

CITY OF MONTEBELLO, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**WITH INDEPENDENT
AUDITORS' REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

CITY OF MONTEBELLO
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



City of Montebello

April 7, 2011

Honorable Mayor, Members of the City Council
City of Montebello

The Comprehensive Annual Financial Report (CAFR) of the City of Montebello (City) for the fiscal year ended June 30, 2010 is submitted as prepared by the City's Finance Department. The report is published to provide to our citizens, the City Council, and the investment community detailed information about the financial condition and operating results of the City as measured by the financial activity of its various funds.

The CAFR is presented in three (3) sections: the **Introductory Section**, the **Financial Section**, and the **Statistical Section**. The *Introductory Section* contains a table of contents, this letter of transmittal, a list of elected officials, and an organization chart. The *Financial Section* contains our independent auditors', Eadie and Payne LLP, opinion letter, the general purpose financial statements, and the relevant supplemental financial statements and schedules for 2009-10. The *Statistical Section* presents historical, financial, analytical, economic, and demographic information, which may be useful for further analysis and comparisons.

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 CAFR 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 Management's Discussion and Analysis (MD&A). 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 CAFR.

GENERAL INFORMATION AND ECONOMIC OUTLOOK

The City of Montebello was incorporated on October 16, 1920, and conducts its operations as a general law, Council/Administrator City. The City is governed by a Council of five members elected at large and serve for staggered four-year terms. The City Clerk and City Treasurer are also elected to four-year terms. The City Mayor, Mayor Pro Tem, City Administrator, and City Attorney are appointed by the Council.

GENERAL INFORMATION AND ECONOMIC OUTLOOK (CONTINUED)

Montebello is located nine miles east of the Los Angeles Civic Center and has access to three freeways - the Santa Ana Freeway to the south, the Pomona Freeway to the north, and the San Gabriel River Freeway to the east. The City has a population of approximately 66,000 living in an area of 8.2 square miles. The City is a balanced community with light industry, residential areas, and commercial centers.

According to the 2010 estimate of the California Department of Finance, the City's population showed an increase of 0.55 percent over last year. The 2009-10 assessed valuation of \$4.6 billion represents a decrease of 1.3 percent over last year. Increases during the past five years have averaged 6.6 percent. The Consumer Price Index for the Los Angeles-Riverside-Orange County area of which Montebello is a part of, increased 0.9 percent over 2008-09. Sales Tax revenue of \$8.4 million for 2009-10 reflects a decrease of 19.1 percent when compared to 2008-09; this represents the third straight year where sales tax revenue has decreased from the preceding year. Sales tax revenues during the past five years have decreased an average of 4.8 percent per year.

Sales tax is a major revenue source for the City and is broad based with a major shopping mall anchored by Macy's and Penney's, another shopping center anchored by Sears and Costco, a large petroleum company, a major paper products distributor, and two auto agencies. While sales tax provides a solid revenue source, the economic downturn has had an impact on the amount of sales tax revenue collected by the City, even though Montebello historically has had the ability to attract strong sales tax producers to the City.

REDEVELOPMENT AGENCY

Capital Asset and Debt Administration

In the South Montebello Industrial Redevelopment Project Area (SMIRP), the Montebello Redevelopment Agency (Agency) continues to pursue economic development strategies that concentrate in job creation. Some of the activities pursued within the area include the US-EPA Brownfield Pilot Grant and DTSE Target Site Investigation Grant to assess need remediation. The City's Brownfield program is intended to improve quality of life, property values, which result in greater property tax revenues, and land uses, which are highest and best used without limitation by contamination. Additionally, the Agency continues to seek opportunities for development projects along Telegraph Road and Slauson Avenue, and throughout the SMIRP. The Agency is also exploring options to bring a Holiday Inn Express to the City. This project is still in the planning and design stage and various funding sources are being considered.

The Montebello Economic Revitalization Project Area (MERP) continues to maintain a high level of activity. Chief amongst the activities is publication of the Whittier Boulevard Corridor Development Code to facilitate mixed-use development, including urban housing and transit-oriented development, in the City's downtown corridor. The Agency has also implemented a streetscape program on Whittier Boulevard that includes sidewalks, landscape, and irrigation improvements, the installation of street furniture such as bicycle racks, tree grates and guards, pavers, and exterior lighting on Whittier Boulevard between 4th Street and the easterly City limits. Other activities within the MERP include request for proposals to develop Agency property at 701-705 West Whittier Boulevard with a desirable restaurant tenant, and explore development opportunities on Whittier Boulevard at 5th and 6th Streets and at 18th and 19th Streets. These activities are strategically implemented to eliminate blight, enhance quality of life, and generate greater property tax and sales tax revenues for the State, City, and Agency.

REDEVELOPMENT AGENCY (CONTINUED)

Capital Asset and Debt Administration (Continued)

The City's Montebello Hills Redevelopment Project Area (MHRP) has historically yielded the greatest tax increment revenues for the Agency and sales tax revenues for the State and City. The City is in the midst of reviewing the Draft Montebello Hills Specific Plan and the corresponding Draft Environmental Impact Report for the Montebello Hills Specific Plan as well as corresponding public comments. The Montebello Hills Specific Plan proposes to develop 1,200 housing units and several acres of open space in the MHRP and would generate property tax and sales tax revenues. The Agency also continues to seek opportunities to enhance the regional shopping center in the MHRP and is currently working with the City and Costco to pursue the construction of a gas station on the Costco site to generate revenue for Costco and additional tax revenues for the State and the City.

FINANCIAL INFORMATION

THE FINANCIAL REPORTING ENTITY

This report includes all funds and account groups of the City, including the Agency, Montebello Public Improvement Corporation, and Montebello Public Financing Authority.

The City provides a full range of municipal services including police and fire protection, street maintenance, planning and development, parks and recreation services, and general administration. Montebello also operated its golf course, transportation system, detention facility, water services, and the Hilton Garden Hotel as enterprise funds. Enterprise funds are financed from user fees and subsidies from other governmental agencies.

ACCOUNTING SYSTEM

The modified accrual basis of accounting is followed for government fund types and the accrual basis of accounting is followed for proprietary fund types.

In developing and changing 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 recognized 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 judgments by management.

All internal control evaluations occur within the above framework.

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 embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds are included in the annual approved budget.

Budgetary control is maintained at a functional level by division within the department through the use of object level accounting appropriations. Actual expenditures are compared to these appropriations. When purchase orders, contracts, and other commitments are approved, appropriations are encumbered. Encumbrances and expenditures, which would cause an overrun of appropriations, require an approved budget transfer. Encumbrances at year-end are reported as reservations of fund balance.

A three-year capital plan is included in the City's published budget with each improvement monitored on a project-by-project basis. Capital projects are further appropriated annually.

Encumbrances and expenditures, which would cause an annual project appropriation overrun, require an approved budget transfer. Encumbrances at year-end are reported as reservations of fund balance.

In 1979, Proposition 4, the "Gann Initiative" was passed. This measure, which was intended to control government spending, established a limit calculated on a fiscal year 1978-1979 base year amount adjusted each succeeding year by the Consumer Price Index and population changes. In 1989-90, Proposition 111 was passed, which changed the base year to 1987-88 and allowed cities to adjust their limit annually by either the change in the California per-capita income or the percentage change in growth in total assessed valuation due to nonresidential construction. For population changes, cities now have the option of using either the percentage increase of the City or the percent increase of the entire county. The law also allows for the exclusion from the limit of "qualified capital outlay," which includes any appropriation for fixed assets costing over \$100,000. The limit has increased steadily from its base of \$7.5 million to \$44.8 million.

PENSION PLAN

The City of Montebello is covered under the Public Employee Retirement System (PERS), which is administered by the State. Nonsafety employees are also covered under the PERS, which is administered by the Social Security System. The City's share of contributions to the pension plans for all employees are covered by a voter approval levy.

DEBT ADMINISTRATION

At June 30, 2010, the City had general long-term debt amounting to \$125.9 million, which is detailed in the Notes to the Basic Financial Statements. This includes \$67.0 million for tax allocation bonds, \$25.5 million for Certificates of Participation, \$15.1 million for Revenue Bonds, \$12.3 million for notes payable, \$2.2 million for other post-employment benefit obligation, and \$3.8 million for the noncurrent portion of accumulative vacation and sick leave. The City has no general obligation debt.

CASH AND INVESTMENT MANAGEMENT

The City has an investment policy, which is submitted to the City Council annually for approval. Investment objectives in order of priority are safety, liquidity, and yield.

The City invests its pooled funds and Redevelopment Agency funds, except for bond funds, debt service reserves, and deferred employee compensation, which are maintained by appointed fiscal agents. The City directs its bond fund and debt service fund investments.

Investment yield for the City and the Redevelopment Agency was 2.0 and 2.2 percent respectively. It is the City's policy to maintain a diversified investment portfolio.

City and Redevelopment Agency investment portfolios at June 30, 2010 are shown in the following schedule:

	<u>City</u>	<u>Redevelopment Agency</u>
Savings Account	\$ 23,415	\$ 23,431
Money Market Fund	1,365,926	3,443,733
Treasury Bills/Federal Agency Issues	-	8,997,574
Certificates of Deposit	600,000	1,350,000
State Treasurer's Investment Pool	-	16,783,660
	<u>\$1,989,341</u>	<u>\$30,598,398</u>

RISK MANAGEMENT

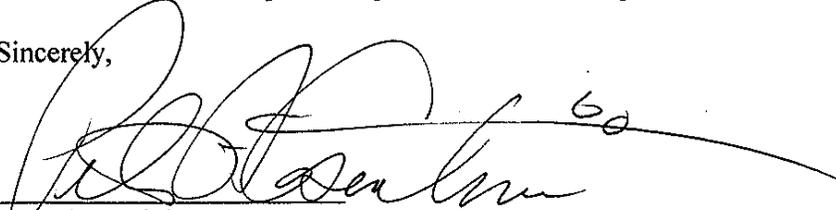
The City of Montebello has established a Self-Insurance Fund for the payment of workers' compensation and liability claims. The City annually contracts with an independent actuary to determine required funding for the City's self-insurance program. The City finances the fund through user charges based on the results of the actuarial studies. In addition, the City uses a variety of risk control techniques including, but not limited to, employee accident prevention training.

OTHER INFORMATION

The City requires that its financial statements be audited by a Certified Public Accountant selected by the City Council. This requirement has been satisfied, and the auditors' opinion is included in the financial section of this report.

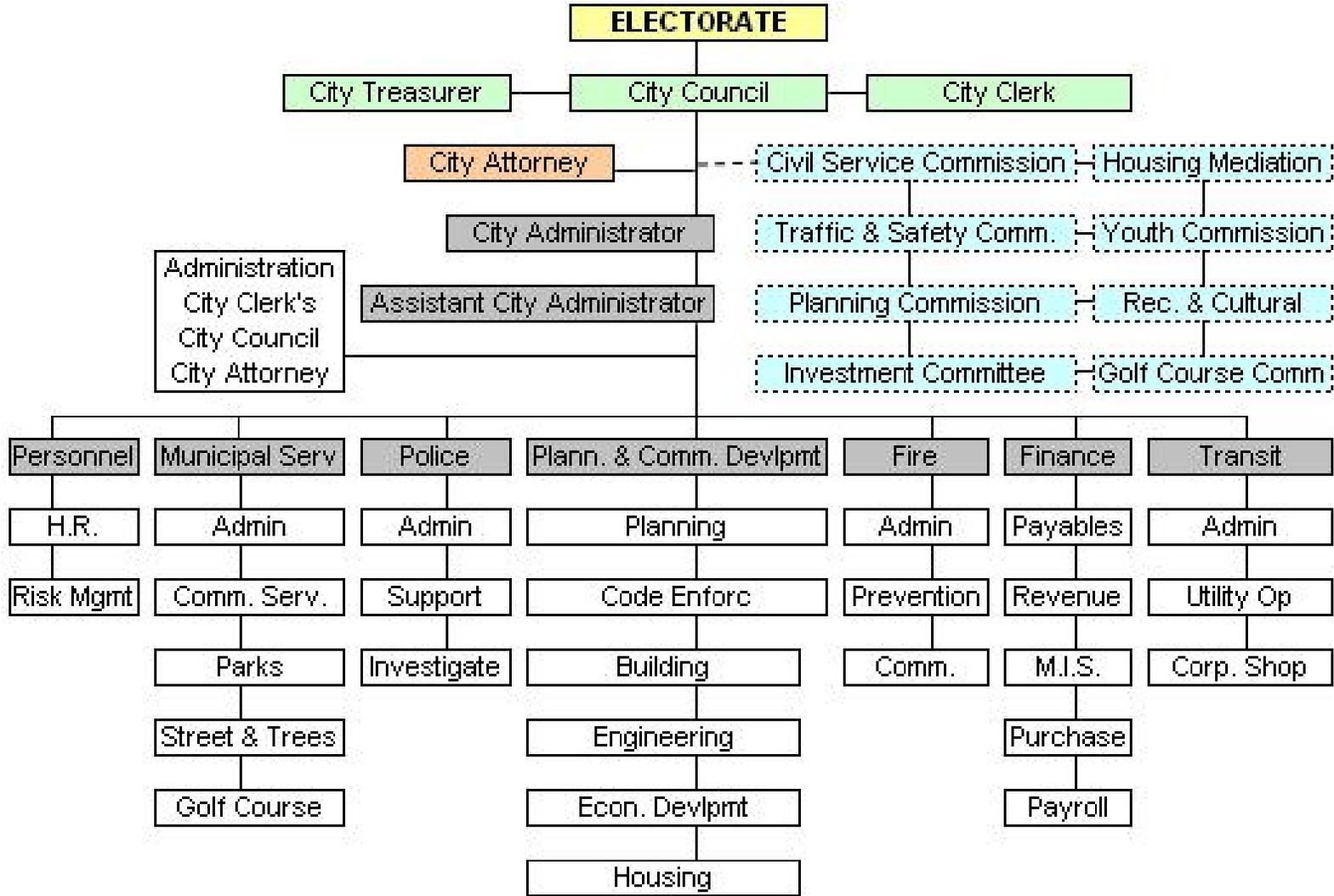
In addition, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." This requirement has also been satisfied.

Sincerely,



Peter Cosentini
Interim City Administrator

**City of Montebello
Table of Organization**



CITY OF MONTEBELLO
Officials of the City of Montebello
June 30, 2010

City Council

William M. Molinari
Art Barajas
Frank A. Gomez
Alberto Perez
Christina Cortez

Elected Officials

City Clerk
City Treasurer

Robert J. King
Norma M. Lopez

Administration and Department Heads

Interim City Administrator
Interim Police Chief
Interim Fire Chief
Interim Director of Personnel/Risk Management
Interim Finance Director
Director of Planning and Community Development
Director of Transportation
Director of Municipal Services
City Engineer

Randy E. Narramore
Gregory Wilsey
James Ballard
Kevin Boylan
Chickwan Tam
Michael Huntley
Aurora Jackson
Norma Salinas
Tom Melendrez

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Montebello
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

EDEN C. CASARENO, C.P.A.
DEBORAH L. CROWLEY, C.P.A.
TODD C. LANDRY, C.P.A.



ADRIENNE J. LINDGREN, C.P.A.
JOHN F. PRENTICE, C.P.A.
DAVID M. THAYER, C.P.A.
FRANK M. ZABALETA, C.P.A.

*Certified Public Accountants
and
Business Advisors*

INDEPENDENT AUDITORS' REPORT

The Honorable City Council
of the City of Montebello
Montebello, California

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 (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montebello, California, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2011 on our consideration of the City of Montebello, California's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress and the budgetary comparison information on pages 3 through 17 and pages 96 through 100 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis and the schedules of funding progress, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montebello, California's basic financial statements. The introductory section, other supplemental information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

April 7, 2011

Eadie and Payne LLP

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

As management of the City of Montebello, California (the City), we offer readers of the City of Montebello's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

Financial Highlights

- The assets of the City exceeded its liabilities, at June 30, 2010, by \$76.8 million (net assets) and the government's total net assets increased by \$9.0 million during the fiscal year ended June 30, 2010.
- As of June 30, 2010, the City's governmental funds reported combined ending fund balances of \$54.5 million, a decrease of \$10.1 million in comparison with the prior year. Approximately 32.5% of this total amount, \$17.7 million, is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, the General Fund had an unreserved fund balance deficit of \$6.9 million and the general fund reserve (Capital Improvement Capital Projects Fund) had an unreserved fund balance deficit of \$1.2 million.
- The City's total long-term liabilities decreased by \$1.9 million during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2010

Government-wide Financial Statements (Continued)

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 present information about the functions of the City that is principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City and the Montebello Redevelopment Agency (Agency), a blended component unit, include general government, public safety, public works, parks, recreation and culture, and housing and community development. Business-type activities of the City include the water, golf course, transportation, hotel, and detention operations.

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

Fund Financial Statements

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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.

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*.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Fund Financial Statements (Continued)

Governmental funds (Continued). 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 Montebello Redevelopment Agency Debt Service, the Capital Improvements Capital Projects Fund, and the Montebello Redevelopment Agency Capital Projects 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.

The City adopts an annual appropriated budget for its major funds. The financial statements include a budgetary comparison schedule for the General Fund. The budgetary comparison schedule 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 outside customers or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial 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 the water and transportation systems and the Montebello Hilton, golf course, and detention facilities.
- **Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its liabilities, workers' compensation, and vehicle maintenance and replacement. 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.

The proprietary fund financial statements can be found immediately following the governmental funds financial statements.

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.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2010

Notes to the Basic Financial Statements

The notes to the basic 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 basic fiduciary fund financial statements.

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 required supplementary information.

The *blended component units* referred to earlier in connection with the government-wide financial statements, although legally separate, function at the discretion and direction of the City's management. Their financial position and results of operations, therefore, have been included as an integral part of the primary government, and are presented in the fund financial statements.

Government-wide Financial Analysis

The government wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion of the City's net assets of \$76.8 million reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; 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.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Government-wide Financial Analysis (Continued)

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009 Restated	2010	2009	2010	2009 Restated
Assets:						
Current and other assets	\$ 77,025	\$ 89,243	\$ 4,794	\$ 6,579	\$ 81,819	\$ 95,822
Capital assets	<u>97,382</u>	<u>90,011</u>	<u>55,763</u>	<u>42,543</u>	<u>153,145</u>	<u>132,554</u>
Total assets	<u>174,407</u>	<u>179,254</u>	<u>60,557</u>	<u>49,122</u>	<u>234,964</u>	<u>228,376</u>
Liabilities:						
Long-term liabilities	120,020	121,783	5,869	6,017	125,889	127,800
Other liabilities	<u>24,857</u>	<u>25,862</u>	<u>7,426</u>	<u>6,881</u>	<u>32,283</u>	<u>32,743</u>
Total liabilities	<u>144,877</u>	<u>147,645</u>	<u>13,295</u>	<u>12,898</u>	<u>158,172</u>	<u>160,543</u>
Net Assets:						
Invested in capital assets, net of related debt	51,378	36,594	50,781	37,694	102,159	74,288
Restricted	24,305	63,061	-	-	24,305	63,061
Unrestricted	<u>(46,153)</u>	<u>(68,046)</u>	<u>(3,519)</u>	<u>(1,470)</u>	<u>(49,672)</u>	<u>(69,516)</u>
Total net assets	<u>\$ 29,530</u>	<u>\$ 31,609</u>	<u>\$ 47,262</u>	<u>\$ 36,224</u>	<u>\$ 76,792</u>	<u>\$ 67,833</u>

Net assets of the City increased 13.2% from \$67.8 million last year to \$76.8 million this year. Of the total net assets, \$102.1 million is invested in capital assets such as equipment, buildings, and infrastructure. Of the remaining total, \$24.3 million is restricted to specifically stipulated spending agreements originated by law, contract, or other agreements with external parties.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Government-wide Financial Analysis (Continued)

City of Montebello
Summary of Changes in Net Assets
For the Year Ended June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 12,157	\$ 12,064	\$ 14,126	\$ 14,651	\$ 26,283	\$ 26,715
Operating grants and contributions	9,830	7,256	15,488	17,244	25,318	24,500
Capital grants and contributions	-	-	16,254	9,579	16,254	9,579
General revenues:						
Sales taxes	8,049	10,509			8,049	10,509
Property taxes	26,992	26,981			26,992	26,981
Other taxes	6,750	6,612			6,750	6,612
Other revenues	1,874	3,264			1,874	3,264
Investment earnings	342	2,672	-	74	342	2,746
Total Revenues	<u>65,994</u>	<u>69,358</u>	<u>45,868</u>	<u>41,548</u>	<u>111,862</u>	<u>110,906</u>
Expenses						
General government	5,182	10,840			5,182	10,840
Public safety	34,441	33,132			34,441	33,132
Public works	5,384	5,099			5,384	5,099
Parks, culture, and recreation	6,194	4,995			6,194	4,995
Housing and community development	12,480	12,761			12,480	12,761
Transit			24,752	25,774	24,752	25,774
Golf course			3,065	3,404	3,065	3,404
Montebello Hilton			3,509	3,522	3,509	3,522
Water utility			1,630	1,439	1,630	1,439
Detention facility			495	457	495	457
Interest on long-term debt	5,072	5,837			5,072	5,837
Unallocated infrastructure depreciation	698	659	-	-	698	659
Total Expenses	<u>69,451</u>	<u>73,323</u>	<u>33,451</u>	<u>34,596</u>	<u>102,902</u>	<u>107,919</u>
Change in net assets before transfers	(3,457)	(3,965)	12,417	6,952	8,960	2,987
Transfers	<u>1,378</u>	<u>772</u>	<u>(1,379)</u>	<u>(772)</u>	<u>(1)</u>	<u>-</u>
Change in net assets	(2,079)	(3,193)	11,038	6,180	8,959	2,987
Net assets - Beginning of Year	<u>31,609</u>	<u>34,802</u>	<u>36,224</u>	<u>30,044</u>	<u>67,833</u>	<u>64,846</u>
Net assets - End of Year	<u>\$ 29,530</u>	<u>\$ 31,609</u>	<u>\$ 47,262</u>	<u>\$ 36,224</u>	<u>\$ 76,792</u>	<u>\$ 67,833</u>

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2010

Government-wide Financial Analysis (Continued)

The following items impacted City-wide revenues for the fiscal year ended June 30, 2010:

- Program revenues for charges for services and operating and capital grants and contributions accounted for 100% of total business-type activities revenues, as a result of amounts received for the operating revenues from Transit, Montebello Hilton and Golf Course Enterprise Funds.
- Property taxes accounted for 40.9% of total governmental revenues. Sales tax accounted for 12.2% of total governmental revenues.

Overall, increases in related expenditures reflected inflation effects and growth in the demand for services. The three highest expense categories are public safety expenses, which accounted for 33.5% of the total expenses; Transit Fund expenses, which were 24.1% of total expenses; and housing and community expenses, which accounted for 12.1% of total expenses.

Governmental Activities

Governmental activities decreased the City's net assets by \$2.1 million. Key factors of this change in governmental activities include the following based on the governmental-wide Statement of Activities.

- Property tax revenues increased approximately \$11,000 or 0.04%. A 1.9% increase in Redevelopment Project Area tax increments was offset by a 1.5% decrease in General and Other Governmental Funds.
- Sales taxes decreased \$2.5 million or 23.4% as economic conditions continued to cause a dramatic decline in taxable sales activity.
- Investment earnings were down \$2.3 million or 87.2% as a result of less cash available to invest as well as a 24% decrease in interest rates.
- Operating grants and contributions decreased by \$2.6 million or 35.5%. Other revenue decreased by \$1.4 million or 42.6%.
- Governmental activities expenses decreased by \$3.9 million as the \$5.7 million reduction in general government expenses were offset by the rising costs in public safety (by \$1.3 million or 4.0%) as well as increases in parks, culture, and recreation expenses (by \$1.2 million or 24%).

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2010

Government-wide Financial Analysis (Continued)

Business-type Activities

Business-type activities increased the City of Montebello's net assets by \$11.0 million. The City's Transit System is the largest business-type operation, followed by the Montebello Hilton and the Golf Course Facilities.

Approximately 28.4% of Transit Fund financing for operations is generated from bus fares and special contracts, with the remaining 71.6% coming from State and federal subsidies. The total fiscal year operating revenues decreased \$2.0 million or 8.4% from last year as a result of less general ridership. The Transit Fund operating expenses show a decrease from \$25.5 million to \$24.8 million, down \$0.7 million or 3.0%.

