	\$22,103,394,800
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	4,851,017,443	4,966,150,185	5,152,491,993	5,305,875,259	5,525,848,700
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	727,652,616	744,922,528	772,873,799	795,881,289	828,877,305
Legal debt margin	<u>727,652,616</u>	<u>744,922,528</u>	<u>772,873,799</u>	<u>795,881,289</u>	<u>828,877,305</u>

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
Assessed valuation	22,840,364,556	24,213,713,652	25,572,386,248	26,854,163,688	28,218,124,320
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	5,710,091,139	6,053,428,413	6,393,096,562	6,713,540,922	7,054,531,080
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	856,513,671	908,014,262	958,964,484	1,007,031,138	1,058,179,662
Legal debt margin	<u>\$ 856,513,671</u>	<u>\$ 908,014,262</u>	<u>\$ 958,964,484</u>	<u>\$ 1,007,031,138</u>	<u>\$ 1,058,179,662</u>

*The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed. However, this provision was enacted when assessed valuation was based upon 25% of market value.*

*Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.*

Source: Los Angeles County Assessor and HdL, Coren & Cone

**City of Montebello**  
**Pledged-Revenue Bond Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Golf Revenue Bonds						
	Gross Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2012-13	\$ 2,389,101	\$ (2,826,082)	\$ (436,981)	\$ 201,420	\$ 200,594	\$ 402,014	-108.70%
2013-14	2,385,213	(2,748,196)	(362,983)	209,960	175,667	385,627	-94.13%
2014-15	2,312,095	(2,992,640)	(680,545)	256,420	67,650	324,070	-210.00%
2015-16	2,294,518	(2,753,607)	(459,089)	225,240	134,526	359,766	-127.61%
2016-17	2,091,410	(2,535,564)	(444,154)	233,500	116,281	349,781	-126.98%
2017-18	2,194,976	(3,103,858)	(908,882)	257,660	110,341	368,001	-246.98%
2018-19	2,219,791	(2,711,992)	(492,201)	276,820	102,463	379,283	-129.77%
2019-20	2,051,607	(2,383,223)	(331,615)	285,360	92,742	378,102	-87.71%
2020-21	2,964,027	(2,779,657)	184,370	300,080	82,176	382,256	48.23%
2021-22	2,945,484	(2,663,662)	281,822	309,800	70,776	380,576	74.05%

Source: City Finance Department

**City of Montebello**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

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Calendar Year	Population	Personal Income (in millions)	Per Capita Personal Income	Unemployment Rate
2012-13	63,184	1,328	21,013	10.40%
2013-14	63,527	1,288	20,269	8.50%
2014-15	63,555	1,321	20,783	7.10%
2015-16	63,924	1,329	20,784	5.70%
2016-17	63,917	1,323	20,693	4.50%
2017-18	64,327	1,346	20,916	4.30%
2018-19	64,247	1,415	22,027	5.00%
2019-20	63,544	1,455	22,895	4.80%
2020-21	62,914	1,771	28,143	13.93%
2021-22	62,180	2,010	32,326	4.30%

Source: HdL, Coren & Cone

**City of Montebello  
Principal Employers  
Current Fiscal Year and Nine Years Ago**

Employer	2021-22		2012-13	
	Employees	Percent of Total Employment *	Employees	Percent of Total Employment *
Montebello Unified School District*	1,407	4.99%		
Beverly Hospital	961	3.41%		
City of Montebello	482	1.71%		
Bimbo Bakery	315	1.12%		
Macy's Department Store	308	1.09%		
Rio Hondo Convalescent Hospital	218	0.77%		
JCPenney Department Store	215	0.76%	343	3.80%
Monarch Litho Inc.	171	0.61%	199	2.20%
Wilbur Curtis CO	149	0.53%	265	2.93%
R+L Carriers	153	0.54%		
Katzkin Leather, Inc			400	4.43%
Costco Wholesale			237	2.62%
Forever 21			155	1.72%
B J's Restaurant & Brewhouse			145	1.61%
All Access Apparel Corp.			131	1.45%
Lifeline Ambulance			130	1.44%
Minson Corporation			120	1.33%
Total 10 Top Employers	<u>4,379</u>	<u>15.53%</u>	<u>2,125</u>	<u>23.53%</u>
Total City Employment (1)	<u>28,200</u>		<u>9,030</u>	

Source: MuniServices, LLC / Avenu Insights & Analytics  
Results based on direct correspondence with city's local businesses.  
(1) Total City Labor Force provided by EDD Labor Force Data.  
\*Includes ONLY schools within Montebello city limits.  
\*\* Costco now located in the City of Monterey Park, since 2018.

**City of Montebello**  
**Full-Time Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year				
	2012-13**	2013-14**	2014-15	2015-16	2016-17
General Government			24	23	23
Public Safety			157	151	162
Public Works			12	13	13
Parks and Recreation			35	33	33
Community Development			14	12	11
Transit			159	155	154
Totals			401	387	396

Function	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
General Government	18	24	37	38	43
Public Safety	142	153	163	168	175
Public Works	12	11	13	13	23
Parks and Recreation	28	30	29	22	21
Community Development	9	9	11	16	21
Transit	169	164	165	174	199
Totals	378	391	418	431	482

Source: City Finance Department

\*\*Reliable data is unavailable

**City of Montebello**  
**Operating Indicators by Function**  
**Last Ten Calendar Years**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Police:</b>										
Arrests	2,093	1,896	1,642	2,005	2,037	1,648	1,466	1,360	1,179	1,347
Traffic violations	2,773	2,682	2,505	1,418	2,191	2,096	2,446	2,864	4,029	5,894
Parking violations	20,448	18,950	16,446	16,767	17,507	17,346	15,037	13,617	8,950	10,783
<b>Fire:</b>										
Number of calls answered	4,800	5,100	5,686	6,051	6,494	6,661	6,509	6,071	6,010	6,724
Inspections conducted	625	988	1,248	1,094	809	1,271	1,237	900	155	875
<b>Public Works:</b>										
Street resurfacing (miles)	0.51	2.28	1.42	5.96	0.47	3.20	0.76	1.03	0.16	2.61
Sidewalk repairs (sq ft)	11,100	35,435	29,632	7,942	3,600	15,042	12,580	11,793	22,118	9,858
Potholes repaired	3,325	3,876	3,774	4,009	7,163	7,317	7,315	8,943	5,232	
Storm drains cleaned	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Parks and Recreation:</b>										
Number of recreation classes	137	153	160	192	214	268	284	214	10	226
Number of facility rentals	708	2,156	3,180	3,438	3,428	3,589	3,589	3,437	0	1,083

Source: City Finance Department

**City of Montebello**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
<b>Police:</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
<b>Fire:</b>										
Fire Stations	3	3	3	3	3	3	3	3	3	3
<b>Public Works:</b>										
Street (miles)	125	125	125	125	125	125	125	125	125	125
Street Lights	3,682	3,682	3,682	3,682	3,683	4,718	4,725	4,725	4,725	4,725
Traffic Signals	81	81	81	79	79	79	80	80	80	80
<b>Parks and Recreation:</b>										
Parks	7	7	7	7	7	7	7	12*	12*	12*
Community Centers	-	4	4	3	3	3	3	6**	6**	6**

Source: City Finance Department

\*Includes "mini parks" which were not counted in previous years

\*\*Includes Grant Rea Recreation Center and Holifield Community Center which were not counted in previous years and Recreation Main Office which closed in 2015 and reopened in 2020

INFORMATION PROVIDED BY DEPARTMENTS

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