The Golf Course has shown a decrease in net assets of \$0.8 million compared to a decrease in net assets of \$0.9 million for the same period last year. Revenues were down \$270,000 primarily due to decreases in revenues for rents and concessions and other revenues. Expenses, including depreciation expense, which is included in enterprise funds' operating expenses, showed a decrease of \$339,000 as costs for contract services, materials and supplies, and utility expenses all were reduced. Labor and fringe benefits remained the same as last year.

The Montebello Hilton reflected net income before transfers of capital for debt service of \$337,000 for the fiscal year compared to net income of \$470,000 for the same period last year. Operating revenues decreased by \$150,000. Expenses remained essentially the same in all expense categories over the same period last year.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, the unreserved 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 the end of the current fiscal year, the City's governmental funds reported total combined ending fund balances of \$54.5 million, a decrease of \$10.1 million in comparison with the prior year. Approximately 32.5% of this total amount constitutes *unreserved fund balance*, which is available for spending at the City's direction. The remainder of the fund balance, \$36.8 million, is reserved to indicate that it is not available for new spending, because it has already been committed to: 1) liquidate contracts and purchase orders of the prior period of \$1.5 million; 2) pay debt service of \$20.9 million; 3) reserve for long-term notes receivable of \$4.2 million; 4) for a variety of other restricted purposes of \$8.2 million; or 5) advances to other funds of \$2.0 million.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued). The General Fund is the City's main operating fund. In 2009-2010, the General Fund ended the year with a deficit of \$6.7 million, compared to no fund balance in 2008-2009. It was the City's policy prior to 2009-2010 to end the year with zero General Fund fund balance. In order to accomplish this, the City's General Fund reserve, if any, was transferred into the Capital Improvement Fund. The 2008-2009 General Fund deficit of \$2.9 million was transferred to the Capital Improvement Fund at June 30, 2009. For fiscal year ended June 30, 2010, General Fund activities were reflected in the General Fund and not transferred out into the Capital Improvement Fund. Factors which contributed to this were a \$2.4 million or 7.1% decrease in revenues after offsetting prior-year interfund revenue of \$3.2 million from revenues against general government expenses. General Fund expenditures increased \$.4 million or 0.8%.

City of Montebello
General Fund
For the Years Ended June 30,
(in thousands)

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Operating revenues	\$ 31,535	\$ 33,935	-7.1%
Operating expenditures	<u>46,944</u>	<u>46,577</u>	0.8%
Excess of revenues over (under) expenditures	(15,409)	(12,642)	21.9%
Net operating transfers and other	<u>8,727</u>	<u>9,681</u>	-9.9%
Surplus (deficit)	(6,682)	(2,961)	125.7%
Transfer from reserve	-	2,961	-100.0%
Beginning fund balance	<u>-</u>	<u>-</u>	0%
Ending fund balance	<u>\$ (6,682)</u>	<u>\$ -</u>	

The Montebello Redevelopment Agency Debt Service Fund has a total fund balance of \$13.9 million, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year was \$7.7 million. This decrease was due to additional transfers of funds to cover \$12.7 million of capital projects within the Agency's Capital Projects Fund.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Financial Analysis of the Government's Funds (Continued)

Governmental funds (Continued). The Capital Improvements Capital Projects Fund has a total negative fund balance of \$697,000, of which \$467,000 is reserved for investment in land held for resale and to liquidate contracts and purchase orders. This amount represents combined General Fund and Capital Improvement Fund fund balances through June 30, 2009 and fiscal year 2010 Capital Improvement Fund activity. As explained above, \$2.9 million General Fund deficit was transferred to the Capital Improvement Fund during fiscal year 2008-2009. For fiscal year ended June 30, 2010, General Fund activities are reflected in the General Fund and not transferred out into the Capital Improvement Fund. The remaining deficit of \$1.2 million is unreserved. The net increase in fund balance during the current year in the Capital Improvement Capital Projects Fund was \$68,000.

The Redevelopment Agency Capital Projects Fund has a total fund balance of \$36.1 million, of which \$2.0 million is advances to other funds, \$4.2 million is reserved for long-term notes receivable, \$7.9 million for investments in land held for resale, \$1.1 million is reserved to liquidate contracts and purchase orders, and the remaining balance of \$20.9 million is designated for capital projects. The net increase in fund balance during the current year in the Redevelopment Agency Capital Projects Fund was \$4.1 million.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Transit System incurred an operating loss of \$18.6 million, but nonoperating revenues, capital contributions and transfers amounting to \$32.1 million resulted in an increase in net assets of \$13.5 million.

The Golf Course Facilities showed an operating loss of \$305,000. Also, nonoperating items and transfers amounting to \$541,000 resulted in a total loss for the Golf Course System of \$846,000.

The Montebello Hilton reflected an operating income of \$481,000. With nonoperating items and transfers totaling \$1.0 million, the Montebello Hilton reported a net loss of \$744,000.

General Fund Budgetary Highlights

Differences between the General Fund final amended budget and actual operations were \$2.6 million. Material differences between budget and actual are summarized as follows:

- \$1,061,155 less revenue earned than budgeted;
- \$606,000 excess over budget in Police Department expenditures;
- \$460,000 excess over budget in Public Works expenditures; and
- \$354,000 excess over budget in Parks and Recreation expenditures.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental- and business-type activities as of June 30, 2010 amounts to \$153.1 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 15.5%.

The implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 required the City to perform an inventory of its capital assets. The objective of this inventory was to develop cost data that could be used to comply with the infrastructure and capital asset reporting requirements.

The following asset classes were inventoried:

- 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, curbs and gutters, sidewalks, medians, greenways, block walls, and traffic signals;
- Buildings, including buildings, building remodels, building lighting systems, building equipment, and building roofs; and
- Parks, including associated structures and infrastructure assets.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

City of Montebello
Summary of Capital Assets, Net of Depreciation
For the Year Ended June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009				2009	
	2010	Restated	2010	2009	2010	Restated
Land	\$ 8,666	\$ 8,666	\$ 6,306	\$ 6,307	\$ 14,972	\$ 14,973
Rights of way	14,392	14,392			14,392	14,392
Buildings and improvements	43,073	35,959	15,954	16,323	59,027	52,282
Machinery and equipment	11,955	14,008	33,503	19,913	45,458	33,921
Infrastructure	19,296	16,986	-	-	19,296	16,986
Total Net Capital Assets	<u>\$ 97,382</u>	<u>\$ 90,011</u>	<u>\$ 55,763</u>	<u>\$ 42,543</u>	<u>\$ 153,145</u>	<u>\$ 132,554</u>

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

- Additions to equipment acquisitions were \$12.3 million, primarily due to street improvements, the completion of construction of the City-wide communication system, vehicles, telephone equipment, and Strategic Technology Plan hardware and software.
- Major bus replacements in the Transit Department cost \$16.2 million.

Additional information on the City's capital assets can be found in the Note 3 to the basic financial statements section of this report.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Capital Asset and Debt Administration (Continued)

Long-term Debt

At the end of fiscal year 2009-2010, the City had total debt outstanding after eliminations of \$125.9 million. Of this amount, \$67.0 million comprises debt backed by pledged tax revenues and \$58.9 million relates to revenue bond, certificates of participation, note payable, other post-employment benefit obligation, and noncurrent compensated leave. Outstanding debt is summarized below.

City of Montebello
Summary of Long-term Debt
For the Year Ended June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Tax allocation bonds	\$ 67,022	\$ 69,300			\$ 67,022	\$ 69,300
Certificate of participation	20,468	21,671	4,982	\$5,154	25,450	26,825
Revenue bonds, net	15,100	15,278			15,100	15,278
Other post-employment benefit obligation	2,215	1,112			2,215	1,112
Note payable	12,253	10,753			12,253	10,753
Compensated absences	2,962	3,669	887	863	3,849	4,532
Totals	<u>\$120,020</u>	<u>\$121,783</u>	<u>\$5,869</u>	<u>\$6,017</u>	<u>\$125,889</u>	<u>\$127,800</u>

Additional information on the City's long-term debt can be found in the Note 7 to the basic financial statements section of this report.

Economic Factors and Next Year's Budgets and Rates

- Since 1992-1993, the State Legislature has passed legislation to reallocate funds from local government and redevelopment agencies to school districts by shifting a portion of each agency's property tax revenue, net of amount due to other taxing agencies, to school districts for deposit in the Education Revenue Augmentation Fund (ERAF). The City and Montebello Redevelopment Agency lost a combined \$5.5 million in fiscal years 2009 and 2010. The City and Agency will lose a combined \$1.1 million a year in fiscal year 2010-2011.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Economic Factors and Next Year's Budgets and Rates (Continued)

- Inflation in the region for the year ended June 30, 2010 was 0.83% in comparison with the national index of 0.97%.
- Several business development plans are underway in the City of Montebello. This positive trend in the business market should lead to increased property and sales tax revenues to the City in the coming years.

In the South Montebello Industrial Redevelopment Project Area (SMIRP), the City and the Agency continue to pursue economic development strategies that concentrate in job creation. Some of the activities pursued within the area include the US-EPA Brownfield Pilot Grant and DTSE Target Site Investigation Grant to assess need remediation. The City's Brownfield program is intended to improve quality of life; increase property values, which results in greater property tax revenues; and encourage land uses that are the highest and best use without limitation by contamination. Additionally, the Agency continues to seek opportunities for development projects along Telegraph Road and Slauson Avenue, and throughout the SMIRP. The Agency is also exploring options to bring a Holiday Inn Express to the City. This project is still in the planning and design stage and various funding sources are being considered.

The Montebello Economic Revitalization Project Area (MERP) continues to maintain a high level of activity. Chief among its activities is the publication of the Whittier Boulevard Corridor Development Code to facilitate mixed-use development, including urban housing and transit-oriented development, in the City's downtown corridor. The Agency has also implemented a streetscape program on Whittier Boulevard that includes sidewalks, landscape, and irrigation improvements, the installation of street furniture such as bicycle racks, tree grates and guards, pavers, and exterior lighting on Whittier Boulevard between 4th Street and the easterly City limits. Other activities within the MERP include request for proposals to develop property at 701-705 West Whittier Boulevard with a desirable restaurant tenant, and explore development opportunities on Whittier Boulevard at 5th and 6th Streets and at 18th and 19th Streets. These activities are strategically implemented to eliminate blight, enhance quality of life, and generate greater property tax and sales tax revenues.

CITY OF MONTEBELLO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2010

Economic Factors and Next Year's Budgets and Rates (Continued)

The City's Montebello Hills Redevelopment Project Area (MHRP) has historically yielded the greatest tax increment revenues for the Agency and sales tax revenues for the State and City. The City is in the midst of reviewing the Draft Montebello Hills Specific Plan and the corresponding Draft Environmental Impact Report for the Montebello Hills Specific Plan as well as corresponding public comments. The Montebello Hills Specific Plan proposes to develop 1,200 housing units and several acres of open space in the MHRP and would generate property tax and sales tax revenues. The City also continues to seek opportunities to enhance the regional shopping center in the MHRP and is currently working with Costco to pursue the construction of a gas station on the Costco site to generate revenue for Costco and additional tax revenues for the State and the City.

- A constitutional amendment (Proposition 1A), passed by State voters on November 2, 2004, limits the amount the State can reduce revenues to local governments in 2009 and future years.
- Retirement and health benefit costs will continue to increase as the City's PERS rate increases due to actuarial data and investment rate changes.

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 or requests for additional financial information should be addressed to the Finance Department, 1600 W. Beverly Blvd., Montebello, CA 90640.

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CITY OF MONTEBELLO
STATEMENT OF NET ASSETS
June 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and investments (Note 2)	\$ 33,039,293	\$ 1,023,637	\$ 34,062,930
Receivables:			
Interest	1,571,146	-	1,571,146
Accounts	2,923,103	6,384,474	9,307,577
Property tax	1,739,457	-	1,739,457
Notes (Note 5)	12,478,101	-	12,478,101
Property held for resale	8,100,455	-	8,100,455
Inventories	871,375	43,956	915,331
Prepaid items and deposits	1,122	8,485	9,607
Bond issuance cost	1,615,097	-	1,615,097
Internal balances	2,970,000	(2,970,000)	-
Restricted assets (Note 2):			
Cash and investments with fiscal agent	11,715,449	303,140	12,018,589
Capital assets (Note 3):			
Land	8,665,644	6,306,596	14,972,240
Right of way	14,391,776	-	14,391,776
Depreciable buildings and improvements, net	43,073,073	15,953,712	59,026,785
Depreciable machinery and equipment, net	11,955,648	33,503,161	45,458,809
Infrastructure, net	19,296,396	-	19,296,396
TOTAL ASSETS	<u>174,407,135</u>	<u>60,557,161</u>	<u>234,964,296</u>
LIABILITIES:			
Accounts payable and accrued liabilities	3,054,295	6,871,638	9,925,933
Interest payable	1,483,761	-	1,483,761
Deposits payable		35,684	35,684
Unearned revenue	9,990,060	518,450	10,508,510
Claims payable (Note 10)	10,329,125	-	10,329,125
Noncurrent liabilities (Note 7):			
Due within one year	7,521,809	972,560	8,494,369
Due in more than one year	112,498,402	4,896,275	117,394,677
TOTAL LIABILITIES	<u>144,877,452</u>	<u>13,294,607</u>	<u>158,172,059</u>
NET ASSETS:			
Invested in capital assets, net of related debt	51,377,564	50,781,549	102,159,113
Restricted for:			
Community development	4,855,013	-	4,855,013
Debt service	19,450,174	-	19,450,174
Unrestricted	(46,153,068)	(3,518,995)	(49,672,063)
TOTAL NET ASSETS	<u>\$ 29,529,683</u>	<u>\$ 47,262,554</u>	<u>\$ 76,792,237</u>

See independent auditors' report and notes to basic financial statements.

CITY OF MONTEBELLO
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Government activities:				
General government	\$ 5,181,691	\$ 3,854,697	\$ 208,071	-
Public safety	34,440,947	2,741,147	293,709	-
Public works	5,383,610	5,059,588	4,312,630	-
Parks, recreation, and culture	6,194,042	501,801	3,111	-
Housing and community development	12,479,919	-	5,012,173	-
Unallocated infrastructure depreciation	698,249	-	-	-
Interest on long-term debt	<u>5,072,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total government activities	<u>69,450,523</u>	<u>12,157,233</u>	<u>9,829,694</u>	<u>-</u>
Business-type activities:				
Transit	24,752,340	6,156,991	15,487,526	\$ 16,253,784
Golf course	3,064,788	2,537,564	-	-
Hilton	3,509,164	3,846,393	-	-
Water utility	1,630,000	1,412,695	-	-
Detention facility	<u>495,401</u>	<u>172,943</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>33,451,693</u>	<u>14,126,586</u>	<u>15,487,526</u>	<u>16,253,784</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 102,902,216</u>	<u>\$ 26,283,819</u>	<u>\$ 25,317,220</u>	<u>\$ 16,253,784</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Franchise taxes

Sales tax

Transient occupancy tax

Other taxes

Other revenues

Investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net assets - Beginning of year, as restated (Note 15)

Net assets - End of year

See independent auditors' report and notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets
Primary Government

Governmental Activities	Business-type Activities	Total
\$ (1,118,923)	-	\$ (1,118,923)
(31,406,091)	-	(31,406,091)
3,988,608	-	3,988,608
(5,689,130)	-	(5,689,130)
(7,467,746)	-	(7,467,746)
(698,249)	-	(698,249)
<u>(5,072,065)</u>	<u>-</u>	<u>(5,072,065)</u>
<u>(47,463,596)</u>	<u>-</u>	<u>(47,463,596)</u>
	\$ 13,145,961	13,145,961
	- (527,224)	(527,224)
	- 337,229	337,229
	- (217,305)	(217,305)
	- (322,458)	(322,458)
	<u>12,416,203</u>	<u>12,416,203</u>
<u>\$ (47,463,596)</u>	<u>\$ 12,416,203</u>	<u>\$ (35,047,393)</u>
\$ 26,991,825	-	\$ 26,991,825
1,254,753	-	1,254,753
8,048,518	-	8,048,518
243,276	-	243,276
5,252,095	-	5,252,095
1,873,556	-	1,873,556
341,815	-	341,815
<u>1,377,666</u>	\$ (1,377,666)	<u>-</u>
<u>45,383,504</u>	<u>(1,377,666)</u>	<u>44,005,838</u>
<u>(2,080,092)</u>	<u>11,038,537</u>	<u>8,958,445</u>
<u>31,609,775</u>	<u>36,224,017</u>	<u>67,833,792</u>
<u>\$ 29,529,683</u>	<u>\$ 47,262,554</u>	<u>\$ 76,792,237</u>

CITY OF MONTEBELLO
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2010

	<u>General</u>	<u>Debt Service Fund Redevelopment Agency</u>
ASSETS		
Cash and investments (Note 2)	\$ 103,970	\$ 3,072,472
Cash and investments with fiscal agent (Note 2)	-	4,803,582
Investment in bonds (Notes 2 and 4)	-	-
Receivables:		
Interest	581	21,778
Accounts	1,608,318	-
Property taxes	298,706	1,051,155
Notes (Note 5)	-	-
Due from other funds (Note 6)	1,907,036	5,000,000
Advances to other funds (Note 6)	-	-
Inventory	26,395	-
Investment in land held for resale	-	-
	<u> -</u>	<u> -</u>
TOTAL ASSETS	<u>\$ 3,945,006</u>	<u>\$ 13,948,987</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,633,075	-
Due to other funds (Note 6)	8,990,000	-
Deferred revenue	4,079	-
	<u> -</u>	<u> -</u>
TOTAL LIABILITIES	<u>10,627,154</u>	<u> -</u>
FUND BALANCES (DEFICIT):		
Reserved for (Note 13):		
Advances to other funds	-	-
Encumbrances	181,538	-
Inventory	26,395	-
Retirement benefits	-	-
Debt service	-	\$ 13,948,987
Notes receivable	-	-
Investment in land held for resale	-	-
Unreserved, designated reported in:		
Special revenue funds	-	-
Capital projects funds	-	-
Unreserved, undesignated reported in:		
General fund	(6,890,081)	-
Special revenue funds	-	-
Capital projects funds	-	-
	<u> -</u>	<u> -</u>
TOTAL FUND BALANCES (DEFICIT)	<u>(6,682,148)</u>	<u>13,948,987</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,945,006</u>	<u>\$ 13,948,987</u>

See independent auditors' report and notes to basic financial statements.

<u>Capital Projects Funds</u>		<u>Other</u>	<u>Total</u>
<u>Capital</u>	<u>Redevelopment</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Improvements</u>	<u>Agency</u>	<u>Funds</u>	<u>Funds</u>
\$ 72,187	\$ 28,872,292	\$ 792,108	\$ 32,913,029
-	3,651	6,908,216	11,715,449
4,757,015	-	-	4,757,015
-	1,548,787	-	1,571,146
-	23,099	1,063,686	2,695,103
-	110,983	278,613	1,739,457
1,300,000	10,132,367	1,045,734	12,478,101
1,000,000	-	5,430,000	13,337,036
-	2,000,000	-	2,000,000
-	-	-	26,395
247,228	7,853,227	-	8,100,455
<u>\$ 7,376,430</u>	<u>\$ 50,544,406</u>	<u>\$ 15,518,357</u>	<u>\$ 91,333,186</u>
\$ 1,063,563	\$ 103,477	\$ 151	\$ 2,800,266
5,710,000	6,907,037	900,000	22,507,037
<u>1,300,000</u>	<u>7,457,212</u>	<u>2,755,073</u>	<u>11,516,364</u>
<u>8,073,563</u>	<u>14,467,726</u>	<u>3,655,224</u>	<u>36,823,667</u>
-	2,000,000	-	2,000,000
220,156	1,072,557	-	1,474,251
-	-	-	26,395
-	-	23,172	23,172
-	-	6,984,948	20,933,935
-	4,226,459	-	4,226,459
247,228	7,853,227	-	8,100,455
-	-	1,938,666	1,938,666
-	20,924,437	-	20,924,437
-	-	-	(6,890,081)
-	-	2,916,347	2,916,347
<u>(1,164,517)</u>	<u>-</u>	<u>-</u>	<u>(1,164,517)</u>
<u>(697,133)</u>	<u>36,076,680</u>	<u>11,863,133</u>	<u>54,509,519</u>
<u>\$ 7,376,430</u>	<u>\$ 50,544,406</u>	<u>\$ 15,518,357</u>	<u>\$ 91,333,186</u>

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CITY OF MONTEBELLO

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2010

Fund balance - total governmental funds		\$ 54,509,519
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.		97,257,329
Long-term assets are not available as current resources, therefore, are reported as deferred in the governmental funds:		
Accounts receivable		218,000
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds. Bond issuance costs are not current financial resources and are not reported in the governmental funds. Balances at June 30, 2010 are:		
Certificates of participation	(20,468,080)	
Tax allocation bonds	(71,779,239)	
Revenue bonds	(15,895,000)	
Loans payable	(12,252,515)	
Compensated absences	(2,671,347)	
Other post-benefit obligation	(2,215,494)	
Bond issuance costs	1,615,097	
Bond issuance discount	122,263	
Deferred amount on refunding	<u>673,596</u>	
Total long-term liabilities and related items		(122,870,719)
Interest receivable, which is not considered to be available to finance current expenditures, is reported as unearned revenue in the governmental funds. For the government-wide financial statements, this amount is recognized as the amount pertains to the current fiscal year.		
Unearned revenue		1,526,304
Internal service funds are used by management to charge the costs of various City activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets, but are not included in the governmental funds balance		373,011
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(1,483,761)</u>
Net assets of governmental activities		<u>\$ 29,529,683</u>

See independent auditors' report and notes to basic financial statements.

CITY OF MONTEBELLO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2010

	General	Debt Service Fund Redevelopment Agency
REVENUES:		
Sales taxes	\$ 8,417,053	-
Property taxes	3,260,436	\$ 14,877,565
Other taxes	326,403	-
Franchise taxes	1,254,753	-
Licenses and permits	4,728,808	-
Fines and forfeitures	2,054,730	-
Investment income	6,785	54,085
Revenue from other agencies	5,252,095	-
Charges for services	5,373,695	-
Other revenue	860,422	-
TOTAL REVENUES	31,535,180	14,931,650
EXPENDITURES:		
Current:		
General government	2,594,176	-
Public safety	32,336,828	-
Public works	5,325,960	-
Parks and recreation	5,250,974	-
Housing and community development	1,436,334	-
Capital outlay	-	-
Debt service:		
Principal payments	-	2,670,000
Interest and fees	-	3,723,737
Other	-	-
TOTAL EXPENDITURES	46,944,272	6,393,737
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,409,092)	8,537,913
OTHER FINANCING SOURCES (USES):		
Transfers in	8,726,944	2,012,887
Transfers out	-	(18,239,513)
TOTAL OTHER FINANCING SOURCES (USES)	8,726,944	(16,226,626)
NET CHANGE IN FUND BALANCES	(6,682,148)	(7,688,713)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED (NOTE 15)	-	21,637,700
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (6,682,148)	\$ 13,948,987

See independent auditors' report and notes to basic financial statements.

<u>Capital Projects Funds</u>		<u>Other</u>	<u>Total</u>
<u>Capital</u>	<u>Redevelopment</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Improvements</u>	<u>Agency</u>	<u>Funds</u>	<u>Funds</u>
-	-	-	\$ 8,417,053
-	\$ 2,158,900	\$ 6,694,924	26,991,825
-	-	-	326,403
-	-	-	1,254,753
-	-	-	4,728,808
-	-	-	2,054,730
\$ 585,922	163,025	41,207	851,024
208,071	-	9,621,623	15,081,789
-	-	-	5,373,695
-	762,894	167,114	1,790,430
<u>793,993</u>	<u>3,084,819</u>	<u>16,524,868</u>	<u>66,870,510</u>
-	-	-	2,594,176
-	-	-	32,336,828
-	-	-	5,325,960
-	-	-	5,250,974
-	9,257,493	-	10,693,827
8,039,489	3,476,414	-	11,515,903
251,000	438,757	1,478,020	4,837,777
-	257,775	1,224,898	5,206,410
-	-	22,251	22,251
<u>8,290,489</u>	<u>13,430,439</u>	<u>2,725,169</u>	<u>77,784,106</u>
<u>(7,496,496)</u>	<u>(10,345,620)</u>	<u>13,799,699</u>	<u>(10,913,596)</u>
9,294,180	18,239,513	2,496,229	40,769,753
<u>(1,729,332)</u>	<u>(3,814,698)</u>	<u>(16,162,740)</u>	<u>(39,946,283)</u>
<u>7,564,848</u>	<u>14,424,815</u>	<u>(13,666,511)</u>	<u>823,470</u>
68,352	4,079,195	133,188	(10,090,126)
<u>(765,485)</u>	<u>31,997,485</u>	<u>11,729,945</u>	<u>64,599,645</u>
<u>\$ (697,133)</u>	<u>\$ 36,076,680</u>	<u>\$ 11,863,133</u>	<u>\$ 54,509,519</u>

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CITY OF MONTEBELLO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2010

Net change in fund balances - total governmental funds \$ (10,090,126)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 12,256,193	
Depreciation expense	<u>(4,883,289)</u>	
		7,372,904

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt:

Capital accretion	(392,027)	
Principal payments on bonds and notes	<u>4,837,777</u>	
		4,445,750

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net change in compensated absences for the current period	674,368	
Net change in accrued interest for the current period	203,388	
Amortization of deferred amount on refunding	(88,187)	
Amortization of bond issuance costs	(128,892)	
Amortization of bond discount	(8,530)	
Current-year expense for notes payable	(2,189,106)	
Current-year expense for other post-employment benefits	<u>(1,103,636)</u>	
		(2,640,595)

Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and, therefore, are not reported as revenues in the governmental funds:

Investment income	61,633	
Sales tax	<u>(368,535)</u>	
		(306,902)

Internal service funds are used by management to charge the costs of self-insurance and capital replacements to individual funds. Net income of the internal service funds is reported with governmental activities.

(1,415,320)

Correction of prior-year discrepancies in transfers between fund financial statements and government-wide financial statements

554,197

Change in net assets of governmental activities \$ (2,080,092)

See independent auditors' report and notes to basic financial statements.

CITY OF MONTEBELLO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2010

	Business-type Activities Enterprise Funds		
	Transit	Golf Course	Montebello Hilton
ASSETS:			
CURRENT ASSETS:			
Cash and investments	\$ 581,395	\$ 133,033	\$ 247,645
Cash and investments with fiscal agent	-	303,140	-
Accounts receivable	5,972,575	68,384	119,318
Due from other funds	-	-	-
Inventories	-	42,358	1,598
Prepaid expenses and other current assets	-	-	8,485
TOTAL CURRENT ASSETS	6,553,970	546,915	377,046
NONCURRENT ASSETS:			
Capital assets:			
Land	3,901,596	2,370,000	-
Buildings and improvements	21,036,582	8,763,738	1,570,262
Machinery and equipment	51,707,181	1,867,603	-
Less: Allowance for depreciation	(29,283,585)	(6,383,792)	(185,635)
NET CAPITAL ASSETS	47,361,774	6,617,549	1,384,627
TOTAL ASSETS	53,915,744	7,164,464	1,761,673
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	1,906,544	113,967	4,625,249
Due to other funds	1,000,000	1,200,000	-
Deposits payable	400	400	3,209
Claims payable	-	-	-
Advances from other funds	2,000,000	-	-
Compensated absences	727,679	63,372	-
Unearned revenue	518,450	-	-
Certificates of participation	-	180,520	-
TOTAL CURRENT LIABILITIES	6,153,073	1,558,259	4,628,458
LONG-TERM LIABILITIES:			
Compensated absences	57,270	37,605	-
Certificates of participation	-	4,801,400	-
TOTAL LONG-TERM LIABILITIES	57,270	4,839,005	-
TOTAL LIABILITIES	6,210,343	6,397,264	4,628,458
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	47,361,774	1,635,629	1,384,627
Unrestricted	343,627	(868,429)	(4,251,412)
TOTAL NET ASSETS (DEFICIT)	\$ 47,705,401	\$ 767,200	\$ (2,866,785)

See independent auditors' report and notes to basic financial statements.

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 61,564	\$ 1,023,637	\$ 126,264
-	303,140	
224,197	6,384,474	10,000
1,230,000	1,230,000	10,140,000
-	43,956	844,981
-	8,485	1,122
<u>1,515,761</u>	<u>8,993,692</u>	<u>11,122,367</u>
35,000	6,306,596	108,369
141,284	31,511,866	428,794
2,204,818	55,779,602	643,651
<u>(1,981,583)</u>	<u>(37,834,595)</u>	<u>(1,055,606)</u>
<u>399,519</u>	<u>55,763,469</u>	<u>125,208</u>
<u>1,915,280</u>	<u>64,757,161</u>	<u>11,247,575</u>
225,878	6,871,638	254,029
-	2,200,000	-
31,675	35,684	-
-	-	10,329,125
-	2,000,000	-
989	792,040	243,707
-	518,450	-
-	180,520	-
<u>258,542</u>	<u>12,598,332</u>	<u>10,826,861</u>
-	94,875	47,703
-	4,801,400	-
-	4,896,275	47,703
<u>258,542</u>	<u>17,494,607</u>	<u>10,874,564</u>
399,519	50,781,549	125,208
<u>1,257,219</u>	<u>(3,518,995)</u>	<u>247,803</u>
<u>\$ 1,656,738</u>	<u>\$ 47,262,554</u>	<u>\$ 373,011</u>

CITY OF MONTEBELLO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the year ended June 30, 2010

	Business-type Activities Enterprise Funds		
	Transit	Golf Course	Montebello Hilton
	OPERATING REVENUES:		
Charges for services	\$ 5,982,757	\$ 1,961,166	\$ 3,825,159
Other revenue	174,234	576,398	21,234
TOTAL OPERATING REVENUES	6,156,991	2,537,564	3,846,393
OPERATING EXPENSES:			
Labor and fringe benefits	12,016,994	1,110,694	1,106,308
Materials and supplies	-	95,412	-
Food and beverage	-	-	223,924
Repairs and maintenance	6,168,247	65,351	276,108
Purchased water	-	-	-
Utilities	258,176	417,567	148,666
Insurance claims and premiums	-	26,020	54,528
Contract services	1,289,208	422,381	-
Franchise fee	-	-	254,390
Marketing expense	-	-	347,392
Depreciation expense	2,781,412	351,205	93,990
Administrative expense	1,983,191	235,100	859,923
Other expenses	255,112	119,044	-
TOTAL OPERATING EXPENSES	24,752,340	2,842,774	3,365,229
OPERATING INCOME (LOSS)	(18,595,349)	(305,210)	481,164
NONOPERATING REVENUES (EXPENSES):			
Investment income	-	-	-
Federal and State grants	15,487,526	-	-
Interest expense	-	(222,014)	(143,935)
TOTAL NONOPERATING REVENUES (EXPENSES)	15,487,526	(222,014)	(143,935)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(3,107,823)	(527,224)	337,229
CAPITAL CONTRIBUTIONS	16,253,784	-	-
TRANSFERS IN	863,938	5,500	-
TRANSFERS OUT	(537,528)	(324,243)	(1,081,136)
CHANGE IN NET ASSETS	13,472,371	(845,967)	(743,907)
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	34,233,030	1,613,167	(2,122,878)
NET ASSETS (DEFICIT) - END OF YEAR	\$ 47,705,401	\$ 767,200	\$ (2,866,785)
Correction of prior-year discrepancies in transfers between fund financial statements and government-wide financial statements			
Change in net assets of business-type activities			

See independent auditors' report and notes to basic financial statements.

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 1,584,481	\$13,353,563	\$11,585,622
-	771,866	-
<u>1,584,481</u>	<u>14,125,429</u>	<u>11,585,622</u>
6,161	14,240,157	3,416,955
-	95,412	2,968,664
-	223,924	-
8,324	6,518,030	781,493
1,351,135	1,351,135	-
117,598	942,007	-
-	80,548	5,393,493
497,547	2,209,136	342,024
-	254,390	-
-	347,392	-
54,636	3,281,243	1,639
90,000	3,168,214	66,100
-	374,156	30,574
<u>2,125,401</u>	<u>33,085,744</u>	<u>13,000,942</u>
<u>(540,920)</u>	<u>(18,960,315)</u>	<u>(1,415,320)</u>
1,157	1,157	-
-	15,487,526	-
-	(365,949)	-
<u>1,157</u>	<u>15,122,734</u>	<u>-</u>
(539,763)	(3,837,581)	(1,415,320)
-	16,253,784	-
250,000	1,119,438	-
-	(1,942,907)	-
<u>(289,763)</u>	<u>11,592,734</u>	<u>(1,415,320)</u>
<u>1,946,501</u>		<u>1,788,331</u>
<u>\$1,656,738</u>		<u>\$ 373,011</u>
	<u>(554,197)</u>	
	<u>\$11,038,537</u>	

CITY OF MONTEBELLO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2010

	Business-type Activities Enterprise Funds		
	Transit	Golf Course	Montebello Hilton
	CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 5,982,757	\$ 1,989,781	\$ 3,849,870
Other receipts	174,234	576,398	21,234
Payments to suppliers	(8,981,386)	(1,474,898)	(1,503,871)
Payments to employees	<u>(12,008,595)</u>	<u>(1,095,685)</u>	<u>(1,105,817)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(14,832,990)</u>	<u>(4,404)</u>	<u>1,261,416</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants received from federal and State	15,772,679	-	-
Cash received from other funds	863,938	1,005,500	-
Cash paid to other funds	<u>(537,528)</u>	<u>(324,243)</u>	<u>(1,081,136)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>16,099,089</u>	<u>681,257</u>	<u>(1,081,136)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid	-	(222,014)	(143,935)
Principal paid	-	(171,980)	-
Acquisition of capital assets	(16,253,784)	(184,629)	(63,087)
Federal and State capital grants	<u>14,793,348</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,460,436)</u>	<u>(578,623)</u>	<u>(207,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(194,337)	98,230	(26,742)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>775,732</u>	<u>337,943</u>	<u>274,387</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 581,395</u>	<u>\$ 436,173</u>	<u>\$ 247,645</u>

See independent auditors' report and notes to basic financial statements.

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 1,581,177	\$ 13,403,585	\$ 11,585,622
-	771,866	-
(1,975,663)	(13,935,818)	(9,428,724)
<u>(6,176)</u>	<u>(14,216,273)</u>	<u>(3,448,969)</u>
<u>(400,662)</u>	<u>(13,976,640)</u>	<u>(1,292,071)</u>
-	15,772,679	-
250,000	2,119,438	760,000
<u>(30,000)</u>	<u>(1,972,907)</u>	<u>(400,000)</u>
<u>220,000</u>	<u>15,919,210</u>	<u>360,000</u>
-	(365,949)	-
-	(171,980)	-
-	(16,501,500)	-
<u>-</u>	<u>14,793,348</u>	<u>-</u>
<u>-</u>	<u>(2,246,081)</u>	<u>-</u>
<u>1,157</u>	<u>1,157</u>	<u>-</u>
(179,505)	(302,354)	(932,071)
<u>241,069</u>	<u>1,629,131</u>	<u>1,058,335</u>
<u>\$ 61,564</u>	<u>\$ 1,326,777</u>	<u>\$ 126,264</u>

CITY OF MONTEBELLO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)

For the year ended June 30, 2010

	Business-type Activities Enterprise Funds		
	Transit	Golf Course	Montebello Hilton
	RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (18,595,349)	\$ (305,210)	\$ 481,164
Depreciation and amortization	2,781,412	351,205	93,990
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	28,615	24,711
(Increase) decrease in inventories	-	(4,798)	(817)
(Increase) decrease in prepaid expenses	-	-	46,825
Increase (decrease) in accounts payable and accrued liabilities including compensated absences	980,947	(74,216)	615,052
Increase (decrease) in deposits payable	-	-	491
Increase (decrease) in claims payable	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (14,832,990)</u>	<u>\$ (4,404)</u>	<u>\$ 1,261,416</u>

See independent auditors' report and notes to basic financial statements.

<u>Business-type Activities</u> <u>Enterprise Funds (Continued)</u>		<u>Governmental</u> <u>Activities</u>
<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
\$ (540,920)	\$ (18,960,315)	\$ (1,415,320)
54,636	3,281,243	1,639
(3,304)	50,022	-
-	(5,615)	(267,829)
-	46,825	-
88,926	1,610,709	(88,075)
-	491	-
-	-	477,514
<u>\$ (400,662)</u>	<u>\$ (13,976,640)</u>	<u>\$ (1,292,071)</u>

CITY OF MONTEBELLO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND

June 30, 2010

	Deposits Agency Fund
ASSETS:	
Cash and investments	<u>\$ 1,471,851</u>
LIABILITIES:	
Deposits payable	<u>\$ 1,471,851</u>

See independent auditors' report and notes to basic financial statements.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Financial Reporting Entity

The basic financial statements of the City of Montebello include the activities of the City of Montebello (City), Montebello Redevelopment Agency (Agency), Montebello Public Improvement Corporation (MPIC), Montebello Public Financing Authority (Authority), and Water System Improvement Corporation (WSIC).

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The City of Montebello is the primary government unit. Component units are those entities that are financially accountable to the primary government, either because the governing board of the component units and the City are the same, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Agency, MPIC, the Authority, and WSIC as "blended" component units because the governing board of the component units are substantially the same as the City and the component units provide services exclusively to the City. Accordingly, these financial statements present the City and its component units, the Agency, MPIC, the Authority, and WSIC. Each blended component unit has a June 30 year-end.

The City of Montebello

The City of Montebello was incorporated on October 16, 1920 and conducts its operations as a general law, Council/Administrator City.

Montebello Redevelopment Agency

The Montebello Redevelopment Agency was formed in May 1969. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational, and public facilities. The Agency has established three redevelopment project areas encompassing approximately 1,615 acres. The activities of the Agency are reported in the Debt Service and Capital Project Funds.

Montebello Public Improvement Corporation

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 to be leased to the City under a Lease Agreement. The MPIC is not active.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of Financial Reporting Entity (Continued)

Montebello Public Financing 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 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.

Water System Improvement Corporation

The Water System Improvement Corporation was formed in July 1972. The WSIC was formed for the purpose of rendering assistance to the City by leasing to the City any asset acquired or improvement to the City's Water System facilities. The WSIC is not active.

Complete financial statements for the Montebello Redevelopment Agency may be obtained from the City of Montebello, Finance Department, 1600 W. Beverly Boulevard, Montebello, CA 90640. Separate financial statements are not prepared for the Montebello Public Financing Authority, Montebello Public Improvement Corporation, and the Water System Improvement Corporation.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets 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 BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

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.

Separate financial statements for the City's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and other funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements, include financial information that primarily represents assets held by the City in a custodial capacity for other individuals or organizations.

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

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 liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net assets. 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. 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.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. 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.

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 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 reserve accounts.

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 government 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.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

All government-wide and business-type activities of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. 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 Redevelopment Agency Debt Service Fund is used to account for the accumulation of resources required for the payment of interest and principal on all Agency tax allocation bonds.

The Capital Improvements Capital Projects Fund is used to account for financial resources segregated for the acquisition of major capital facilities other than those financed by proprietary funds.

The Redevelopment Agency Capital Projects Fund is used to account for financial resources segregated for the acquisition of and rehabilitation of capital facilities within the redevelopment project areas.

The City reports the following major enterprise funds:

The Transit Fund is used to account for all revenues and expenses related to the operations of the City's transit service.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Classifications (Continued)

The Golf Course Fund is used to account for all revenues and expenses related to the operations of the Montebello Municipal Golf Course.

The Montebello Hilton is used to account for revenues and expenses related to the operations of the Montebello Hilton. Capital assets and related debt are not reported in the fund as any shortfall related to debt service payments are payable from tax revenues of the Montebello Redevelopment Agency.

The City's fund structure also includes the following fund types:

Governmental Funds:

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

The Debt Service Funds are used to account for the accumulation of resources required for the payment of principal and interest on the City's and Authority's debt.

The Capital Projects Fund is used to account for proceeds received and issuance of bonds for capital improvements.

Proprietary Funds:

The Enterprise Funds are used to account for operations that provide services to the general public that are financed primarily by user charges or where the periodic measurement of net increase is deemed appropriate.

The Internal Service Funds are used to account for the financing of special activities that provide services within the City. These activities include vehicle, equipment, and insurance services.

Fiduciary Fund:

The Agency Fund is used to account for the resources (deposits) held by the City in a fiduciary capacity for individuals, governmental entities, and others.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 estimated fair market value at the date of contribution. 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, 2010.

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 balance sheet. The lives used for depreciation purposes of each capital asset class are:

Buildings	10 to 50 years
Machinery	5 to 30 years
Equipment	5 to 10 years
Infrastructure	20 to 50 years

F. Encumbrances

Encumbrance accounting for the expenditure of funds is recorded in order to indicate outstanding commitments as of June 30, 2010 and is employed in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. These items are carried over to the subsequent year in order to complete these transactions.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool is considered to be a cash equivalent.

H. Investments

Investments are reported at fair value, except for the investment contracts with fiscal agents and the investment in Redevelopment Agency bonds that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

I. Land Held For Resale

Land held for resale is carried at the lower of cost or estimated realizable value. Fund balances are reserved in amounts equal to the carrying value of land held for resale because such assets are not available to finance the City's current operations.

J. Inventories

In governmental funds, 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 when consumed.

In proprietary funds, inventories are valued at the lower of cost or market on a first-in, first-out basis.

K. Vacation and Sick Leave

Compensated absences are accounted for in accordance with GASB Code Section C60. 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. The total compensated absences liability of \$2,962,757 reported in the governmental activities includes \$2,671,347 to be paid by governmental funds and \$291,410 accrued in the internal service funds.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 date	November 1 - 1 st installment March 1 - 2 nd installment
Collection date	December 10 - 1 st installment April 10 - 2 nd installment

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectability of its receivables (including accounts receivable and notes receivable), the valuation of property held for resale, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2010 consisted of the following:

	Government- Wide Statement of Net Assets	Fiduciary Fund Statement of Assets and Liabilities	Total
Unrestricted assets:			
Cash and investments	\$ 34,062,930	\$ 1,471,851	\$35,534,781
Restricted assets:			
Cash and investments with fiscal agents	<u>12,018,589</u>	-	<u>12,018,589</u>
Total Cash and Investments	<u>\$46,081,519</u>	<u>\$ 1,471,851</u>	<u>\$47,553,370</u>

Cash and investments at June 30, 2010 consisted of the following:

	Amount
Cash on hand	\$ 13,480
Deposits with financial institutions	2,933,561
Investments	<u>44,606,329</u>
Total	<u>\$47,553,370</u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the 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. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>
United States Treasury Obligations	5 years	80%
United States Government Sponsored Enterprises Securities	365 days	50%
Banker's Acceptances	180 days	40%
Commercial Paper	270 days	25%
Negotiable Certificates of Deposit	5 years	30%
Repurchase Agreements	1 day	40%
Money Market Mutual Funds	(1)	15%**
Certificates of Deposit	(2)	None
County Pooled Investment Funds	(1)	10%
Local Agency Investment Fund (LAIF)	(1)	lesser of 60% or \$20,000,000
State and Local Obligations	N/A	30%

(1) Not applicable/on demand

(2) Subject to agreement entered into with depository

* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

** - 5% of the City's surplus funds.

N/A - Not applicable

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	None	None	None
United States Government Sponsored Enterprises Securities	None	None	None
Banker's Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

N/A - Not applicable

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED)

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 evenly over time as necessary to provide the cash flow and liquidity needed for operations. 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	Remaining Maturity (in Months)			Total
	12 Months or Less	13-60 Months	More Than 60 Months	
United States Treasury Obligations	\$ 8,997,574	-	-	\$ 8,997,574
Local Agency Investment Fund (LAIF)	16,783,660	-	-	16,783,660
Certificates of Deposit	1,950,000	-	-	1,950,000
Investment in Redevelopment Agency (RDA) Bonds (A)	-	\$4,757,015	-	4,757,015
Money Market Mutual Funds	4,856,506	-	-	4,856,506
Cash and investments with fiscal agents:				
Investment Contracts			\$ 802,791	802,791
Money Market Mutual Funds	<u>11,215,798</u>	<u>-</u>	<u>-</u>	<u>11,215,798</u>
Totals	<u>\$43,803,538</u>	<u>\$4,757,015</u>	<u>\$ 802,791</u>	<u>\$49,363,344</u>

(A) Eliminated in the government-wide financial statements (Note 4).

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED)

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 - by Standard and Poor's - as of year-end for each investment type:

Investment Type	Total as of June 30, 2010	Minimum Legal Rating	AAA	Not Required to be Rated	Unrated
United States Treasury Obligations	\$ 8,997,574	N/A		\$ 8,997,574	
Local Agency Investment Fund (LAIF)	16,783,660	N/A			\$16,783,660
Certificates of Deposit	1,950,000	N/A		1,950,000	
Investment in RDA Bonds (A)	4,757,015	N/A		4,757,015	
Money Market Mutual Funds	4,856,506	A	\$ 4,856,506		
Cash and investments with fiscal agents:					
Investment Contracts	802,791	N/A			802,791
Money Market Mutual Funds	11,215,798	A	11,215,798		-
Totals	\$49,363,344		\$16,072,304	\$ 15,704,589	\$17,586,451

N/A - Not Applicable

(A) Eliminated in the government-wide financial statements (Note 4).

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2010, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balance of the deposits was collateralized as required by California Law.

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 fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

3. CAPITAL ASSETS

A summary of changes in the governmental activities capital assets at June 30, 2010 is as follows:

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 8,665,644	-	-	\$ 8,665,644
Right of way	<u>14,391,776</u>	<u>-</u>	<u>-</u>	<u>14,391,776</u>
Total capital assets, not being depreciated	<u>23,057,420</u>	<u>-</u>	<u>-</u>	<u>23,057,420</u>
Capital assets, being depreciated:				
Buildings and improvements	47,501,720	\$8,512,495		56,014,215
Machinery and equipment	43,161,275	734,989	\$ (216,730)	43,679,534
Infrastructure	<u>44,287,743</u>	<u>3,008,709</u>	<u>-</u>	<u>47,296,452</u>
Total capital assets, being depreciated	<u>134,950,738</u>	<u>12,256,193</u>	<u>(216,730)</u>	<u>146,990,201</u>
Less: Accumulated depreciation for:				
Buildings and improvements	(11,542,426)	(1,398,716)	-	(12,941,142)
Machinery and equipment	(29,152,653)	(2,787,963)	216,730	(31,723,886)
Infrastructure	<u>(27,301,807)</u>	<u>(698,249)</u>	<u>-</u>	<u>(28,000,056)</u>
Total accumulated depreciation	<u>(67,996,886)</u>	<u>(4,884,928)</u>	<u>216,730</u>	<u>(72,665,084)</u>
Total capital assets, being depreciated, net	<u>66,953,852</u>	<u>7,371,265</u>	<u>-</u>	<u>74,325,117</u>
Governmental activities capital assets, net	<u>\$ 90,011,272</u>	<u>\$7,371,265</u>	<u>\$ -</u>	<u>\$ 97,382,537</u>

See independent auditors' report

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

3. CAPITAL ASSETS (CONTINUED)

A summary of changes in the business-type activities capital assets at June 30, 2010 is as follows:

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,306,596	-	-	\$ 6,306,596
Total capital assets, not being depreciated	<u>6,306,596</u>	<u>-</u>	<u>-</u>	<u>6,306,596</u>
Capital assets, being depreciated:				
Buildings and improvements	30,860,032	\$ 651,834	-	31,511,866
Machinery and equipment	<u>39,997,657</u>	<u>15,849,666</u>	<u>\$ (67,721)</u>	<u>55,779,602</u>
Total capital assets, being depreciated	<u>70,857,689</u>	<u>16,501,500</u>	<u>(67,721)</u>	<u>87,291,468</u>
Less: Accumulated depreciation for:				
Buildings and improvements	(14,536,593)	(1,021,561)	-	(15,558,154)
Machinery and equipment	<u>(20,084,480)</u>	<u>(2,259,682)</u>	<u>67,721</u>	<u>(22,276,441)</u>
Total accumulated depreciation	<u>(34,621,073)</u>	<u>(3,281,243)</u>	<u>67,721</u>	<u>(37,834,595)</u>
Total capital assets, being depreciated, net	<u>36,236,616</u>	<u>13,220,257</u>	<u>-</u>	<u>49,456,873</u>
Business-type activities capital assets, net	<u>\$ 42,543,212</u>	<u>\$13,220,257</u>	<u>\$ -</u>	<u>\$ 55,763,469</u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

3. CAPITAL ASSETS (CONTINUED)

Depreciation Expense:

Depreciation expense was charged to City functions/programs as follows:

	<u>Amount</u>
General government	\$ 742,927
Public safety	2,104,119
Public works	57,650
Parks, recreation, and culture	943,068
Housing and community development	337,276
Internal service funds depreciation charged to programs based on asset usage	<u>1,639</u>
Allocated depreciation	4,186,679
Unallocated infrastructure depreciation	<u>698,249</u>
Total depreciation expense - governmental activities	<u>\$4,884,928</u>

Depreciation expense was charged to the business-type activities as follows:

	<u>Amount</u>
Transit	\$2,781,412
Golf Course	351,205
Montebello Hilton	93,990
Other programs	<u>54,636</u>
Total depreciation expense - business-type activities	<u>\$3,281,243</u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

4. INVESTMENT IN BONDS

On June 30, 1993, the Montebello Redevelopment Agency issued \$12,263,133 of tax allocation bonds. The City's Capital Improvements Capital Projects Fund purchased the entire bond issue. These bonds are nonrated and were not publicly offered at the time of issuance. The City accepted these bonds, issued by the Agency, as repayment to the City for certain loans, advances, and indebtedness incurred by the Agency. These bonds could be structured so as to be marketable. Therefore, the City considers the bonds to be marketable and no reservation of fund balance will be recognized. As of June 30, 2010, \$4,757,015 of the bonds are outstanding. The investment and the outstanding debt as well as interest were eliminated from the government-wide financial statements.

5. NOTES RECEIVABLE

Notes receivable at June 30, 2010 include the following:

	<u>Amount</u>
Quiet Cannon, Inc.	\$ 2,376,281
Casa La Merced	666,308
Whittier project	629,600
Business assistance program	746,476
Home improvement loans	437,394
Montebello Downtown Plaza	5,276,308
Community Development Block Grant loans	1,045,734
HOME Program loan	<u>1,300,000</u>
Total	<u>\$12,478,101</u>

A. Quiet Cannon, Inc.

The Agency leases a facility to Quiet Cannon, Inc. The Agency agreed to provide financing for the renovation and improvement of the leased facility and in return Quiet Cannon, Inc. agreed to make additional rental payments. As of June 30, 2010, \$2,376,281 remains outstanding on the note receivable.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. NOTES RECEIVABLE (CONTINUED)

B. 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% and the Agency has accrued interest revenue of \$1,526,304 on the note receivable, which is recorded as deferred revenue on the balance sheet.

C. Whittier Project

In March 2000, the Agency entered into an Owner Participation Agreement with Garfield Financial Corporation (Owner) whereby the Agency is to loan the Owner money for the construction of an affordable housing project. In accordance with the agreement, the amounts disbursed shall accrue interest at the rate of 7% compounded annually. The principal and accrued interest was originally payable within two years from the effective date and was later amended to July 23, 2002. In fiscal year 2005, the terms of the note were changed to forgive the loan over a period of 99 years. The loan balance is offset by reporting deferred revenue of a similar amount. The balance of the note receivable at June 30, 2010 was \$629,600.

D. Business Assistance Program

Business improvement loans were made in the current year and prior years between the Agency and local merchants. As of June 30, 2010, \$746,476 remained outstanding on the business improvement loans.

E. Home Improvement Loans

During the current and 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, 2010 was \$437,394.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

5. NOTES RECEIVABLE (CONTINUED)

F. Montebello Downtown Plaza LLC

On December 26, 2001, the Agency entered into an Owner Participation Agreement (the Agreement) with Montebello Downtown Plaza LLC (Participant) for the acquisition, development, and operation of affordable senior citizen rental units and retail commercial buildings. The Agreement was amended and restated on October 26, 2005. The amended Agreement provides that the Agency is to loan a total amount of \$6,250,000 from the Low- and Moderate-Income Housing Fund for the acquisition of property and construction of affordable senior housing units only. The Participant will provide financing for costs in excess of \$6,250,000. Of this amount, the Agency's balance of the loan outstanding at June 30, 2010 was \$5,276,308. The loan is to be forgiven over a period of 99 years. The loan balance is offset by reporting deferred revenue of a similar amount.

G. Community Development Block Grant Loans

At June 30, 2010, loans made to individual homeowners under the Community Development Block Grant program amounted to \$1,045,734. These loans are payable when the borrowers sell the property.

H. HOME Program Loan

On February 10, 2009, the City entered into a loan agreement with Ku & Associates, Inc. (Developer) whereby the City provided financial assistance of \$1,300,000 in the form of a forgivable loan in exchange for housing units in the Developer's proposed multi-family housing project. The occupancy of the housing units will be restricted for very low and low income households only. The City originally received the \$1,300,000 from the US Department of Housing and Urban Development under the HOME Investment Partnership (HOME) Program. The Agency's financial assistance will be secured by a lien recorded against real property the Developer purchased with the funds. In accordance with the agreement, the loan shall be repaid by the Developer as an interest-bearing loan, but if the Developer causes all housing units to adhere to affordability requirements for the period required by HOME Program regulations, the loan and all accrued interest will be forgiven.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency Capital Projects Fund	\$ 1,907,036
Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Projects Fund	5,000,000
Capital Improvements Capital Projects Fund	Golf Course Enterprise Fund	1,000,000
Other Governmental Funds	Capital Improvements Capital Projects Fund	4,580,000
	General Fund	350,000
	Public Financing Authority Capital Projects Fund	200,000
	Other Governmental Funds	300,000
Other Enterprise Funds	Transit Enterprise Fund	1,000,000
	Golf Course Enterprise Fund	200,000
	Capital Improvements Capital Projects Fund	30,000
Internal Service Funds	General Fund	8,640,000
	Capital Improvements Capital Projects Fund	1,100,000
	Public Financing Authority Capital Projects Fund	400,000
Total		<u>\$ 24,707,036</u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The City has agreements with the Agency providing for the advance of funds to finance improvements and operations relating to and within the project areas. The agreements provide for reimbursement to the City from any and all funds legally available to the Agency for such payment plus interest at 12% computed from the time of the City's advance of funds to the date of repayment by the Agency. At fiscal year-end, interest is computed for open advances from the time of the City's advance of funds. No interest was charged for the fiscal year ended June 30, 2010. At June 30, 2010, the Agency owed the City \$1,907,037, which is reported in due to other funds in the Redevelopment Agency Capital Projects Fund.

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.

Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Redevelopment Agency Capital Projects Fund	Transit Enterprise Fund	\$2,000,000

The Montebello Redevelopment Agency entered into an agreement dated June 17, 2009 to provide \$2,000,000 to the City of Montebello's Transit Fund to pay for operational expenses of the Transit Fund. The advance is secured by certain property owned by the Transit Fund. The advance is for a five-year term with no interest charged for the first three years and 4% interest for the last two years of the loan.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund Transfers:

The compositions of the City's interfund transfer balances as of June 30, 2010 are as follows:

Governmental and Business-Type Activities:

	Transfers In								Total
	Redevelopment Agency Debt Service Fund	Capital Improvements Capital Projects Fund	Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Transit Fund	Golf Course Fund	Other Enterprise Funds		
Transfers Out:									
(A) Redevelopment Agency Debt Service	-	-	-	\$ 18,239,513	-	-	-	-	\$ 18,239,513
(B) Capital Improvements Capital Projects	\$ 156,628	-	-	-	\$ 1,322,704	-	-	\$ 250,000	1,729,332
(C) Redevelopment Agency Capital Projects	-	\$ 2,012,887	\$ 1,801,811	-	-	-	-	-	3,814,698
(D) Other Governmental Funds	8,570,316	-	6,722,986	-	-	\$ 863,938	\$ 5,500	-	16,162,740
(E) Transit	-	-	537,528	-	-	-	-	-	537,528
(F) Golf Course	-	-	231,854	-	92,389	-	-	-	324,243
(G) Hilton	-	-	-	-	1,081,136	-	-	-	1,081,136
Total Governmental Activities	<u>\$ 8,726,944</u>	<u>\$ 2,012,887</u>	<u>\$ 9,294,179</u>	<u>\$ 18,239,513</u>	<u>\$ 2,496,229</u>	<u>\$ 863,938</u>	<u>\$ 5,500</u>	<u>\$ 250,000</u>	<u>\$ 41,889,190</u>

(A) Transfers from the Redevelopment Agency Debt Service Fund to the Redevelopment Agency Capital Projects Fund required to comply with 20% set-aside requirement.

(B) Transfers of \$1,729,332 from the Redevelopment Agency Debt Service Fund consisted of: (1) \$156,628 and \$1,322,704 to the General Fund and Other Governmental Funds, respectively, from the Capital Improvements Capital Projects Fund to provide funds for operations and (2) \$250,000 to the Montebello Hilton Enterprise Fund to pay for capital improvements.

(C) Transfer of \$2,012,887 from the Redevelopment Capital Projects Fund to the Redevelopment Agency Debt Service Fund to pay for debt service. Transfers of \$1,801,811 from the Redevelopment Agency Capital Projects Fund to the Capital Improvements Capital Projects Fund to pay for capital outlays.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund Transfers (Continued):

Governmental and Business-Type Activities (Continued):

- (D) Transfers of \$16,162,740 from the Other Governmental Funds consisted of: (1) \$8,570,316 to the General Fund for reimbursement of employee retirement benefits, street expenditures, and administrative expenditures; (2) \$6,722,987 to the Capital Improvements Capital Projects Fund for capital expenditure reimbursement; (3) \$863,938 to the Transit Enterprise Fund for capital expenditures reimbursement; and (4) \$5,500 to the Golf Course Enterprise Fund to provide for operations.
- (E) Transfers of \$537,528 from the Transit Enterprise Fund to the Capital Improvements Capital Projects Fund to pay for capital improvements.
- (F) Transfers of \$324,243 from the Golf Enterprise Fund consisted of: (1) \$231,854 to the Capital Improvements Capital Projects Fund to pay for capital outlay and (2) \$92,389 to the Other Governmental Funds for operating expenses.
- (G) Transfers of \$1,081,136 from the Hilton Fund to the Public Financing Authority to pay for debt service.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2010:

Governmental Activities:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amount Due Within One Year
Bonds payable:					
Tax allocation bonds (A)	\$ 69,300,198	\$ 392,026	\$ (2,670,000)	\$ 67,022,224	\$ 2,835,000
Revenue bonds	16,170,000	-	(275,000)	15,895,000	320,000
Certificates of participation	21,671,100	-	(1,203,020)	20,468,080	1,254,480
Subtotal bonds payable	<u>107,141,298</u>	<u>392,026</u>	<u>(4,148,020)</u>	<u>103,385,304</u>	<u>4,409,480</u>
Less: Deferred amounts:					
On refunding	(761,782)	-	88,186	(673,596)	-
Issuance discounts	<u>(130,793)</u>	<u>-</u>	<u>8,530</u>	<u>(122,263)</u>	<u>-</u>
Total bonds payable	<u>106,248,723</u>	<u>392,026</u>	<u>(4,051,304)</u>	<u>102,589,445</u>	<u>4,409,480</u>
Notes payable	10,753,166	2,189,106	(689,757)	12,252,515	2,868,622
Compensated absences	3,669,139	3,288,846	(3,995,228)	2,962,757	243,707
Other post-employment benefit obligation (Note 9)	<u>1,111,858</u>	<u>1,295,206</u>	<u>(191,570)</u>	<u>2,215,494</u>	<u>-</u>
Total governmental activities	<u>\$ 121,782,886</u>	<u>\$ 7,165,184</u>	<u>\$ (8,927,859)</u>	<u>\$ 120,020,211</u>	<u>\$ 7,521,809</u>

(A) After the elimination of \$4,757,015 Montebello Economic Revitalization Tax Allocation Bonds (Note 4)

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amount Due Within One Year
Golf Enterprise Fund:					
Certificates of participation	\$ 5,153,900	-	\$ (171,980)	\$ 4,981,920	\$ 180,520
Compensated absences	<u>863,523</u>	<u>945,501</u>	<u>(922,109)</u>	<u>886,915</u>	<u>792,040</u>
Total business-type activities	<u>\$ 6,017,423</u>	<u>\$ 945,501</u>	<u>\$ (1,094,089)</u>	<u>\$ 5,868,835</u>	<u>\$ 972,560</u>

Governmental Activities:

A. Tax Allocation Bonds

Nonhousing Tax Allocation Bonds:

	<u>Amount</u>
\$7,160,000 1997 Montebello Hills Parity Refunding Bonds due in annual installments of \$340,000 to \$545,000 through March 1, 2019; interest rate at 4.00% to 5.60%.	\$ 4,000,000
\$7,960,000 1998 Series A Montebello Hills Refunding Bonds due in annual installments of \$405,000 to \$875,000 through March 1, 2019; interest at 3.75% to 5.00%.	5,770,000
\$4,285,000 1998 Series B Montebello Hills Taxable Tax Allocation Parity Bonds due in annual installments of \$205,000 to \$375,000 through March 1, 2019; interest at 5.50% to 6.75%.	2,620,000
\$1,510,000 1999 Series A Montebello Hills Tax Allocation Parity Bonds due in annual installments of \$50,000 to \$105,000 through March 1, 2024; interest at 3.60% to 5.375%.	1,060,000

See independent auditors' report

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

A. Tax Allocation Bonds (Continued)

Nonhousing Tax Allocation Bonds (Continued):

	<u>Amount</u>
\$2,918,888 1999 Series B Montebello Hills Tax Allocation Parity Bonds comprised of Capital Appreciation Serial Bonds accreting semiannually; interest at 4.80% to 5.60%.	\$ 5,564,022
\$2,905,000 2007 Series A Montebello Hills Tax Allocation Parity Refunding Bonds due in annual installments of \$95,000 to \$440,000 through March 1, 2019; interest at 3.35% to 4.00%.	2,725,000
\$3,660,000 2007 Series B Montebello Hills Tax Allocation Parity Refunding Bonds (Taxable) due in annual installments of \$80,000 to \$360,000 through March 1, 2024; interest at 5.85%.	3,440,000
\$10,495,000 2009 Series A Montebello Hills Tax Allocation Bonds due in annual installments of \$340,000 to \$1,350,000 through March 1, 2027; interest at 5.80% to 7.15%.	10,495,000
\$8,260,000 1999 Series A South Montebello Parity Refunding Bonds due in annual installments of \$345,000 to \$665,000 through September 1, 2022; interest at 4.00% to 5.50%.	6,295,000
\$4,145,000 1999 Series B South Montebello Parity Refunding Bonds due in annual installments of \$165,000 to \$655,000 through September 1, 2022; interest at 3.60% to 5.20%.	2,935,000
\$6,065,000 2007 South Montebello Tax Allocation Parity Bonds, Series A (Taxable) due in annual installments of \$160,000 to \$675,000 through September 1, 2022; interest at 5.80%.	5,770,000
\$4,757,015 1993 Montebello Economic Revitalization Tax Allocation Bonds due in 2012; interest at 12%. (See Note 4).	<u>4,757,015</u>
Total Nonhousing Tax Allocation Bonds	<u>\$ 55,431,037</u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

A. Tax Allocation Bonds (Continued)

Housing Tax Allocation Bonds Series 1997 - Series B:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on bonds is payable semiannually. Bonds are subject to mandatory redemption, without premium, on any interest payment date beginning September 1, 2007.

2002 Tax Allocation Parity Bonds:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on bonds is payable semiannually. Bonds are subject to redemption on any interest payment date beginning September 1, 2007. The redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed) are set forth below:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
September 1, 2010 and March 1, 2011	102 %
September 1, 2011 and March 1, 2012	101
September 1, 2012 and thereafter	100

2007 Tax Allocation Refunding Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on bonds is payable semiannually. Bonds are subject to redemption at the Agency's option on or after September 1, 2018 at a redemption price equal to the principal amount.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

A. Tax Allocation Bonds (Continued)

2007 Tax Allocation Refunding Bonds, Series A (Continued):

	<u>Amount</u>
\$5,550,000 1997 Series B Montebello Housing Bonds due in annual installments of \$270,000 to \$405,000 through September 1, 2019; interest rate at 5.90% to 7.16%.	\$ 3,380,000
\$5,557,642 2002 Montebello Housing Parity Bonds due in annual installments of \$630,000 to \$1,265,907 through September 1, 2024; interest rate at 5.25% to 5.75%.	5,913,202
\$8,860,000 2007 Series A Montebello Housing Bonds due in annual installments of \$650,000 to \$685,000 through September 1, 2019; interest rate at 3.38% to 4.00%.	<u>\$ 7,055,000</u>
Total Housing Tax Allocation Bonds	<u><u>\$ 16,348,202</u></u>

The annual requirements to amortize tax allocation bonds outstanding as of June 30, 2010, included in the long-term liabilities are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,835,000	\$ 3,970,384	\$ 6,805,384
2012	7,877,015	3,826,984	11,703,999
2013	3,390,000	3,095,175	6,485,175
2014	4,180,000	2,917,402	7,097,402
2015	4,470,000	2,694,957	7,164,957
2016-2020	24,326,113	11,428,797	35,754,910
2021-2025	22,106,111	8,958,934	31,065,045
2026	<u>2,595,000</u>	<u>319,545</u>	<u>2,914,545</u>
Totals	<u><u>\$ 71,779,239</u></u>	<u><u>\$ 37,212,178</u></u>	<u><u>\$ 108,991,417</u></u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

B. Revenue Bonds

On November 19, 2001, the Montebello Public Financing Authority (established pursuant to a joint exercise of powers agreement between the City of Montebello and the Community Redevelopment Agency of the City of Montebello) issued \$15,830,000 of Revenue Bonds, Series A to: (a) finance the acquisition, construction, and equipping of a hotel facility (Project) located adjacent to the Montebello Country Club, a municipal golf course owned and operated by the City and the Quiet Cannon Restaurant and Conference Facility; (b) fund a reserve fund; (c) fund capitalized interest on the bonds through April 1, 2003; (d) fund an operating reserve; and (e) pay certain costs of issuance of the bonds. Concurrently with the issuance of the bonds, the Authority and City entered into an installment purchase agreement in which the Authority sold the Project to the City in consideration for the installment purchase payments to be made by the City in amounts sufficient to pay the debt service payments on the bonds.

Pursuant to the installment purchase agreement, the City pledged all revenues received related to the ownership and operation of the hotel facility to make the installment purchase payments to the Authority for payment of the debt service. In addition, the City and the Agency have entered into a separate agreement dated November 1, 2000 in connection with the development and operation of the hotel facility. Pursuant to this agreement, the Agency has agreed to pay, solely from tax revenues from the Montebello Hills Redevelopment Project Area, any shortfall on the City's lease payments required to pay the debt service on the bonds. The hotel facility began operations in December 2002.

In September 2004, the City issued \$17,060,000 in Variable Rate Lease Revenue Refunding Bonds to advance refund \$15,490,000 of outstanding Series 2001A Revenue Bonds as described above. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2001A Revenue Bonds. The reacquisition price exceeded the net carrying amount by \$604,199. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt. As a result, the 2001A Revenue Bonds are considered to be defeased, and the liability for those bonds has been removed from the long-term liabilities.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

B. Revenue Bonds (Continued)

Similar to the provision of the defeased Series 2001A Revenue Bonds, the bonds are limited obligations of the Authority, payable solely from the lease payments to be received from the City pursuant to the Amended and Restated Lease Agreement, dated September 1, 2004. The City has pledged all revenues received related to the ownership and operation of the project to make the lease payments due to the Authority to make debt service payments on the bonds.

The bonds initially bear interest at the variable rate payable the first business day of the month until the fixed-rate conversion date. Following the fixed-rate conversion date, bond payment dates will be June 1 and December 1 of each year.

The outstanding balance at June 30, 2010 was \$15,895,000.

The annual requirements to amortize revenue bonds outstanding as of June 30, 2010, included in the long-term liabilities, at 0.46% interest rate are as follows:

Years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 320,000	\$ 73,117	\$ 393,117
2012	365,000	71,645	436,645
2013	410,000	69,966	479,966
2014	430,000	68,080	498,080
2015	485,000	66,102	551,102
2016-2020	2,670,000	295,596	2,965,596
2021-2025	3,145,000	229,977	3,374,977
2026-2030	3,700,000	152,720	3,852,720
2031-2035	<u>4,370,000</u>	<u>61,778</u>	<u>4,431,778</u>
Totals	<u>\$15,895,000</u>	<u>\$1,088,981</u>	<u>\$16,983,981</u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

C. Certificates of Participation

2000 Certificates of Participation:

In October 2000, the Montebello Public Improvement Corporation issued \$22,930,000 Certificates of Participation to refund the 1993 Certificates of Participation, acquire certain communication equipment, make a deposit to the reserve fund, and pay expenses in connection with the issuance of the Certificates. The Certificates are payable from lease payments to be made by the City to the MPIC as rental for certain public facilities consisting of a city hall, a fire station, and police facilities pursuant to a lease agreement. The City is required under the lease agreement to make payments in each fiscal year in consideration of use of the facilities from any source of available funds in an amount sufficient to pay the annual principal and interest due on the Certificates subject to abatement as described in the Certificate documents. Annual installments of \$685,000 to \$1,300,000 are due from November 1, 2001 through November 1, 2026. Interest rates range from 4.00% to 5.375%.

The Certificates maturing on or after November 1, 2011 are subject to prepayment prior to maturity on any business day on or after November 1, 2010, as a whole or in part, in a manner determined by the City, at a prepayment price equal to the principal amount thereof to be prepaid, plus a premium (expressed as a percentage of the principal amount of Certificates to be prepaid), together with accrued interest thereon to the date fixed for prepayment as follows:

<u>Prepayment Dates</u>	<u>Redemption Prices</u>
November 1, 2010 and October 1, 2011	102 %
November 1, 2011 and October 1, 2012	101
November 1, 2012 and thereafter	100

The outstanding balance at June 30, 2010 is \$15,525,000.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

C. Certificates of Participation (Continued)

2001 Certificates of Participation:

In December 2001, the MPIC issued \$8,570,000 2001 Variable Rate Demand Taxable Certificates of Participation to provide funds to refund in advance the remaining 1997 and 1995 Certificates of Participation. The Certificates are payable from the revenues pledged under a Trust agreement, consisting primarily of lease payments to be made by the City to the MPIC as rental of the golf course pursuant to a lease agreement. The City is required under the lease agreement to make payments in each fiscal year in consideration of use of the golf course from any source of available funds, which includes motor vehicle license fees in an amount sufficient to pay the annual principal and interest due with respect to the Certificates subject to abatement as described in the Certificate documents. If funds are not available to the City to make the lease payments, the Trustee can lease the golf course to a third party in order to satisfy the obligation to pay the Certificate holders. \$6,570,000 of the \$8,570,000 2001 Certificates are allocated to refund the 1995 Certificates of Participation.

Annual installments of \$122,240 to \$435,480 were due from April 1, 2002 to April 1, 2005 with an adjustable interest rate. The variable rate Certificates can be converted to fixed rates as more fully described in the Certificate document.

The Certificates maturing on or after the fixed-rate conversion are subject to prepayment prior to maturity on such interest payment dates, as a whole or in part, in a manner determined by the MPIC, at a prepayment price equal to the principal amount thereof to be prepaid, plus a premium (expressed as a percentage of the principal amount of Certificates to be prepaid), together with accrued interest thereon to the dates fixed for prepayment as follows:

Prepayment Dates	Redemption Prices
First 12-month period following the tenth anniversary of fixed-rate conversion	102 %
Second 12-month period following the tenth anniversary of fixed-rate conversion	101
Third 12-month period following the tenth anniversary of fixed-rate conversion and thereafter	100

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

C. Certificates of Participation (Continued)

2001 Certificates of Participation (Continued):

The outstanding balance as of June 30, 2010 is \$4,943,080.

The annual requirements to amortize the certificates of participation outstanding as of June 30, 2010 included in the long-term liabilities are as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,254,480	\$ 810,693	\$ 2,065,173
2012	862,120	772,423	1,634,543
2013	903,580	741,629	1,645,209
2014	945,040	708,715	1,653,755
2015	986,500	673,780	1,660,280
2016-2020	5,703,500	2,753,167	8,456,667
2021-2025	7,282,860	1,457,898	8,740,758
2026-2027	<u>2,530,000</u>	<u>137,869</u>	<u>2,667,869</u>
Totals	<u>\$ 20,468,080</u>	<u>\$ 8,056,174</u>	<u>\$ 28,524,254</u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

D. Notes Payable

United States Department of Housing and Urban Development

- (1) 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. Interest and principal are due as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 258,000	\$ 290,646	\$ 548,646
2012	267,000	277,507	544,507
2013	277,000	263,839	540,839
2014	289,000	249,575	538,575
2015	301,000	234,647	535,647
2016-2020	1,746,000	917,367	2,663,367
2021-2025	2,316,000	371,235	2,687,235
2026	<u>83,000</u>	<u>2,382</u>	<u>85,382</u>
Totals	<u>\$ 5,537,000</u>	<u>\$ 2,607,198</u>	<u>\$ 8,144,198</u>

- (2) Subsequent to the year ended June 30, 2010, the City was notified by the HUD during its review of the City's books and records that the City could not provide sufficient documentation with respect to \$2,189,106 in grant expenditure. HUD has ordered the City to repay the amount. Refer to Note 16, Subsequent Events, for additional information.

Redevelopment Agency Note

The 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.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

D. Notes Payable (Continued)

Redevelopment Agency Note (Continued)

Annual debt service payments on this note are as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	-	\$ 205,245	\$ 205,245
2012	-	205,245	205,245
2013	-	205,245	205,245
2014	-	205,245	205,245
2015	-	205,245	205,245
2016-2020	\$ 371,587	967,057	1,338,644
2021-2025	1,867,085	721,240	2,588,325
2026-2030	<u>1,866,221</u>	<u>204,440</u>	<u>2,070,661</u>
Totals	<u>\$ 4,104,893</u>	<u>\$ 2,918,962</u>	<u>\$ 7,023,855</u>

California Housing Agency Note

The Agency has a \$700,000 California Housing Agency note dated and executed on August 21, 2000 and due on August 21, 2010, with interest computed at 3%. A portion of the note, in the amount of \$278,484, along with interest of \$158,910, was paid off in February 2010. The principal balance as of June 30, 2010 of \$421,516 was paid on July 28, 2010.

E. Compensated Absences

The noncurrent portion of the accumulated vacation and sick leave liabilities, liquidated primarily by the General Fund, of \$2,719,050 has no repayment schedule at June 30, 2010.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities:

A. 1999 Certificates of Participation

On March 30, 1999, the City of Montebello issued \$4,275,000 1999 Refunding Certificates of Participation due in annual installments of \$65,000 to \$285,000 from April 1, 2001 to April 1, 2029 with variable interest between 4.00% to 5.625%. The purpose of the Certificates is to provide funds to prepay certain obligations of the City relating to the golf course renovation project, to make a deposit to the reserve fund and to pay the expenses incurred in connection with delivery of the Certificates. In addition, in accordance with a related lease agreement between the City and the MPIC, if the City fails to make payments on the Certificates, and motor vehicle license fees are not available, the trustee can lease the golf course property to a third party in order to satisfy the obligation to pay Certificate holders. The outstanding balance as of June 30, 2010 is \$3,455,000.

B. 2001 Certificates of Participation

In December 2001, the MPIC issued \$8,570,000 2001 Variable Rate Demand Taxable Certificates of Participation to provide funds to refund in advance the remaining 1997 and 1995 Certificates of Participation. The Certificates are payable from the revenues pledged under a Trust agreement, consisting primarily of lease payments to be made by the City to the MPIC as rental of the golf course pursuant to a lease agreement. The City is required under the lease agreement to make payments in each fiscal year in consideration of use of the golf course from any source of available funds, which includes motor vehicle license fees in an amount sufficient to pay the annual principal and interest due with respect to the Certificates subject to abatement as described in the Certificate documents. If funds are not available to the City to make the lease payments, the Trustee can lease the golf course to a third party in order to satisfy the obligation to pay the Certificate holders. \$2,000,000 of the \$8,570,000 2001 Certificates are allocated to refund the 1997 Certificates of Participation.

Annual installments of \$37,760 to \$134,520 are due from April 1, 2002 to April 1, 2005 with an adjustable interest rate. The variable-rate Certificates can be converted to fixed rates as more fully described in the Certificate documents.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued):

B. 2001 Certificates of Participation (Continued)

The Certificates maturing on or after the fixed-rate conversion are subject to prepayment prior to maturity on such interest payment dates, as a whole or in part, in a manner determined by the MPIC, at a prepayment price equal to the principal amount thereof to be prepaid, plus a premium (expressed as a percentage of the principal amount of Certificates to be prepaid), together with accrued interest thereon to the dates fixed for prepayment as follows:

<u>Prepayment Dates</u>	<u>Redemption Prices</u>
First 12-month period following the tenth anniversary of fixed-rate conversion	102 %
Second 12-month period following the tenth anniversary of fixed-rate conversion	101
Third 12-month period following the tenth anniversary of fixed-rate conversion and thereafter	100

The outstanding balance as of June 30, 2010 is \$1,526,920.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued):

C. Debt Service Requirements

The annual requirements to amortize the Certificates of Participation outstanding as of June 30, 2010 included in the long-term liabilities are as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 180,520	\$ 202,311	\$ 382,831
2012	192,880	196,067	388,947
2013	201,420	189,260	390,680
2014	209,960	182,155	392,115
2015	218,500	174,753	393,253
2016-2020	1,281,500	748,466	2,029,966
2021-2025	1,647,140	487,121	2,134,261
2026-2029	<u>1,050,000</u>	<u>151,875</u>	<u>1,201,875</u>
Totals	<u>\$4,981,920</u>	<u>\$ 2,332,008</u>	<u>\$7,313,928</u>

D. Compensated Absences

The noncurrent portion of accumulated vacation and sick leave liability of \$94,875 has no repayment schedule at June 30, 2010.

8. DEFINED BENEFIT PENSION PLAN

Plan Description:

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued):

Benefit provisions and all other requirements are established by State statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy:

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The current rates are 13.34% and 26.57% of annual covered payroll, for nonsafety and safety employees, respectively. The contribution requirements of Plan members and the City are established by, and may be amended by CalPERS.

Annual Pension Cost:

For fiscal year 2009/2010, the City's annual pension cost was \$8,191,367 and the City actually contributed \$8,121,901. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry-age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25% to 14.45% that vary by duration of service, and (c) 2.0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%.

The actuarial value of CalPERS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a 30-year period.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Three-Year Trend Information for CalPERS:

Schedule of Employer Contributions
Miscellaneous and Safety Employee

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 7,088,278	100 %	-
6/30/09	8,609,524	100 %	-
6/30/10	8,191,367	99 %	\$ 69,466

Funded Status and Funding Progress for Miscellaneous Employees:

As of June 30, 2009, the most recent actuarial valuation date, the Plan was 83.7% funded. The actuarial accrued liability for benefits was \$125,433,816 and the actuarial value of assets was \$104,960,650, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,473,166. The covered payroll (annual payroll of active employees covered by the Plan) was \$18,602,551 and the ratio of the UAAL to the covered payroll was 110.1%.

The schedule of funding progress presented as required supplementary information, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Funded Status and Funding Progress for Safety Employees:

As of June 30, 2009, the most recent actuarial valuation date, the Plan was 80.1% funded. The actuarial accrued liability for benefits was \$167,396,133 and the actuarial value of assets was \$134,012,195 resulting in an unfunded actuarial accrued liability of \$33,383,938. The covered payroll (annual payroll of active employees covered by the Plan) was \$12,513,128 and the ratio of the UAAL to the covered payroll was 266.8%.

The schedule of funding progress presented as required supplementary information, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

9. POST-EMPLOYMENT BENEFITS

A. Plan Description

The City provides post-employment healthcare benefits to eligible employees at retirement through a single-employer defined benefit 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.

Eligibility for the medical benefit requires retirement simultaneously from the City and CalPERS on or after age 50 with at least 15 consecutive years of service with the City. The City's contribution is \$25 per month for each year of service up to 25 years or a maximum of \$625. The City's contribution is payable for life for retirees who are members of MPOA, MPMA, and MFFA and to Medicare for all other employees. The City provides the CalPERS minimum required employer contribution (\$105 per month in 2009 and indexed to medical CPI increases) for eligible retirees and surviving spouses continuing coverage in the CalPERS Health Program.

B. Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the City Council and/or the employee associations. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2010, the City paid \$191,570 in healthcare costs for its retirees and their covered dependents.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the Plan over a period not to exceed thirty years.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

9. POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

	<u>Amount</u>
Annual required contribution	\$ 1,295,206
Annual OPEB cost (expense)	1,295,206
Actual contributions made	<u>191,570</u>
Increase in net OPEB obligation	1,103,636
Net OPEB obligation - beginning of year	<u>1,111,858</u>
Net OPEB obligation - end of year	<u><u>\$ 2,215,494</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010, as well as for the preceding years, was as follows:

Fiscal Years <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
6/30/09	\$1,270,784	12.5 %	\$ 1,111,858
6/30/10	1,295,206	14.8 %	2,215,494

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

9. POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Funded Status and Funding Progress

The UAAL as of July 1, 2008 amounted to \$12,026,641.

	<u>Amount</u>
Actuarial accrued liability (AAL)	\$ 12,026,641
Actuarial value of Plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 12,026,641</u>
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll	\$ 57,739,000
UAAL as a percentage of covered payroll	20.8%

E. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation, and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2008 actuarial valuation (the most current available), the entry-age normal cost method was used. The actuarial assumptions included an investment interest rate of 5.00% per year, a projected salary increase of 3.25% per annum, and a general inflation rate of 3.00% per year. The UAAL is being amortized as a level percentage of projected payroll over 30 years commencing in fiscal year 2009.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

10. SELF INSURANCE

The City provides self-insurance for general liability and workers' compensation claims. The City is partially self-insured for general liability programs. The City pays up to \$1 million per occurrence and has excess insurance up to \$10 million per occurrence. For workers' compensation, the City provides self-insurance up to \$300,000 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, earthquake, and vehicle physical damage. There have been no significant changes in insurance coverage as compared to last year, and the City has not experienced settlements in excess of insurance coverage during the past three fiscal years. At June 30, 2010, the present value of the estimated liability discounted at a five percent rate for claims payable is \$10,329,125. The City liability for claims payable is based on an actuarial study. The liability includes an estimate for incurred, but not reported losses, and are based on past experience, modified for current trends and information.

	<u>2010</u>	<u>2009</u>
Insurance Claims Payable:		
Claims payable at July 1	\$ 9,851,611	\$ 9,822,927
Claims incurred during the fiscal year	4,672,101	4,214,368
Payments on claims during the fiscal year	<u>(4,194,587)</u>	<u>(4,185,684)</u>
Claims Payable at June 30	<u>\$10,329,125</u>	<u>\$ 9,851,611</u>

There are no liabilities for which annuity contracts have been purchased in the claimant's names and for which the related liabilities have been removed from the balance sheet.

11. REQUIRED INDIVIDUAL FUND DISCLOSURES

A. Deficity Fund Equity

The General Fund has a deficit of \$6,682,148 and the Capital Improvements Capital Projects Fund has a deficit of \$697,133.

The City is currently working on a recovery plan that includes cost reduction and additional revenue options. A formal plan to eliminate the fund balance deficits is still being formulated and discussed. Council is conducting public meetings, on a weekly and on-going basis, to address the fund balance deficits. The City is also working with employees and its associations with respect to benefits including, but not limited to, the employee share of contributions to the pension plan.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

11. REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

A. Deficit Fund Equity (Continued)

The Montebello Hilton Enterprise Fund (Hotel) has a net asset deficit of \$2,866,785. The operating revenues are pledged for payment of debt service on the 2004 Revenue Bonds (see Note 7b). Since the Hotel started operations, cash flow has not been sufficient to pay all the debt service and the City has funded the difference to make the annual debt service payments. Under an agreement between the City and the management company of the Hotel, an annual management fee is to be paid unless cash flow is not sufficient to pay the debt service. If the cash flow is not sufficient, the management fee accrues and is to be paid at the end of the agreement. At June 30, 2010, \$4,498,180 of the accounts payable and accrued liabilities is owed to the management company for the accumulated management fees and related items. The City will be required to pay this amount, which will remove the deficit.

The Self-Insurance Internal Service Fund has a net asset deficit of \$1,540,308. The deficit will be eliminated by future revenues or transfers from other funds.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

11. REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

B. Excess of Expenditures over Appropriations

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
GENERAL FUND DEPARTMENTS:			
GENERAL GOVERNMENT:			
City Council	\$ 103,443	\$ 122,158	\$ (18,715)
City Clerk	39,413	302,885	(263,472)
City Treasurer	45,178	95,928	(50,750)
City Administrator	759,635	846,502	(86,867)
Employee relations	423,946	534,652	(110,706)
Building and maintenance	<u>384,897</u>	<u>405,336</u>	<u>(20,439)</u>
PUBLIC SAFETY:			
Police administration	606,655	765,848	(159,193)
Field services - Police	16,625,432	17,169,830	(544,398)
Crime prevention	64,545	69,752	(5,207)
Grant	691,535	856,006	(164,471)
Fire administration	1,124,543	1,202,874	(78,331)
Fire prevention	478,078	505,961	(27,883)
Fire communications	<u>347,103</u>	<u>446,099</u>	<u>(98,996)</u>
PUBLIC WORKS:			
Street	<u>4,866,035</u>	<u>5,325,960</u>	<u>(459,925)</u>
PARKS AND RECREATION:			
Recreation services	2,752,593	2,971,873	(219,280)
Parks maintenance	1,139,585	1,167,833	(28,248)
Trees	<u>377,935</u>	<u>492,941</u>	<u>(115,006)</u>
HOUSING AND COMMUNITY DEVELOPMENT:			
Engineering	<u>807,733</u>	<u>909,875</u>	<u>(102,142)</u>
OTHER INDIVIDUAL FUNDS:			
REDEVELOPMENT AGENCY DEBT SERVICE FUND			
	6,328,279	6,393,737	(65,458)
PUBLIC FINANCING AUTHORITY CAPITAL PROJECTS FUND			
	-	270,803	(270,803)
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND			
	5,876,013	13,430,439	(7,554,426)

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

12. REFUNDED AND REFUNDING DEBT

A. Refunding 2000 Certificates of Participation and Refunded 1993 Certificates of Participation

On November 1, 2000, the City issued \$22.9 million in Certificates of Participation with interest rates from 4.0% to 5.4% to advance refund \$17.5 million of outstanding 1993 Certificates of Participation and provide additional funds for capital assets. Net proceeds of \$16.8 million (after payment of: 1) \$1.3 million in underwriting fees, insurance, and other issuance costs; 2) \$1.8 million to establish a reserve fund; and 3) \$3 million deposited in the acquisition and construction fund will be used to acquire public safety communication equipment) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments in the 1993 Certificates of Participation. The 1993 Certificates of Participation are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities. As of June 30, 2010, \$14,025,000 remained outstanding on the refunded 1993 issue.

B. Refunding 1993 Certificates of Participation and Refunded 1990 and 1992 Certificates of Participation

On November 1, 1993, the City issued \$22.3 million in Certificates of Participation with interest rates from 4.00% to 6.08% to advance refund \$7,850,000 of outstanding 1990 Certificates of Participation and \$12,345,000 of outstanding 1992 Certificates of Participation with interest rates from 6.40% to 7.00% and 4.90% to 7.10%, respectively. The net proceeds of \$16.2 million (after payment of \$0.4 million in underwriting fees, insurance, and other issuance costs, plus an additional \$0.9 million in 1990 and 1992 issues sinking fund monies, \$1.8 million to establish a reserve fund, and \$3 million deposited in the acquisition and construction fund) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 and 1992 Certificates of Participation. As a result, the 1990 and 1992 Certificates of Participation are considered to be defeased and the liability for those issues have been removed from the long-term liabilities. As of June 30, 2010, \$1,350,000 and \$9,415,000 remained outstanding on the 1990 and 1992 issues, respectively.

C. 1999 Refunding Certificates of Participation

On December 1, 1998, the City issued \$4.3 million in Certificates of Participation with interest rates from 4.00% to 5.625% to refund \$3.6 million of outstanding 1997 Certificates of Participation with variable interest rate. The net proceeds of \$4.0 million (after payment of \$0.3 million in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 Certificates of Participation. As of June 30, 2010, \$2,550,000 remained outstanding on the 1997 Certificates of Participation.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

12. REFUNDED AND REFUNDING DEBT (CONTINUED)

D. 1997 Montebello Hills Parity Refunding Bonds

On June 1, 1997, the Agency issued \$7.2 million in tax allocation bonds with interest rates from 4.00% to 5.60% to advance partial refund \$6.3 million of outstanding 1989 Series Bonds with interest rates from 6.20% to 7.20%. The net proceeds of \$6.8 million (after payment of \$0.4 million in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Series Bonds. As a result, part of the 1989 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities. As of June 30, 2010, the refunded 1989 Series Bonds have been redeemed.

E. 1998 Montebello Hills Parity Refunding Bonds

On December 1, 1998, the Agency issued \$8.0 million in tax allocation bonds with interest rates from 3.75% to 5.00% to advance partial refund \$6.2 million of outstanding 1989 Series Bonds with interest rates from 6.20% to 7.60%. The net proceeds of \$6.5 million (after payment of \$0.5 million in underwriting fees, insurance, and other issuance costs and \$1 million deposited in the redevelopment fund) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Series Bonds. As a result, part of the 1989 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities. As of June 30, 2010, the refunded 1989 Series Bonds have been redeemed.

F. 1999 South Montebello Industrial Parity Refunding Bonds

On April 15, 1999, the Agency issued \$8.3 million in tax allocation bonds with interest rates from 4.00% to 5.50% to advance partial refund \$2.3 million of outstanding 1989 Series Bonds with interest rates from 6.20% to 7.60%. The net proceeds of \$2.4 million (after payment of \$0.5 million in underwriting fees, insurance, and other issuance costs, \$4.7 million deposited in the Agency's Low- and Moderate-Income Housing Fund, and \$0.7 million deposited in the reserve fund) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Series Bonds. As a result, part of the 1989 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities. As of June 30, 2010, the refunded 1989 Series Bonds were redeemed.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

12. REFUNDED AND REFUNDING DEBT (CONTINUED)

F. 1999 South Montebello Industrial Parity Refunding Bonds (Continued)

On July 1, 1999, the Agency issued \$4.1 million in tax allocation bonds with interest rates from 3.6% to 5.2% to advance partial refund \$3.5 million of outstanding 1989 Series Bonds with interest rates from 6.20% to 7.60%. The net proceeds of \$3.7 million (after payment of \$0.3 million in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Series Bonds. The 1989 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities. As of June 30, 2010, the refunded 1989 Series Bonds were redeemed.

G. Refunding 2001 Certificates of Participation and Refunded 1995 and 1997 Certificates of Participation

On December 10, 2001, the City issued \$8.75 million Variable Rate Certificates of Participation to advance refund \$7,090,000 of outstanding 1995 Certificates of Participation and \$1,965,000 of outstanding 1997 Certificates of Participation with an adjustable interest rate equal to the total of LIBOR plus one percent and LIBOR plus three tenths of one percent, respectively. The net proceeds of \$9.1 million (after payment of \$0.4 million in underwriting fees, insurance, and other issuance costs, plus an additional \$0.7 million in 1995 and 1997 issues sinking fund monies) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 and 1997 Certificates of Participation. As a result, the 1995 and 1997 Certificates of Participation are considered defeased and the liability for those issues have been removed from the long-term liabilities. As of June 30, 2010, \$1,520,000 remained outstanding on the 1997 issues. The refunded 1995 certificates were redeemed.

H. Refunding 2004 Revenue Bonds

In September 2004, the City issued \$17,060,000 in Variable Rate Lease Revenue Refunding Bonds to advance refund \$15,490,000 of outstanding Series 2001A Revenue Bonds. The net proceeds of \$16.1 million (after payment of \$0.8 million in underwriting fees, insurance, and other issuance costs; \$1 million deposited in reserve funds; and \$0.5 million and \$0.4 million deposited in the hotel construction fund and Quiet Cannon construction fund, respectively, plus \$1.6 million in the prior bond issue sinking fund) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2001A Revenue Bonds. As a result, the 2001A Revenue Bonds and the liability has been removed from the long-term liabilities of the governmental activities. As of June 30, 2010, \$12,800,000 remained outstanding on the 2001A Revenue Bonds.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

12. REFUNDED AND REFUNDING DEBT (CONTINUED)

I. 2007 Series A Housing Tax Allocation Bonds

In April 2007, the Agency issued \$8.9 million in tax allocation bonds with interest rates from 3.375% to 4.00% to refund \$8.8 million of outstanding 1997 Series A Housing Tax Allocation Bonds with interest rates from 4.50% to 5.45%. The net proceeds of \$8.6 million and \$0.9 million of reserve funds on the 1997 Series A Housing Tax Allocation Bonds (after payment of \$0.3 million in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide amounts sufficient to pay on September 1, 2007, and to redeem on September 1, 2007 the 1997 Housing Tax Allocation Bonds maturing after such date by payment of the principal of such bonds, together with a redemption premium of 2% thereon. As a result, all of the 1997 Series A Housing Tax Allocation Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities. As of June 30, 2010, \$6,755,000 remained outstanding on the 1997 Series A Housing Tax Allocation Bonds.

J. 2007 Series A Montebello Hills Refunding Bonds

In October 2007, the Agency issued \$2.9 million in tax allocation bonds with interest rates from 3.35% to 4.00% to refund a portion (\$2.67 million) of the outstanding 1999 Series A Tax Allocation Bonds. The net proceeds of \$2.75 million (after payment of \$0.15 million in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide amounts sufficient to pay on March 1, 2009, and to redeem on March 1, 2009 a portion of the 1999 Series A Tax Allocation Bonds, together with a redemption premium of 2% thereon. As a result, a portion of the 1999 Series A Tax Allocation Bonds are considered to be defeased and the liability has been removed from long-term liabilities. At June 30, 2010, the portion of the 1999 Series A Tax Allocation Bonds retired by the 2007 Series A Bonds have been redeemed.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

12. REFUNDED AND REFUNDING DEBT (CONTINUED)

K. 2007 Series B (Taxable) Montebello Hills Refunding Bonds

In October 2007, the Agency issued \$3.66 million in tax allocation bonds with interest rates of 5.80% to refund \$3.30 million of the outstanding 1999 Series C Tax Allocation Bonds. The net proceeds of \$3.50 million (after payment of \$0.16 million in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide amounts sufficient to pay on March 1, 2009, and to redeem on March 1, 2009 a portion of the 1999 Series C Tax Allocation Bonds, together with a redemption premium of 2% thereon. As a result, a portion of the 1999 Series C Tax Allocation Bonds are considered to be defeased and the liability has been removed from long-term liabilities. As of June 30, 2010, the refunded 1999 Series C Tax Allocation Bonds were redeemed.

13. FUND BALANCE RESERVES AND DESIGNATIONS

The various reserves established as of June 30, 2010 are as follows:

Reserved for Advances - This reserve is to indicate that these amounts are not available to meet expenditures of the current period.

Reserved for Encumbrances - This reserve is to indicate commitments for material and services on purchase orders.

Reserved for Inventory - This reserve is to indicate that these amounts are not available to meet expenditures of the current period.

Reserved for Retirement Benefits - This reserve is to indicate that these amounts are to be used to pay for retirement benefits.

Reserved for Debt Service - This reserve is the amount accumulated by the City that is restricted to the payment of long-term debt principal and interest amounts that mature in future years.

Reserved for Notes Receivable - This reserve is provided to indicate that the amounts that are to be paid on the notes are not considered "available" to meet the expenditures of the current period.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

13. FUND BALANCE RESERVES AND DESIGNATIONS (CONTINUED)

Reserved for Investment in Land Held for Resale - This reserve is provided to indicate that land held for resale is not "available" as a resource to meet the expenditures of the current period.

The designations established as of June 30, 2010 are as follows:

	<u>Planned Capital Improvements</u>
Special Revenue Funds:	
Special Gas Tax	\$ 826,426
Drug Enforcement	89,183
Proposition C	1,010,335
Grants	<u>12,722</u>
	1,938,666
Redevelopment Agency Capital Project Fund	<u>20,924,437</u>
Total Designations	<u>\$22,863,103</u>

14. CONTINGENCIES

A. 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.

B. SERAF Contingency

On July 28, 2009, the Governor of the State of California signed into law Assembly Bill No. 26 (AB 26) modifying the Community Redevelopment Law (Health and Safety Code Sections 3300, *et seq.*). The general effect of the AB 26 amendment is to shift approximately two billion fifty million dollars (\$2,050,000,000) away from redevelopment agencies to K-12 school districts and county offices of education located entirely or partially within the redevelopment project areas. To accomplish this shift, AB 26 establishes a "Supplemental Educational Revenue Augmentation Fund" (SERAF) in each county and requires each redevelopment agency to pay into its county's SERAF during both fiscal years 2009-2010 and 2010-2011. The largest redevelopment agency payments into SERAF occurred during fiscal year 2009-2010 and resulted in a shift of approximately one billion seven hundred million (\$1,700,000,000) from redevelopment agencies to K-12 school districts and county offices of education. The shift of money in fiscal year 2010-2011 will be approximately three hundred fifty million dollars (\$350,000,000).

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

14. CONTINGENCIES (CONTINUED)

B. SERAF Contingency (Continued)

The Agency's share of SERAF for the fiscal years 2009-2010 and 2010-2011 is \$5,533,151 and \$1,138,067, respectively. The California Redevelopment Association (CRA) filed a lawsuit against the State of California challenging the constitutionality of AB 26. In May 2010, the Superior Court for the State of California upheld the 2009 SERAF legislation. The CRA has appealed the Superior Court's decision and hopes to have a decision prior to the May 10, 2011 due date for the second payment.

15. RESTATEMENT OF FUND BALANCE AND NET ASSETS

A. Government Fund Financial Statements

Beginning fund balance in the governmental funds financial statements for the Redevelopment Agency Capital Projects Fund was restated as follows:

	<u>Amount</u>
Fund balance as previously reported, July 1, 2009	\$ 31,753,621
To record cash accounts not previously included in the fund financial statements	<u>243,864</u>
Fund balance as restated, July 1, 2009	<u>\$ 31,997,485</u>

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

15. RESTATEMENT OF FUND BALANCE AND NET ASSETS (CONTINUED)

B. Government-wide Financial Statements

Beginning net assets in the government-wide financial statements for the governmental activities was restated as follows:

	<u>Amount</u>
Net assets as previously reported, July 1, 2009	\$ 23,763,459
To record cash accounts not previously included in the fund financial statements	243,864
To adjust for capital assets purchased in prior years on the government-wide financial statements	<u>7,602,452</u>
Net assets as restated, July 1, 2009	<u>\$ 31,609,775</u>

The total enterprise funds beginning net assets in the Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds did not agree with the sum of the individual funds' net assets (deficits) by \$554,197. An adjustment to correct the discrepancy was made in the current period.

16. SUBSEQUENT EVENTS

On December 22, 2010, the City was notified by the U.S. Department of Housing and Urban Development during its review of the City's books and records that the City could not provide sufficient documentation with respect to a \$1,300,000 HOME expenditure. The City was ordered to repay HUD \$1,300,000.

The City has demanded payment from the developer who failed to provide the City the proper documentation to support the expenditure and has recorded a \$1,300,000 receivable in its Capital Projects Fund.

On February 18, 2011, the City was notified by HUD during its review of acquisition and related costs of property located at 124 South Sixth Street, Montebello, CA, that the City could not provide documentation and support regarding the City's acquisition of the property. The City was ordered to repay HUD \$889,106.

The City is currently negotiating a payment plan with respect to the above amounts due. The City has reflected these amounts due as notes payable - due within one year in the Statement of Net Assets - governmental activities.

CITY OF MONTEBELLO

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

17. UNCERTAINTIES

The Capital Improvements Capital Projects Fund and the General Fund are the focal points in analyzing the financial health of the City because the Capital Improvements Capital Projects Fund is expected to cover both its costs and act as a financial backstop for the General Fund and other funds in the event of an insufficiency in those funds. For fiscal year 2008-2009, the Capital Improvements Capital Projects Fund's expenditures have exceeded revenues and transfers by \$4,893,948, resulting in a deficit fund balance of \$765,485 as of June 30, 2009. For fiscal year 2009-2010, the Capital Improvements Capital Projects Fund's deficit fund balance decreased to \$697,133. However, the General Fund's expenditures have exceeded revenues and transfers by \$6,682,148, resulting in a deficit fund balance of \$6,682,148 as of June 30, 2010.

The Capital Improvements Capital Projects Fund and the General Fund do not have the ability to provide any resources to other funds in fiscal year 2010-2011. The City has not adopted a final budget for fiscal year 2010-2011. City management has estimated that the General Fund's resources will not meet the estimated appropriations resulting in a deficit of approximately \$2,100,000 for fiscal year 2010-2011. The Capital Improvements Capital Projects Fund and the General Fund are expected to have liquidity problems and the need to borrow cash from other outside sources.

The current economic conditions have caused significant decreases in revenues collected by the City and is affecting the ability of the City to pay for expenditures for public services. In addition to the decline in revenues, the City is also faced with higher costs for pension and retirement benefits.

The City is working on a recovery plan that includes cost reduction and additional revenue options to realign future expenditures with lower revenue streams. The projection of the financial data for future periods must recognize the factors discussed above and consider the effect of these factors on the City's operations.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

CITY OF MONTEBELLO
SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2010

CalPERS MISCELLANEOUS EMPLOYEES PLAN
(\$ amount in Thousands)

Note 8

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial	Unfunded	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a
		Accrued Liability (AAL) (b)	AAL (UAAL) (b)-(a)			% of Covered Payroll [(b)-(a)]/(c)
6/30/2007	\$ 92,258	\$ 100,067	\$ 7,809	92.2 %	\$ 16,823	46.4 %
6/30/2008	99,478	112,618	13,140	88.3	20,500	64.1
6/30/2009	104,961	125,434	20,473	83.7	18,603	110.1

CalPERS SAFETY EMPLOYEES PLAN
(\$ amount in Thousands)

Note 8

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial	Unfunded	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a
		Accrued Liability (AAL) (b)	AAL (UAAL) (b)-(a)			% of Covered Payroll [(b)-(a)]/(c)
6/30/2007	\$ 121,959	\$ 139,867	\$ 17,908	87.2 %	\$ 10,831	165.3 %
6/30/2008	128,706	152,656	23,950	84.3	12,786	187.3
6/30/2009	134,012	167,396	33,384	80.1	12,513	266.8

OTHER POST-EMPLOYMENT BENEFITS PLAN
(\$ amount in Thousands)

Note 9

Actuarial Valuation Date	Actuarial Asset Value (a)	Actuarial	Unfunded	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a
		Accrued Liability (AAL) (b)	Actuarial Accrued Liability (UAAL) (b)-(a)			% of Covered Payroll [(b)-(a)]/(c)
6/30/2008	-	\$ 12,026,641	\$ 12,026,641	- %	\$ 57,739,000	20.8 %

See independent auditors' report and notes to financial statements.

CITY OF MONTEBELLO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Sales taxes	\$ 8,800,000	\$ 8,800,000	\$ 8,417,053	\$ (382,947)
Property taxes	3,540,000	3,540,000	3,260,436	(279,564)
Other taxes	1,130,000	1,130,000	326,403	(803,597)
Franchise taxes	1,200,000	1,200,000	1,254,753	54,753
Licenses and permits	3,610,200	3,610,200	4,728,808	1,118,608
Fines and forfeitures	1,752,000	1,752,000	2,054,730	302,730
Investment income	100,000	100,000	6,785	(93,215)
Revenue from other agencies	5,500,000	5,500,000	5,252,095	(247,905)
Charges for services	5,676,446	5,676,446	5,373,695	(302,751)
Interfund revenue	3,700,000	3,700,000	3,229,411	(470,589)
Other revenue	817,100	817,100	860,422	43,322
TOTAL REVENUES	<u>35,825,746</u>	<u>35,825,746</u>	<u>34,764,591</u>	<u>(1,061,155)</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
City Council	103,443	103,443	122,158	(18,715)
City Clerk	39,413	39,413	302,885	(263,472)
City Treasurer	45,178	45,178	95,928	(50,750)
City Attorney	648,600	648,600	637,230	11,370
City Administrator	759,635	759,635	846,502	(86,867)
Employee relations	423,946	423,946	534,652	(110,706)
Community promotions	96,887	96,887	15,807	81,080
Finance	1,582,218	1,582,218	1,519,929	62,289
General services	1,119,043	1,119,043	968,992	150,051
Building and maintenance	384,897	384,897	405,336	(20,439)
Governmental building maintenance	392,209	392,209	374,168	18,041
TOTAL GENERAL GOVERNMENT	<u>5,595,469</u>	<u>5,595,469</u>	<u>5,823,587</u>	<u>(228,118)</u>
PUBLIC SAFETY:				
Police administration	606,655	606,655	765,848	(159,193)
Field services - police	16,746,630	16,625,432	17,169,830	(544,398)
Support services - police	1,007,297	1,004,701	737,844	266,857
Crime prevention	64,545	64,545	69,752	(5,207)
Grant	691,535	691,535	856,006	(164,471)
Fire administration	1,124,543	1,124,543	1,202,874	(78,331)
Fire suppression	11,035,617	11,035,617	10,582,614	453,003
Fire prevention	478,078	478,078	505,961	(27,883)
Fire communications	347,103	347,103	446,099	(98,996)
TOTAL PUBLIC SAFETY	<u>32,102,003</u>	<u>31,978,209</u>	<u>32,336,828</u>	<u>(358,619)</u>

See independent auditors' report and note to required supplementary information.

CITY OF MONTEBELLO
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (CONTINUED)

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
EXPENDITURES (CONTINUED):				
PUBLIC WORKS:				
Street	\$ 4,866,035	\$ 4,866,035	\$ 5,325,960	\$ (459,925)
PARKS AND RECREATION:				
Parks and recreation administration	626,832	626,832	618,327	8,505
Recreation services	2,702,593	2,752,593	2,971,873	(219,280)
Parks maintenance	1,139,585	1,139,585	1,167,833	(28,248)
Trees	377,935	377,935	492,941	(115,006)
TOTAL PARKS AND RECREATION	4,846,945	4,896,945	5,250,974	(354,029)
HOUSING AND COMMUNITY DEVELOPMENT:				
Planning	612,708	612,708	526,459	86,249
Engineering	807,733	807,733	909,875	(102,142)
TOTAL HOUSING AND COMMUNITY DEVELOPMENT	1,420,441	1,420,441	1,436,334	(15,893)
TOTAL EXPENDITURES	48,830,893	48,757,099	50,173,683	(1,416,584)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(13,005,147)	(12,931,353)	(15,409,092)	(2,477,739)
OTHER FINANCING SOURCES:				
Transfers in	8,883,000	8,883,000	8,726,944	(156,056)
NET CHANGE IN FUND BALANCE	(4,122,147)	(4,048,353)	(6,682,148)	(2,633,795)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ (4,122,147)	\$ (4,048,353)	\$ (6,682,148)	\$ (2,633,795)

See independent auditors' report and note to required supplementary information.

CITY OF MONTEBELLO

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2010

BUDGETARY DATA:

The City adheres to the following general procedures in establishing the budgetary data reflected in the combined financial statements:

- 1) 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.
- 2) The City Administrator is authorized to transfer certain appropriations between activities within any department in accordance with the budget resolution. Any revisions that alter the total expenditures of any department must be approved by the City Council.
- 3) The budget is formally integrated into the accounting system.
- 4) Budgets for the governmental fund types 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.
- 5) At fiscal year-end, operating budget appropriations lapse. Capital projects are budgeted on an annual basis. Encumbrances and expenditures, which would cause an annual budget appropriations overrun, require an approved budget transfer. Incomplete capital improvement budget appropriations are rebudgeted in the following fiscal year. Projects that are not started during the budget year are reevaluated in the following year.

SUPPLEMENTARY SCHEDULES

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for a specified purpose.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term liabilities, interest, and related fiscal agent costs.

Public Financing Authority Capital Projects Fund is used to account for financial resources segregated for the acquisition of capital facilities financed by the Public Financing Authority debt.

CITY OF MONTEBELLO

COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS

June 30, 2010

	Special Revenue Funds	Debt Service Funds	Public Financing Authority Capital Projects Fund	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 715,376	\$ 57,008	\$ 19,724	\$ 792,108
Cash and investments with fiscal agent	-	5,687,051	1,221,165	6,908,216
Receivables:				
Accounts	1,063,686	-	-	1,063,686
Property taxes	278,613	-	-	278,613
Notes	1,045,734	-	-	1,045,734
Due from other funds	4,830,000	600,000	-	5,430,000
 TOTAL ASSETS	 \$ 7,933,409	 \$ 6,344,059	 \$ 1,240,889	 \$ 15,518,357
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 151	-	-	\$ 151
Due to other funds	300,000	-	\$ 600,000	900,000
Deferred revenue	2,755,073	-	-	2,755,073
 TOTAL LIABILITIES	 3,055,224	 -	 600,000	 3,655,224
FUND BALANCES:				
Reserved:				
Retirement benefits	23,172	-	-	23,172
Debt service		\$ 6,344,059	640,889	6,984,948
Unreserved, designated reported in:				
Special revenue funds	1,938,666	-	-	1,938,666
Unreserved, undesignated reported in:				
Special revenue funds	2,916,347	-	-	2,916,347
 TOTAL FUND BALANCES	 4,878,185	 6,344,059	 640,889	 11,863,133
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 7,933,409	 \$ 6,344,059	 \$ 1,240,889	 \$ 15,518,357

See independent auditors' report.

CITY OF MONTEBELLO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2010

	Special Revenue Funds	Debt Service Funds	Public Financing Authority Capital Projects Fund	Total Other Governmental Funds
REVENUES:				
Property taxes	\$ 6,694,924	-	-	\$ 6,694,924
Investment income	41,197	\$ 8	\$ 2	41,207
Revenue from other agencies	9,621,623	-	-	9,621,623
Other revenue	<u>-</u>	<u>-</u>	<u>167,114</u>	<u>167,114</u>
 TOTAL REVENUES	 <u>16,357,744</u>	 <u>8</u>	 <u>167,116</u>	 <u>16,524,868</u>
EXPENDITURES:				
Debt service:				
Principal payments	-	1,478,020	-	1,478,020
Interest and fees	-	954,095	270,803	1,224,898
Other	<u>-</u>	<u>22,251</u>	<u>-</u>	<u>22,251</u>
 TOTAL EXPENDITURES	 <u>-</u>	 <u>2,454,366</u>	 <u>270,803</u>	 <u>2,725,169</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>16,357,744</u>	 <u>(2,454,358)</u>	 <u>(103,687)</u>	 <u>13,799,699</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	92,389	2,253,840	150,000	2,496,229
Transfers out	<u>(16,162,740)</u>	<u>-</u>	<u>-</u>	<u>(16,162,740)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(16,070,351)</u>	 <u>2,253,840</u>	 <u>150,000</u>	 <u>(13,666,511)</u>
 NET CHANGE IN FUND BALANCES	 287,393	 (200,518)	 46,313	 133,188
 FUND BALANCES - BEGINNING OF YEAR	 <u>4,590,792</u>	 <u>6,544,577</u>	 <u>594,576</u>	 <u>11,729,945</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 4,878,185</u>	 <u>\$ 6,344,059</u>	 <u>\$ 640,889</u>	 <u>\$ 11,863,133</u>

See independent auditors' report.

OTHER SPECIAL REVENUE FUNDS

Special Gas Tax Fund - To account for the City's share of state and county gas tax allocations. The tax allocations are expended on street maintenance and street construction.

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.

Retirement Fund - To account for the receipt of property taxes allocated for retirement expenditures. These funds are used to pay the City's cost of retirement for general governmental employees.

Prop A Fund - To account for the receipt of the half-cent sales tax allocated by Los Angeles County Metropolitan Transportation Authority (LACMTA). These funds are to be used for public transit related expenditures.

Drug Enforcement Fund - To account for the revenues resulting from the seizure of assets in conjunction with criminal cases (primarily drug related). These funds are used for enhancement of law enforcement programs.

Prop C Fund - To account for the receipt of the half-cent sales tax allocated by LACMTA. These funds are to be used to reduce traffic congestion, improve air quality, improve conditions of streets/freeways utilized by public transit, and reduce foreign fuel dependence.

Metro Station Fund - Funds for this rail station are generated from Prop C Local Return, Prop C Discretionary, and Transportation Capital Improvement grants. The station will serve as a component of the regional Metrolink commuter rail network. Shared by the Cities of Montebello and Commerce, the station will be located at the Chevron Marketing Terminal at 600 South Vail Avenue, Montebello, California.

Air Quality Fund - To account for monies received through the South Coast Air Quality Management District to be used for the purpose of reducing air pollution.

Supplemental Law Enforcement - To account for certain grant funds received. These funds are used for the enhancement of law enforcement programs.

Grants - To account for Housing and Community Development Funds for neighborhood and commercial improvement purposes.

CITY OF MONTEBELLO

COMBINING BALANCE SHEET - OTHER SPECIAL REVENUE FUNDS

June 30, 2010

	Special Gas Tax	Park Development	Retirement	Prop A
ASSETS				
Cash and investments	\$ 58,702	\$ 39,722	\$ 44,559	\$ 418,345
Receivables:				
Accounts	267,875	-	-	-
Property taxes	-	-	278,613	-
Notes				
Due from other funds	<u>500,000</u>	<u>100,000</u>	<u>-</u>	<u>725,000</u>
 TOTAL ASSETS	 <u>\$ 826,577</u>	 <u>\$ 139,722</u>	 <u>\$ 323,172</u>	 <u>\$ 1,143,345</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 151	-	-	-
Due to other funds	-	-	\$ 300,000	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>151</u>	 <u>-</u>	 <u>300,000</u>	 <u>-</u>
FUND BALANCES (DEFICIT):				
Reserved:				
Retirement	-	-	23,172	-
Unreserved:				
Designated for planned capital improvements	826,426	-	-	-
Undesignated	<u>-</u>	<u>\$ 139,722</u>	<u>-</u>	<u>\$ 1,143,345</u>
 TOTAL FUND BALANCES (DEFICIT)	 <u>826,426</u>	 <u>139,722</u>	 <u>23,172</u>	 <u>1,143,345</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 826,577</u>	 <u>\$ 139,722</u>	 <u>\$ 323,172</u>	 <u>\$ 1,143,345</u>

See independent auditors' report.

<u>Drug Enforcement</u>	<u>Prop C</u>	<u>Metro Station</u>	<u>Air Quality</u>	<u>Supplemental Law Enforcement</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
\$ 75,000	\$ 57,222	\$ 9,501	\$ 1,852	\$ 6,707	\$ 3,766	\$ 715,376
-	-	-	19,968	7,548	768,295	1,063,686
-	-	-	-	-	-	278,613
<u>300,000</u>	<u>1,785,000</u>	<u>170,000</u>	<u>200,000</u>	<u>100,000</u>	1,045,734	1,045,734
					<u>950,000</u>	<u>4,830,000</u>
<u>\$ 375,000</u>	<u>\$ 1,842,222</u>	<u>\$ 179,501</u>	<u>\$ 221,820</u>	<u>\$ 114,255</u>	<u>\$ 2,767,795</u>	<u>\$ 7,933,409</u>
-	-	-	-	-	-	\$ 151
-	-	-	-	-	-	300,000
-	-	-	-	-	<u>\$ 2,755,073</u>	<u>2,755,073</u>
-	-	-	-	-	-	-
-	-	-	-	-	<u>2,755,073</u>	<u>3,055,224</u>
-	-	-	-	-	-	23,172
\$ 89,183	\$ 1,010,335	-	-	-	12,722	1,938,666
<u>285,817</u>	<u>831,887</u>	<u>\$ 179,501</u>	<u>\$ 221,820</u>	<u>\$ 114,255</u>	-	<u>2,916,347</u>
<u>375,000</u>	<u>1,842,222</u>	<u>179,501</u>	<u>221,820</u>	<u>114,255</u>	<u>12,722</u>	<u>4,878,185</u>
<u>\$ 375,000</u>	<u>\$ 1,842,222</u>	<u>\$ 179,501</u>	<u>\$ 221,820</u>	<u>\$ 114,255</u>	<u>\$ 2,767,795</u>	<u>\$ 7,933,409</u>

CITY OF MONTEBELLO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS

For the year ended June 30, 2010

	Special Gas Tax	Park Development	Retirement	Prop A
REVENUES:				
Property taxes			\$ 6,694,924	
Investment income	\$ 4,033		-	\$ 8,274
Revenue from other agencies	<u>2,655,458</u>	<u>\$ 3,111</u>	<u>-</u>	<u>835,474</u>
 TOTAL REVENUES	 <u>2,659,491</u>	 <u>3,111</u>	 <u>6,694,924</u>	 <u>843,748</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	92,389	-	-	-
Transfers out	<u>(2,471,704)</u>	<u>-</u>	<u>(7,250,000)</u>	<u>(244,485)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(2,379,315)</u>	 <u>-</u>	 <u>(7,250,000)</u>	 <u>(244,485)</u>
 NET CHANGE IN FUND BALANCES	 280,176	 3,111	 (555,076)	 599,263
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	 <u>546,250</u>	 <u>136,611</u>	 <u>578,248</u>	 <u>544,082</u>
FUND BALANCES (DEFICIT) - END OF YEAR	 <u>\$ 826,426</u>	 <u>\$ 139,722</u>	 <u>\$ 23,172</u>	 <u>\$ 1,143,345</u>

See independent auditors' report.

<u>Drug Enforcement</u>	<u>Prop C</u>	<u>Metro Station</u>	<u>Air Quality</u>	<u>Supplemental Law Enforcement</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
						\$ 6,694,924
\$ 3,271	\$ 21,049	\$ 1,812	\$ 2,063	\$ 695		41,197
<u>193,709</u>	<u>747,345</u>	<u>-</u>	<u>74,353</u>	<u>100,000</u>	<u>\$ 5,012,173</u>	<u>9,621,623</u>
<u>196,980</u>	<u>768,394</u>	<u>1,812</u>	<u>76,416</u>	<u>100,695</u>	<u>5,012,173</u>	<u>16,357,744</u>
-	-	-	-	-	-	92,389
<u>(89,183)</u>	<u>(1,232,205)</u>	<u>-</u>	<u>(58,984)</u>	<u>(40,915)</u>	<u>(4,775,264)</u>	<u>(16,162,740)</u>
<u>(89,183)</u>	<u>(1,232,205)</u>	<u>-</u>	<u>(58,984)</u>	<u>(40,915)</u>	<u>(4,775,264)</u>	<u>(16,070,351)</u>
107,797	(463,811)	1,812	17,432	59,780	236,909	287,393
<u>267,203</u>	<u>2,306,033</u>	<u>177,689</u>	<u>204,388</u>	<u>54,475</u>	<u>(224,187)</u>	<u>4,590,792</u>
<u>\$ 375,000</u>	<u>\$ 1,842,222</u>	<u>\$ 179,501</u>	<u>\$ 221,820</u>	<u>\$ 114,255</u>	<u>\$ 12,722</u>	<u>\$ 4,878,185</u>

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ 35,000	\$ 35,000	\$ 4,033	\$ (30,967)
Revenue from other agencies	<u>1,945,500</u>	<u>1,945,500</u>	<u>2,655,458</u>	<u>709,958</u>
TOTAL REVENUES	<u>1,980,500</u>	<u>1,980,500</u>	<u>2,659,491</u>	<u>678,991</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	92,389	92,389
Transfers out	<u>(1,205,500)</u>	<u>(1,205,500)</u>	<u>(2,471,704)</u>	<u>(1,266,204)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,205,500)</u>	<u>(1,205,500)</u>	<u>(2,379,315)</u>	<u>(1,173,815)</u>
NET CHANGE IN FUND BALANCE	775,000	775,000	280,176	(494,824)
FUND BALANCE - BEGINNING OF YEAR	<u>546,250</u>	<u>546,250</u>	<u>546,250</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,321,250</u>	<u>\$ 1,321,250</u>	<u>\$ 826,426</u>	<u>\$ (494,824)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from other agencies	\$ 10,000	\$ 10,000	\$ 3,111	\$ (6,889)
FUND BALANCE - BEGINNING OF YEAR	<u>136,611</u>	<u>136,611</u>	<u>136,611</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 146,611</u>	<u>\$ 146,611</u>	<u>\$ 139,722</u>	<u>\$ (6,889)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

RETIREMENT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 6,876,000	\$ 6,876,000	\$ 6,694,924	\$ (181,076)
OTHER FINANCING USES:				
Transfers out	<u>(7,300,000)</u>	<u>(7,300,000)</u>	<u>(7,250,000)</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	(424,000)	(424,000)	(555,076)	(131,076)
FUND BALANCE - BEGINNING OF YEAR	<u>578,248</u>	<u>578,248</u>	<u>578,248</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 154,248</u>	<u>\$ 154,248</u>	<u>\$ 23,172</u>	<u>\$ (131,076)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROP A SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	-	-	\$ 8,274	\$ 8,274
Revenue from other agencies	\$ 928,085	\$ 928,085	835,474	(92,611)
TOTAL REVENUES	<u>928,085</u>	<u>928,085</u>	<u>843,748</u>	<u>(84,337)</u>
OTHER FINANCING USES:				
Transfers out	<u>(303,170)</u>	<u>(303,170)</u>	<u>(244,485)</u>	<u>58,685</u>
NET CHANGE IN FUND BALANCE	624,915	624,915	599,263	(25,652)
FUND BALANCE - BEGINNING OF YEAR	<u>544,082</u>	<u>544,082</u>	<u>544,082</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,168,997</u>	<u>\$ 1,168,997</u>	<u>\$ 1,143,345</u>	<u>\$ (25,652)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DRUG ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment income	\$ 26,000	\$ 26,000	\$ 3,271	\$ (22,729)
Revenue from other agencies	<u>325,000</u>	<u>325,000</u>	<u>193,709</u>	<u>(131,291)</u>
TOTAL REVENUES	<u>351,000</u>	<u>351,000</u>	<u>196,980</u>	<u>(154,020)</u>
OTHER FINANCING USES:				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(89,183)</u>	<u>(39,183)</u>
NET CHANGE IN FUND BALANCE	301,000	301,000	107,797	(193,203)
FUND BALANCE - BEGINNING OF YEAR	<u>267,203</u>	<u>267,203</u>	<u>267,203</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 568,203</u>	<u>\$ 568,203</u>	<u>\$ 375,000</u>	<u>\$ (193,203)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROP C SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	-	-	\$ 21,049	\$ 21,049
Revenue from other agencies	\$ 770,023	\$ 770,023	747,345	(22,678)
TOTAL REVENUES	<u>770,023</u>	<u>770,023</u>	<u>768,394</u>	<u>(1,629)</u>
OTHER FINANCING USES:				
Transfers out	<u>(661,751)</u>	<u>(661,751)</u>	<u>(1,232,205)</u>	<u>(570,454)</u>
NET CHANGE IN FUND BALANCE	108,272	108,272	(463,811)	(572,083)
FUND BALANCE - BEGINNING OF YEAR	<u>2,306,033</u>	<u>2,306,033</u>	<u>2,306,033</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,414,305</u>	<u>\$ 2,414,305</u>	<u>\$ 1,842,222</u>	<u>\$ (572,083)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

METRO STATION SPECIAL REVENUE FUND

For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment income	\$ 7,000	\$ 7,000	\$ 1,812	\$ (5,188)
FUND BALANCE - BEGINNING OF YEAR	<u>177,689</u>	<u>177,689</u>	<u>177,689</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 184,689</u>	<u>\$ 184,689</u>	<u>\$ 179,501</u>	<u>\$ (5,188)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR QUALITY SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ 5,000	\$ 5,000	\$ 2,063	\$ (2,937)
Revenue from other agencies	<u>85,000</u>	<u>85,000</u>	<u>74,353</u>	<u>(10,647)</u>
TOTAL REVENUES	<u>90,000</u>	<u>90,000</u>	<u>76,416</u>	<u>(13,584)</u>
OTHER FINANCING USES:				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(58,984)</u>	<u>(8,984)</u>
NET CHANGE IN FUND BALANCE	40,000	40,000	17,432	(22,568)
FUND BALANCE - BEGINNING OF YEAR	<u>204,388</u>	<u>204,388</u>	<u>204,388</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 244,388</u>	<u>\$ 244,388</u>	<u>\$ 221,820</u>	<u>\$ (22,568)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	-	-	\$ 695	\$ 695
Revenue from other agencies	\$ 138,000	\$ 138,000	100,000	(38,000)
TOTAL REVENUES	<u>138,000</u>	<u>138,000</u>	<u>100,695</u>	<u>(37,305)</u>
OTHER FINANCING USES:				
Transfers out	(138,000)	(138,000)	(40,915)	97,085
NET CHANGE IN FUND BALANCE	-	-	59,780	59,780
FUND BALANCE - BEGINNING OF YEAR	<u>54,475</u>	<u>54,475</u>	<u>54,475</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 54,475</u>	<u>\$ 54,475</u>	<u>\$ 114,255</u>	<u>\$ 59,780</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
REVENUES:				
Revenue from other agencies	<u>\$ 3,521,237</u>	<u>\$ 3,521,237</u>	<u>\$ 5,012,173</u>	<u>\$ 1,490,936</u>
TOTAL REVENUES	<u>3,521,237</u>	<u>3,521,237</u>	<u>5,012,173</u>	<u>1,490,936</u>
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>-</u>	<u>(4,775,264)</u>	<u>(4,775,264)</u>
NET CHANGE IN FUND BALANCE	<u>3,521,237</u>	<u>3,521,237</u>	<u>236,909</u>	<u>(3,284,328)</u>
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(224,187)</u>	<u>(224,187)</u>	<u>(224,187)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 3,297,050</u>	<u>\$ 3,297,050</u>	<u>\$ 12,722</u>	<u>\$ (3,284,328)</u>

See independent auditors' report.

OTHER DEBT SERVICE FUNDS

City Fund - To account for the accumulation of resources required for the payment of interest and principal on all certificates of participation.

Public Financing Authority Fund - To account for the accumulation of resources required for payment of interest and principal on all Public Financing Authority revenue bonds.

MAJOR DEBT SERVICE FUND

Redevelopment Agency Fund - To account for the accumulation of resources required for the payment of interest and principal on all Agency tax allocation bonds.

CITY OF MONTEBELLO
 COMBINING BALANCE SHEET
 OTHER DEBT SERVICE FUNDS

June 30, 2010

	City	Public Financing Authority	Total Other Debt Service Funds
ASSETS			
Cash and investments	\$ 10,559	\$ 46,449	\$ 57,008
Cash and investments with fiscal agent	1,820,790	3,866,261	5,687,051
Due from other funds	300,000	300,000	600,000
TOTAL ASSETS	\$ 2,131,349	\$ 4,212,710	\$ 6,344,059
LIABILITIES AND FUND BALANCES			
LIABILITIES	-	-	-
FUND BALANCES:			
Reserved for debt service	\$ 2,131,349	\$ 4,212,710	\$ 6,344,059
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,131,349	\$ 4,212,710	\$ 6,344,059

See independent auditors' report.

CITY OF MONTEBELLO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - OTHER DEBT SERVICE FUNDS

For the year ended June 30, 2010

	<u>City</u>	<u>Public Financing Authority</u>	<u>Total Other Debt Service Funds</u>
REVENUES:			
Investment income	-	\$ 8	\$ 8
EXPENDITURES:			
Debt service:			
Principal payments	\$ 1,203,020	275,000	1,478,020
Interest and fees	873,921	80,174	954,095
Other	<u>19,251</u>	<u>3,000</u>	<u>22,251</u>
TOTAL EXPENDITURES	<u>2,096,192</u>	<u>358,174</u>	<u>2,454,366</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,096,192)</u>	<u>(358,166)</u>	<u>(2,454,358)</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>1,322,704</u>	<u>931,136</u>	<u>2,253,840</u>
NET CHANGE IN FUND BALANCE	(773,488)	572,970	(200,518)
FUND BALANCES - BEGINNING OF YEAR	<u>2,904,837</u>	<u>3,639,740</u>	<u>6,544,577</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,131,349</u>	<u>\$ 4,212,710</u>	<u>\$ 6,344,059</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CITY DEBT SERVICE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ 120,000	\$ 120,000	-	\$ (120,000)
EXPENDITURES:				
Debt Service:				
Principal payments	1,203,020	1,203,020	\$ 1,203,020	-
Interest and fees	1,119,684	1,119,684	873,921	245,763
Other	-	-	19,251	(19,251)
TOTAL EXPENDITURES	<u>2,322,704</u>	<u>2,322,704</u>	<u>2,096,192</u>	<u>226,512</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,202,704)	(2,202,704)	(2,096,192)	106,512
OTHER FINANCING SOURCES:				
Transfers in	<u>1,122,704</u>	<u>1,122,704</u>	<u>1,322,704</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCE	(1,080,000)	(1,080,000)	(773,488)	306,512
FUND BALANCE - BEGINNING OF YEAR	<u>2,904,837</u>	<u>2,904,837</u>	<u>2,904,837</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,824,837</u>	<u>\$ 1,824,837</u>	<u>\$ 2,131,349</u>	<u>\$ 306,512</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Investment income	\$ 60,000	\$ 60,000	\$ 8	\$ (59,992)
EXPENDITURES:				
Debt Service:				
Principal payments	275,000	275,000	275,000	-
Interest and fees	323,400	323,400	80,174	243,226
Other	-	-	3,000	(3,000)
TOTAL EXPENDITURES	<u>598,400</u>	<u>598,400</u>	<u>358,174</u>	<u>240,226</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(538,400)	(538,400)	(358,166)	180,234
OTHER FINANCING SOURCES:				
Transfer in	-	-	931,136	931,136
NET CHANGE IN FUND BALANCE	(538,400)	(538,400)	572,970	1,111,370
FUND BALANCE - BEGINNING OF YEAR	<u>3,639,740</u>	<u>3,639,740</u>	<u>3,639,740</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,101,340</u>	<u>\$ 3,101,340</u>	<u>\$ 4,212,710</u>	<u>\$ 1,111,370</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REDEVELOPMENT AGENCY DEBT SERVICE FUND - MAJOR FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Property taxes	\$ 13,731,000	\$ 13,731,000	\$ 14,877,565	\$ 1,146,565
Investment income	300,000	300,000	54,085	(245,915)
TOTAL REVENUES	<u>14,031,000</u>	<u>14,031,000</u>	<u>14,931,650</u>	<u>900,650</u>
EXPENDITURES:				
Debt Service:				
Principal payments	2,510,000	2,510,000	2,670,000	(160,000)
Interest and fees	3,818,279	3,818,279	3,723,737	94,542
TOTAL EXPENDITURES	<u>6,328,279</u>	<u>6,328,279</u>	<u>6,393,737</u>	<u>(65,458)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,702,721</u>	<u>7,702,721</u>	<u>8,537,913</u>	<u>835,192</u>
OTHER FINANCING SOURCES:				
Transfers in	4,046,000	4,046,000	2,012,887	(2,033,113)
Transfers out	(8,946,000)	(8,946,000)	(18,239,513)	(9,293,513)
OTHER FINANCING SOURCES (USES):	<u>(4,900,000)</u>	<u>(4,900,000)</u>	<u>(16,226,626)</u>	<u>(11,326,626)</u>
NET CHANGE IN FUND BALANCE	2,802,721	2,802,721	(7,688,713)	(10,491,434)
FUND BALANCE - BEGINNING OF YEAR	<u>21,637,700</u>	<u>21,637,700</u>	<u>21,637,700</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 24,440,421</u>	<u>\$ 24,440,421</u>	<u>\$ 13,948,987</u>	<u>\$ (10,491,434)</u>

See independent auditors' report.

OTHER CAPITAL PROJECTS FUND

Public Financing Authority Fund - To account for the proceeds received and issuance of bonds for capital improvements.

MAJOR CAPITAL PROJECTS FUNDS

Capital Improvements Fund - To account for financial resources segregated for the acquisition of major general City capital facilities other than those financed by special assessment and proprietary funds.

Redevelopment Agency Fund - To account for financial resources segregated for the acquisition of and rehabilitation of capital facilities within the redevelopment project areas.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC FINANCING AUTHORITY CAPITAL PROJECTS FUND

For the year ended June 30, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ 30,000	\$ 30,000	\$ 2	\$ (29,998)
Other revenue	<u>210,000</u>	<u>210,000</u>	<u>167,114</u>	<u>(42,886)</u>
TOTAL REVENUES	<u>240,000</u>	<u>240,000</u>	<u>167,116</u>	<u>(72,884)</u>
EXPENDITURES:				
Debt Service:				
Interest and fees	<u>-</u>	<u>-</u>	<u>270,803</u>	<u>(270,803)</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>270,803</u>	<u>(270,803)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>240,000</u>	<u>240,000</u>	<u>(103,687)</u>	<u>(343,687)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
CHANGE IN FUND BALANCE	240,000	240,000	46,313	(193,687)
FUND BALANCE - BEGINNING OF YEAR	<u>594,576</u>	<u>594,576</u>	<u>594,576</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 834,576</u>	<u>\$ 834,576</u>	<u>\$ 640,889</u>	<u>\$ (193,687)</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ 1,100,000	\$ 1,100,000	\$ 585,922	\$ (514,078)
Revenue from other agencies	-	-	208,071	208,071
Other revenue	100,000	100,000	-	(100,000)
TOTAL REVENUES	1,200,000	1,200,000	793,993	(406,007)
EXPENDITURES:				
Capital outlay	32,926,251	32,926,251	8,039,489	24,886,762
Debt Service:				
Principal payments	-	-	251,000	(251,000)
TOTAL EXPENDITURES	32,926,251	32,926,251	8,290,489	24,635,762
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(31,726,251)	(31,726,251)	(7,496,496)	24,229,755
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	9,294,180	9,294,180
Transfers out	-	-	(1,729,332)	(1,729,332)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	7,564,848	7,564,848
NET CHANGE IN FUND BALANCE	(31,726,251)	(31,726,251)	68,352	31,794,603
FUND BALANCE - BEGINNING OF YEAR	(765,485)	(765,485)	(765,485)	-
FUND BALANCE - END OF YEAR	<u>\$ (32,491,736)</u>	<u>\$ (32,491,736)</u>	<u>\$ (697,133)</u>	<u>\$ 31,794,603</u>

See independent auditors' report.

CITY OF MONTEBELLO

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,240,000	\$ 2,240,000	\$ 2,158,900	\$ (81,100)
Investment income	590,000	590,000	163,025	(426,975)
Other revenue	530,000	530,000	762,894	232,894
TOTAL REVENUES	<u>3,360,000</u>	<u>3,360,000</u>	<u>3,084,819</u>	<u>(275,181)</u>
EXPENDITURES:				
Current:				
Housing and community development	5,876,013	5,876,013	9,257,493	(3,381,480)
Capital outlay	-	-	3,476,414	(3,476,414)
Debt service:				
Principal payments	-	-	438,757	(438,757)
Other	-	-	257,775	(257,775)
TOTAL EXPENDITURES	<u>5,876,013</u>	<u>5,876,013</u>	<u>13,430,439</u>	<u>(7,554,426)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,516,013)</u>	<u>(2,516,013)</u>	<u>(10,345,620)</u>	<u>(7,829,607)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	6,200,000	6,200,000	18,239,513	12,039,513
Transfers out	<u>(3,101,811)</u>	<u>(3,101,811)</u>	<u>(3,814,698)</u>	<u>(712,887)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,098,189</u>	<u>3,098,189</u>	<u>14,424,815</u>	<u>11,326,626</u>
NET CHANGE IN FUND BALANCE	582,176	582,176	4,079,195	3,497,019
FUND BALANCE - BEGINNING OF YEAR	<u>31,997,485</u>	<u>31,997,485</u>	<u>31,997,485</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 32,579,661</u>	<u>\$ 32,579,661</u>	<u>\$ 36,076,680</u>	<u>\$ 3,497,019</u>

See independent auditors' report.

OTHER ENTERPRISE FUNDS

Water Utility Fund - To account for the provision of water to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

Detention Facility Fund - To account for all revenues and expenses related to the operations of the Montebello Police Department jail.

CITY OF MONTEBELLO

COMBINING STATEMENT OF NET ASSETS - OTHER ENTERPRISE FUNDS

June 30, 2010

	<u>Water Utility</u>	<u>Detention Facility</u>	<u>Total Other Enterprise Funds</u>
ASSETS			
CURRENT ASSETS:			
Cash and investments	\$ 5,081	\$ 56,483	\$ 61,564
Accounts receivable	224,197	-	224,197
Due from other funds	<u>1,230,000</u>	<u>-</u>	<u>1,230,000</u>
 TOTAL CURRENT ASSETS	 <u>1,459,278</u>	 <u>56,483</u>	 <u>1,515,761</u>
NONCURRENT ASSETS:			
Capital assets:			
Land	35,000	-	35,000
Buildings and improvements	141,284	-	141,284
Machinery and equipment	2,185,927	18,891	2,204,818
Less: Allowance for depreciation	<u>(1,967,974)</u>	<u>(13,609)</u>	<u>(1,981,583)</u>
 NET CAPITAL ASSETS	 <u>394,237</u>	 <u>5,282</u>	 <u>399,519</u>
 TOTAL ASSETS	 <u>1,853,515</u>	 <u>61,765</u>	 <u>1,915,280</u>
LIABILITIES			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	184,772	41,106	225,878
Deposits payable	31,675	-	31,675
Compensated absences	<u>989</u>	<u>-</u>	<u>989</u>
 TOTAL CURRENT LIABILITIES	 <u>217,436</u>	 <u>41,106</u>	 <u>258,542</u>
NET ASSETS:			
Invested in capital assets	394,237	5,282	399,519
Unrestricted	<u>1,241,842</u>	<u>15,377</u>	<u>1,257,219</u>
 TOTAL NET ASSETS	 <u>\$ 1,636,079</u>	 <u>\$ 20,659</u>	 <u>\$ 1,656,738</u>

See independent auditors' report.

CITY OF MONTEBELLO

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - OTHER ENTERPRISE FUNDS

For the year ended June 30, 2010

	<u>Water Utility</u>	<u>Detention Facility</u>	<u>Total Other Enterprise Funds</u>
OPERATING REVENUES:			
Charges for services	\$ 1,412,456	\$ 172,025	\$ 1,584,481
OPERATING EXPENSES:			
Labor and fringe benefits	6,161	-	6,161
Repairs and maintenance	42	8,282	8,324
Purchased water	1,351,135	-	1,351,135
Utilities	117,598	-	117,598
Contract services	11,389	486,158	497,547
Depreciation expense	53,675	961	54,636
Administrative expense	90,000	-	90,000
TOTAL OPERATING EXPENSES	<u>1,630,000</u>	<u>495,401</u>	<u>2,125,401</u>
OPERATING LOSS	(217,544)	(323,376)	(540,920)
NONOPERATING REVENUES:			
Investment income	<u>239</u>	<u>918</u>	<u>1,157</u>
LOSS BEFORE TRANSFERS	(217,305)	(322,458)	(539,763)
TRANSFERS IN	<u>-</u>	<u>250,000</u>	<u>250,000</u>
CHANGE IN NET ASSETS	(217,305)	(72,458)	(289,763)
NET ASSETS - BEGINNING OF YEAR	<u>1,853,384</u>	<u>93,117</u>	<u>1,946,501</u>
NET ASSETS - END OF YEAR	<u>\$ 1,636,079</u>	<u>\$ 20,659</u>	<u>\$ 1,656,738</u>

See independent auditors' report.

CITY OF MONTEBELLO

COMBINING STATEMENT OF CASH FLOWS - OTHER ENTERPRISE FUNDS

For the year ended June 30, 2010

	<u>Water Utility</u>	<u>Detention Facility</u>	<u>Total Other Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,409,152	\$ 172,025	\$ 1,581,177
Payments to suppliers	(1,484,811)	(490,852)	(1,975,663)
Payments to employees	<u>(6,176)</u>	<u>-</u>	<u>(6,176)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(81,835)</u>	<u>(318,827)</u>	<u>(400,662)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	-	250,000	250,000
Cash paid to other funds	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(30,000)</u>	<u>250,000</u>	<u>220,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>239</u>	<u>918</u>	<u>1,157</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(111,596)	(67,909)	(179,505)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>116,677</u>	<u>124,392</u>	<u>241,069</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,081</u>	<u>\$ 56,483</u>	<u>\$ 61,564</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	\$ (217,544)	\$ (323,376)	\$ (540,920)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization	53,675	961	54,636
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(3,304)	-	(3,304)
Increase (decrease) in accounts payable and accrued liabilities including compensated absences	<u>85,338</u>	<u>3,588</u>	<u>88,926</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (81,835)</u>	<u>\$ (318,827)</u>	<u>\$ (400,662)</u>

See independent auditors' report.

INTERNAL SERVICE FUNDS

Corporate Shop Fund - To account for the costs of operating a maintenance facility for automotive equipment used by City departments.

Equipment Reserve Fund - To account for the financing for replacement of all equipment used by City departments.

Self-Insurance Fund - To account for the accumulation of resources for and liquidation of the City's self-insurance claims.

CITY OF MONTEBELLO

COMBINING STATEMENT OF NET ASSETS - ALL INTERNAL SERVICE FUNDS

June 30, 2010

	<u>Corporate Shop</u>	<u>Equipment Reserve</u>	<u>Self-Insurance</u>	<u>Totals</u>
ASSETS				
CURRENT ASSETS:				
Cash and investments	\$ 56,808	\$ 22,952	\$ 46,504	\$ 126,264
Accounts receivable			10,000	10,000
Due from other funds	300,000	1,100,000	8,740,000	10,140,000
Inventories	844,981	-	-	844,981
Prepaid expenses	-	-	1,122	1,122
	<u>1,201,789</u>	<u>1,122,952</u>	<u>8,797,626</u>	<u>11,122,367</u>
TOTAL CURRENT ASSETS				
NONCURRENT ASSETS:				
Capital assets:				
Land	108,369	-	-	108,369
Buildings and improvements	428,794	-	-	428,794
Machinery and equipment	643,651	-	-	643,651
Less: Allowance for depreciation	<u>(1,055,606)</u>	<u>-</u>	<u>-</u>	<u>(1,055,606)</u>
	<u>125,208</u>	<u>-</u>	<u>-</u>	<u>125,208</u>
NET CAPITAL ASSETS				
	<u>1,326,997</u>	<u>1,122,952</u>	<u>8,797,626</u>	<u>11,247,575</u>
TOTAL ASSETS				
LIABILITIES AND NET ASSETS				
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	245,637	-	8,392	254,029
Claims payable	-	-	10,329,125	10,329,125
Compensated absences	<u>243,290</u>	<u>-</u>	<u>417</u>	<u>243,707</u>
	<u>488,927</u>	<u>-</u>	<u>10,337,934</u>	<u>10,826,861</u>
TOTAL CURRENT LIABILITIES				
LONG-TERM LIABILITIES:				
Compensated absences	<u>47,703</u>	<u>-</u>	<u>-</u>	<u>47,703</u>
	<u>536,630</u>	<u>-</u>	<u>10,337,934</u>	<u>10,874,564</u>
TOTAL LIABILITIES				
NET ASSETS (DEFICIT):				
Invested in capital assets	125,208	-	-	125,208
Unrestricted	<u>665,159</u>	<u>1,122,952</u>	<u>(1,540,308)</u>	<u>247,803</u>
	<u>\$ 790,367</u>	<u>\$ 1,122,952</u>	<u>\$ (1,540,308)</u>	<u>\$ 373,011</u>
TOTAL NET ASSETS (DEFICIT)				

See independent auditors' report.

CITY OF MONTEBELLO

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - ALL INTERNAL SERVICE FUNDS

For the year ended June 30, 2010

	Corporate Shop	Equipment Reserve	Self-Insurance	Totals
OPERATING REVENUES:				
Charges for services	\$ 7,165,703	-	\$ 4,419,919	\$ 11,585,622
OPERATING EXPENSES:				
Labor and fringe benefits	3,194,735	-	222,220	3,416,955
Materials and supplies	2,729,982	\$ 238,121	561	2,968,664
Repairs and maintenance	781,493			781,493
Insurance claims and premiums			5,393,493	5,393,493
Contractual services	229,147		112,877	342,024
Depreciation expense	1,639			1,639
Administrative expense			66,100	66,100
Other expenses	26,604	-	3,970	30,574
 TOTAL OPERATING EXPENSES	 <u>6,963,600</u>	 <u>238,121</u>	 <u>5,799,221</u>	 <u>13,000,942</u>
 OPERATING INCOME (LOSS) BEFORE TRANSFERS	 <u>202,103</u>	 <u>(238,121)</u>	 <u>(1,379,302)</u>	 <u>(1,415,320)</u>
TRANSFERS IN	-	-	-	-
TRANSFERS OUT	-	-	-	-
 CHANGE IN NET ASSETS	 202,103	 (238,121)	 (1,379,302)	 (1,415,320)
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	<u>588,264</u>	<u>1,361,073</u>	<u>(161,006)</u>	<u>1,788,331</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 790,367</u>	<u>\$ 1,122,952</u>	<u>\$ (1,540,308)</u>	<u>\$ 373,011</u>

See independent auditors' report.

CITY OF MONTEBELLO

COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS

For the year ended June 30, 2010

	<u>Corporate Shop</u>	<u>Equipment Reserve</u>	<u>Self-Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 7,165,703	-	\$ 4,419,919	\$ 11,585,622
Payments to suppliers	(4,046,854)	\$ (281,996)	(5,099,874)	(9,428,724)
Payments to employees	(3,197,781)	-	(251,188)	(3,448,969)
NET CASH USED BY OPERATING ACTIVITIES	<u>(78,932)</u>	<u>(281,996)</u>	<u>(931,143)</u>	<u>(1,292,071)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	-	-	760,000	760,000
Cash paid to other funds	(300,000)	(100,000)	-	(400,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(300,000)</u>	<u>(100,000)</u>	<u>760,000</u>	<u>360,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(378,932)	(381,996)	(171,143)	(932,071)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>435,740</u>	<u>404,948</u>	<u>217,647</u>	<u>1,058,335</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 56,808</u>	<u>\$ 22,952</u>	<u>\$ 46,504</u>	<u>\$ 126,264</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 202,103	\$ (238,121)	\$ (1,379,302)	\$ (1,415,320)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation and amortization	1,639	-	-	1,639
Changes in operating assets and liabilities:				
(Increase) decrease in inventories	(267,829)	-	-	(267,829)
Increase (decrease) in accrued liabilities including compensated absences	(14,845)	(43,875)	(29,355)	(88,075)
Increase in claims payable	-	-	477,514	477,514
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (78,932)</u>	<u>\$ (281,996)</u>	<u>\$ (931,143)</u>	<u>\$ (1,292,071)</u>

See independent auditors' report.

AGENCY FUND

Deposits Agency Fund - To account for money and property held by the City as a custodian.

CITY OF MONTEBELLO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
DEPOSITS AGENCY FUND

For the year ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS:				
Cash and investments	<u>\$ 1,331,282</u>	<u>\$ 224,581</u>	<u>\$ (84,012)</u>	<u>\$ 1,471,851</u>
LIABILITIES:				
Deposits payable	<u>\$ 1,331,282</u>	<u>\$ 224,581</u>	<u>\$ (84,012)</u>	<u>\$ 1,471,851</u>

See independent auditors' report.

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STATISTICAL SECTION
(UNAUDITED)

CITY OF MONTEBELLO

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2010

STATISTICAL SECTION (Unaudited)

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 say about the government's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	142 - 151
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	152 - 157
<u>Debt Capacity</u> 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.	158 - 162
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	163 - 164
<u>Operating Information</u> 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.	165 - 169

CITY OF MONTEBELLO

Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Governmental Activities				
Invested in capital assets, net of related debt	\$ 33,660,258	\$ 16,757,420	\$ 16,757,420	\$ 16,757,420
Restricted	19,658,192	46,255,503	45,942,363	51,949,836
Unrestricted	(49,100,210)	(61,733,648)	(57,664,431)	(52,527,623)
Total governmental activities net assets	4,218,240	1,279,275	5,035,352	16,179,633
Business-Type Activities				
Invested in capital assets, net of related debt	30,552,511	29,488,367	30,705,710	28,924,295
Restricted	-	-	-	-
Unrestricted	1,235,097	1,395,613	2,418,506	2,818,773
	31,787,608	30,883,980	33,124,216	31,743,068
Primary Government				
Invested in capital assets, net of related debt	64,212,769	46,245,787	47,463,130	45,681,715
Restricted	19,658,192	46,255,503	45,942,363	51,949,836
Unrestricted	(47,865,113)	(60,338,035)	(55,245,925)	(49,708,850)
	\$ 36,005,848	\$ 32,163,255	\$ 38,159,568	\$ 47,922,701

Source: City Financial Statements

Fiscal Year		
2007-08	2008-09	2009-10
\$ 16,757,420	\$ 28,992,463	\$ 51,377,564
61,999,161	63,061,184	24,305,187
<u>(51,800,615)</u>	<u>(68,290,188)</u>	<u>(46,153,068)</u>
<u>26,955,966</u>	<u>23,763,459</u>	<u>29,529,683</u>
29,084,971	37,693,683	50,781,549
-	-	-
<u>959,454</u>	<u>(1,469,666)</u>	<u>(3,518,995)</u>
<u>30,044,425</u>	<u>36,224,017</u>	<u>47,262,554</u>
45,842,391	66,686,146	102,159,113
61,999,161	63,061,184	24,305,187
<u>(50,841,161)</u>	<u>(69,759,854)</u>	<u>(49,672,063)</u>
<u>\$ 57,000,391</u>	<u>\$ 59,987,476</u>	<u>\$ 76,792,237</u>

CITY OF MONTEBELLO

Changes in Net Assets - Expense and Program Revenues
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Expenses:				
Governmental Activities:				
General government	\$ 7,059,326	\$ 6,365,313	\$ 7,327,350	\$ 7,665,115
Public safety	26,445,568	25,540,413	25,635,372	26,246,104
Public works	7,791,284	7,141,347	8,349,482	4,454,728
Parks, recreation, and culture	3,813,647	5,776,598	6,932,418	4,628,107
Housing and community development	4,755,509	10,324,816	3,129,908	7,245,302
Unallocated infrastructure depreciation	748,396	746,251	506,840	582,928
Interest on long-term debt	6,138,798	5,104,601	5,725,349	5,987,723
Total governmental activities and expenses	<u>56,752,528</u>	<u>60,999,339</u>	<u>57,606,719</u>	<u>56,810,007</u>
Business-Type Activities:				
Transit	20,409,101	21,132,477	24,540,700	26,033,078
Golf course	2,968,708	2,884,869	3,035,806	3,310,810
Hilton	-	-	3,209,676	3,411,125
Other programs	3,785,343	4,254,116	1,644,374	1,630,225
Total business-type activities and expenses	<u>27,163,152</u>	<u>28,271,462</u>	<u>32,430,556</u>	<u>34,385,238</u>
Total primary government expenses	<u>\$ 83,915,680</u>	<u>\$ 89,270,801</u>	<u>\$ 90,037,275</u>	<u>\$ 91,195,245</u>
Program revenues:				
Governmental Activities:				
Charges for services				
General government	\$ 2,662,230	\$ 2,833,351	\$ 2,892,218	\$ 3,135,760
Public safety	1,101,733	1,025,580	1,156,226	1,437,604
Public works	4,031,728	4,432,232	4,948,126	5,464,663
Parks, recreation, and culture	513,121	497,942	468,623	476,112
Housing and community development	-	-	-	107,737
Operating grants and contributions	5,735,847	7,775,862	6,006,905	9,040,588
Total governmental activities program revenues	<u>14,044,659</u>	<u>16,564,967</u>	<u>15,472,098</u>	<u>19,662,464</u>
Business-Type Activities:				
Charges for services				
Transit	6,667,857	5,332,698	5,570,132	5,896,805
Golf course	3,300,271	2,323,086	3,370,757	3,399,226
Hilton	4,517,465	5,099,245	4,157,197	4,391,536
Other Programs	-	-	1,487,036	1,702,443
Operating grants and contributions	11,031,142	13,498,708	16,944,255	15,746,472
Capital grants and contributions	1,388,760	955,190	3,357,984	122,409
Total business-type activities program revenues	<u>26,905,495</u>	<u>27,208,927</u>	<u>34,887,361</u>	<u>31,258,891</u>
Primary government program revenues	<u>\$ 40,950,154</u>	<u>\$ 43,773,894</u>	<u>\$ 50,359,459</u>	<u>\$ 50,921,355</u>
Net (Expense) Revenue:				
Governmental activities:	\$ (42,707,869)	\$ (44,434,372)	\$ (42,134,621)	\$ (37,147,543)
Business-type activities:	<u>(257,657)</u>	<u>(1,062,535)</u>	<u>2,456,805</u>	<u>(3,126,347)</u>
Total primary government net (expense) revenue	<u>\$ (42,965,526)</u>	<u>\$ (45,496,907)</u>	<u>\$ (39,677,816)</u>	<u>\$ (40,273,890)</u>

Source: City Financial Statements

Fiscal Year		
2007-08	2008-09	2009-10
\$ 8,793,934	\$ 10,840,411	\$ 5,181,691
29,893,922	33,131,797	34,440,947
5,375,202	5,098,404	5,383,610
5,014,204	4,994,538	6,194,042
5,533,866	12,760,934	12,479,919
612,202	659,156	698,249
6,425,606	5,837,489	5,072,065
<u>61,648,936</u>	<u>73,322,729</u>	<u>69,450,523</u>
28,483,736	25,773,717	24,752,340
3,044,757	3,404,206	3,064,788
3,774,282	3,521,600	3,509,164
2,245,349	1,895,974	2,125,401
<u>37,548,124</u>	<u>34,595,497</u>	<u>33,451,693</u>
<u>\$ 99,197,060</u>	<u>\$ 107,918,226</u>	<u>\$ 102,902,216</u>
\$ 3,230,738	\$ 3,293,527	\$ 3,854,697
2,222,811	2,383,579	2,741,147
5,793,246	5,651,310	5,059,588
721,531	735,910	501,801
-	-	-
9,074,067	7,256,003	9,829,694
<u>21,042,393</u>	<u>19,320,329</u>	<u>21,986,927</u>
5,856,016	6,391,094	6,156,991
3,178,243	2,806,983	2,537,564
4,590,851	3,994,972	3,846,393
1,722,561	1,457,989	1,585,638
19,462,038	17,243,596	15,487,526
938,311	9,578,566	16,253,784
<u>35,748,020</u>	<u>41,473,200</u>	<u>45,867,896</u>
<u>\$ 56,790,413</u>	<u>\$ 60,793,529</u>	<u>\$ 67,854,823</u>
\$ (40,606,543)	\$ (54,002,400)	\$ (47,463,596)
(1,800,104)	6,877,703	12,416,203
<u>\$ (42,406,647)</u>	<u>\$ (47,124,697)</u>	<u>\$ (35,047,393)</u>

CITY OF MONTEBELLO

Changes in Net Assets - General Revenues
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
General Revenues and Other Changes in Net Assets:				
Governmental Activities:				
Property taxes, levied for general purposes	\$ 19,533,005	\$ 19,651,384	\$ 21,695,458	\$ 22,851,037
Franchise taxes	1,091,014	942,645	1,059,921	1,228,866
Sales tax	9,968,228	11,620,826	12,119,985	12,620,273
Transient Occupancy tax	263,947	261,501	299,819	263,457
Unrestricted intergovernmental revenue	4,060,037	4,128,660	4,611,374	4,768,533
Rental income	97,335	79,597	93,037	-
Other revenues	2,091,489	2,924,572	3,147,168	4,578,393
Investment earnings	1,711,674	2,011,649	2,591,235	3,052,086
Transfers	(380,371)	(125,427)	272,701	(1,070,821)
Total governmental activities	<u>38,436,358</u>	<u>41,495,407</u>	<u>45,890,698</u>	<u>48,291,824</u>
Business-Type Activities:				
Other revenues	-	921,990	-	-
Investment earnings	4,374	25,477	56,132	114,890
Transfers	380,371	125,427	(272,701)	1,070,821
Total business-type activities	<u>384,745</u>	<u>1,072,894</u>	<u>(216,569)</u>	<u>1,185,711</u>
Total primary government	<u>\$ 38,821,103</u>	<u>\$ 42,568,301</u>	<u>\$ 45,674,129</u>	<u>\$ 49,477,535</u>
Change in Net Assets:				
Governmental Activities:	\$ (4,251,511)	\$ (2,938,965)	\$ 3,756,077	\$ 11,144,281
Business-Type Activities:	<u>127,088</u>	<u>10,359</u>	<u>2,240,236</u>	<u>(1,940,636)</u>
Total primary government	<u>\$ (4,124,423)</u>	<u>\$ (2,928,606)</u>	<u>\$ 5,996,313</u>	<u>\$ 9,203,645</u>

Source: City Financial Statements

Fiscal Year		
2007-08	2008-09	2009-10
\$ 25,324,813	\$ 26,981,166	\$ 26,991,825
1,220,316	1,088,537	1,254,753
11,390,099	10,509,273	8,048,518
288,514	234,980	243,276
5,037,324	5,288,610	5,252,095
-	-	-
3,474,114	3,264,050	1,873,556
4,446,085	2,671,569	341,815
201,611	771,708	1,377,666
<u>51,382,876</u>	<u>50,809,893</u>	<u>45,383,504</u>
-	-	-
75,421	73,597	-
<u>(201,611)</u>	<u>(771,708)</u>	<u>(1,377,666)</u>
<u>(126,190)</u>	<u>(698,111)</u>	<u>(1,377,666)</u>
<u>\$ 51,256,686</u>	<u>\$ 50,111,782</u>	<u>\$ 44,005,838</u>
\$ 10,776,333	\$ (3,192,507)	\$ (2,080,092)
<u>(1,926,294)</u>	<u>6,179,592</u>	<u>11,038,537</u>
<u>\$ 8,850,039</u>	<u>\$ 2,987,085</u>	<u>\$ 8,958,445</u>

CITY OF MONTEBELLO

Fund Balances - Governmental Funds

Last Seven Fiscal years
(modified accrual basis of accounting)

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
General Fund				
Reserved	\$ 395,521	\$ 185,579	\$ 579,809	\$ 36,598
Unreserved	(395,521)	(185,579)	(579,809)	(36,598)
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds:				
Reserved	\$ 34,860,538	\$ 33,144,032	\$ 33,244,204	\$ 30,098,672
Unreserved, designated reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved, undesignated reported in:				
Special revenue funds	6,678,701	6,664,883	6,419,209	3,068,370
Capital projects funds	14,468,494	10,015,452	9,950,527	22,506,174
Total all other governmental funds	<u>\$ 56,007,733</u>	<u>\$ 49,824,367</u>	<u>\$ 49,613,940</u>	<u>\$ 55,673,216</u>

Source: City Financial Statements

Fiscal Year		
2007-08	2008-09	2009-10
\$ 1,783,752	\$ 2,391,211	\$ 207,933
(1,783,752)	(2,391,211)	(6,890,081)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,682,148)</u>
\$ 36,110,337	\$ 48,401,170	\$ 36,576,734
-	-	1,938,666
-	-	20,924,437
(1,419,635)	(296,182)	2,916,347
-	(1,262,713)	(1,164,517)
<u>\$ 34,690,702</u>	<u>\$ 46,842,275</u>	<u>\$ 61,191,667</u>

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CITY OF MONTEBELLO

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Transient Occupancy Tax</u>	<u>Franchise Tax</u>	<u>Other Taxes</u>	<u>Total Taxes</u>
2000-01	\$ 14,319,369	\$ 9,803,116	\$ 248,186	\$ 854,461	\$ 260,890	\$ 25,486,022
2001-02	16,296,780	9,246,622	224,688	976,677	300,912	27,045,679
2002-03	19,841,598	9,767,243	192,610	1,047,750	436,499	31,285,700
2003-04	19,623,358	9,968,228	263,947	1,091,014	361,019	31,307,566
2004-05	19,704,963	11,098,434	261,501	942,645	508,344	32,515,887
2005-06	21,759,482	12,072,217	299,819	1,059,921	977,578	36,169,017
2006-07	22,910,459	12,646,724	263,457	1,228,866	957,192	38,006,698
2007-08	25,510,627	11,686,503	288,514	1,220,316	1,212,604	39,918,564
2008-09	26,895,881	10,391,851	234,980	1,088,537	939,751	39,551,000
2009-10	26,991,825	8,417,053	243,276	1,254,753	961,373	37,868,280

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			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions (1)	
2000-01	\$ 1,706,196	\$ 140,032	\$ 26,844	\$ 1,819,384
2001-02	1,787,430	148,709	20,907	1,915,232
2002-03	1,875,713	107,852	-	1,983,565
2003-04	2,084,644	46,023	-	2,130,667
2004-05	2,217,252	46,025	-	2,263,277
2005-06	2,414,667	47,403	-	2,462,070
2006-07	2,727,566	50,953	93,652	2,684,867
2007-08	2,944,225	93,142	85,955	2,951,412
2008-09	3,126,247	93,224	90,524	3,128,947
2009-10	3,075,831	94,754	97,719	3,072,866

Source: Los Angeles County Assessor and Auditor Combined

Redevelopment Agency

<u>Secured</u>	<u>Unsecured</u>	Less: <u>Exemptions (1)</u>	<u>Taxable Assessed Value</u>
\$ 962,758	\$ 102,977	\$ 11,623	\$ 1,054,112
910,220	128,751	15,019	1,023,952
1,090,029	129,797	-	1,219,826
1,053,199	138,932	-	1,192,131
1,055,781	113,718	-	1,169,499
1,123,622	123,529	-	1,247,151
1,264,726	128,026	29,089	1,363,663
1,364,738	120,853	29,709	1,455,882
1,490,281	128,875	32,670	1,586,486
1,531,767	131,990	34,413	1,629,344

CITY OF MONTEBELLO

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (rate per \$100 of taxable value)

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
City Direct Rate:					
City basic rate	1.000000	1.000000	1.000000	1.000000	1.000000
Retirement	0.197875	0.197875	0.197875	0.197875	0.197875
Total City Direct Rate	<u>1.197875</u>	<u>1.197875</u>	<u>1.197875</u>	<u>1.197875</u>	<u>1.197875</u>
Overlapping Rates:					
L.A. County General	0.001314	0.001128	0.000992	0.000992	0.000923
Montebello USD	0.034233	0.043694	0.040764	0.040764	0.041717
L.A. County Flood Control	0.001552	0.001073	0.000462	0.000462	0.000245
Metropolitan Water District	0.008800	0.007700	0.006100	0.006100	0.005800
Community College	<u>n/a</u>	<u>0.015996</u>	<u>0.019857</u>	<u>0.019857</u>	<u>0.018098</u>
Totals	<u>1.243774</u>	<u>1.267466</u>	<u>1.266050</u>	<u>1.266050</u>	<u>1.264658</u>

Source: Los Angeles County Assessor and Auditor Combined

Fiscal Year				
<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
1.000000	1.000000	1.000000	1.000000	1.000000
0.197875	0.197875	0.197875	0.197875	0.197875
<u>1.197875</u>	<u>1.197875</u>	<u>1.197875</u>	<u>1.197875</u>	<u>1.197875</u>
0.000795	-	-	-	-
0.070539	0.066812	0.066812	0.066812	0.096730
0.000049	-	-	-	-
0.005200	0.004500	0.004500	0.004500	0.004300
<u>0.014288</u>	<u>0.008794</u>	<u>0.008794</u>	<u>0.008794</u>	<u>0.050250</u>
<u><u>1.288746</u></u>	<u><u>1.277981</u></u>	<u><u>1.277981</u></u>	<u><u>1.277981</u></u>	<u><u>1.349155</u></u>

CITY OF MONTEBELLO

Principal Property Tax Payers

Current Fiscal Year and Nine Fiscal Years Ago

Taxpayer	2009-10			2000-01		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Montebello Town Center Investor, LLC	\$ 171,360,035	1	3.63%			
Plain Exploration and Production	103,869,782	2	2.20%			
Bimbo Bakeries, USA	89,551,439	3	1.90%			
Prologis California LLC	45,358,481	4	0.96%	\$ 39,974,418	2	1.52%
Advanced Group 0793	40,852,020	5	0.87%			
Amtcor Pet Packaging USA	40,603,427	6	0.86%			
Excel Realty Partners, Ltd.	38,077,742	7	0.81%	35,499,203	3	1.35%
Macy California, Inc.	36,378,740	8	0.77%			
Kir Montebello LP	35,970,658	9	0.76%			
RREEF America Reit II	34,664,358	10	0.73%			
	<u>\$ 636,686,682</u>		<u>13.49%</u>	<u>\$ 75,473,621</u>		<u>2.87%</u>

Source: HdL Coren Cone
 Los Angeles County Assessor and Auditor Combined
 California Municipal Statistic, Inc.

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
2000-01	\$ 5,873,099	\$ 5,796,006	98.69%	\$ 174,721	\$ 5,970,727	101.66%
2001-02	6,478,670	5,915,031	91.30%	179,108	6,094,139	94.06%
2002-03	7,027,324	6,547,321	93.17%	98,462	6,645,783	94.57%
2003-04	7,339,427	6,893,691	93.93%	40,536	6,934,227	94.48%
2004-05	7,725,000	7,287,361	94.33%	137,839	7,425,200	96.12%
2005-06	7,950,087	8,053,932	101.31%	368,207	8,422,139	105.94%
2006-07	8,360,000	8,945,848	107.01%	(1)	8,945,847	107.01%
2007-08	9,265,000	9,041,649	97.59%	504,542	9,546,191	103.03%
2008-09	9,799,000	9,143,220	93.31%	560,692	9,703,912	99.03%
2009-10	10,416,000	8,995,261	86.36%	474,808	9,470,069	90.92%

Note (1) Negative number not included

Source: City Finance Department

CITY OF MONTEBELLO

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Total Debt Per Capita
	Certificates of Participation	Tax Allocation Bonds	Revenue	Other		
2000-01	\$ 30,020,000	\$ 62,511,642	-	\$ 2,123,015	\$ 94,654,657	\$ 1,457.35
2001-02	28,807,760	67,052,635	\$ 15,830,000	2,119,139	113,809,534	1,750.92
2002-03	27,907,040	65,985,987	15,830,000	2,538,447	112,261,474	1,737.34
2003-04	26,972,500	64,736,819	15,490,000	2,792,949	109,992,268	1,685.73
2004-05	25,996,500	63,394,889	17,060,000	4,237,434	110,688,823	1,685.48
2005-06	24,977,860	61,956,272	16,785,000	10,327,648	114,046,780	1,740.96
2006-07	23,921,580	60,887,078	16,565,000	9,374,503	110,748,161	1,695.52
2007-08	22,817,660	65,708,636	16,400,000	9,313,087	114,239,383	1,750.77
2008-09	21,671,100	74,057,213	16,170,000	15,534,163	127,432,476	1,940.59
2009-10	20,468,080	71,779,239	15,895,000	15,273,662	123,415,981	N/A

Source: City Financial Statements

CITY OF MONTEBELLO

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years (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	Total		
2000-01	\$ 30,020	\$ 62,512	-	\$ 92,532	3.22%	\$ 1,425
2001-02	28,808	67,053	\$ 15,830	111,691	3.80%	1,718
2002-03	27,907	65,986	15,830	109,723	3.43%	1,698
2003-04	26,973	64,737	15,490	107,200	3.23%	1,643
2004-05	25,997	63,395	17,060	106,452	3.08%	1,621
2005-06	24,978	61,956	16,785	103,719	2.80%	1,583
2006-07	23,922	60,887	16,565	101,374	2.50%	1,552
2007-08	22,818	65,709	16,400	104,927	2.38%	1,608
2008-09	21,671	74,057	16,170	111,898	2.39%	1,704
2009-10	20,468	71,779	15,895	108,142	2.30%	1,653

(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

June 30, 2010

City Assessed Valuation	\$ 4,702,210,383
Redevelopment Agency Incremental Valuation	(1,473,091,834)
Total Assessed Valuation	<u>\$ 3,229,118,549</u>

	Percentage Applicable (1)	Total Outstanding Debt 6/30/10	City's Share of Overlapping Debt 6/30/10
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Los Angeles County Flood Control District	0.346%	\$ 69,610,000	\$ 240,851
Metropolitan Water District	0.179%	264,220,000	472,954
Los Angeles Community College District	0.612%	2,365,515,000	14,476,952
Rio Hondo Community College District	0.001%	119,062,097	1,191
El Rancho Unified School District	0.004%	52,828,266	2,113
Los Angeles Unified School District	0.001%	11,874,430,000	118,744
Montebello Unified School District	36.597%	157,730,618	57,724,674
Los Angeles County Regional Park and Open Space Assessment District	0.347%	222,660,000	<u>772,630</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 73,810,109</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligation	0.347%	\$ 855,695,839	2,969,265
Los Angeles County Pension Obligation	0.347%	118,486,192	411,147
Los Angeles County Superintendent of Schools Certificates of Participation	0.347%	13,185,458	45,754
Los Angeles County Sanitation District No. 2 Authority	8.136%	34,810,192	2,832,157
Los Angeles County Sanitation District No. 15 Authority	0.431%	35,632,480	153,576
Los Angeles Unified School District Certificates of Participation	0.001%	456,780,324	4,568
Montebello Unified School District Certificates of Participation	36.597%	15,125,000	5,535,296
City of Montebello General Fund Obligation	100.000%	41,345,000	<u>41,345,000</u>
			53,296,762
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Less: Los Angeles Unified School District Qualified Zone Academic Bonds supported by building fund			(347)
City of Montebello Obligations supported from surplus tax increment and golf and hotel revenues			<u>(20,876,920)</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT:			<u>\$ 32,419,495</u>
GROSS COMBINED TOTAL DEBT			<u>\$ 127,106,872</u>
NET COMBINED TOTAL DEBT			<u>\$ 106,229,604</u>

Sources: HdL Coren & Cone
Los Angeles County Assessor and Auditor Combined

CITY OF MONTEBELLO

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
Assessed valuation	\$ 11,493,984,160	\$ 11,756,735,572	\$ 12,813,583,420	\$ 13,291,191,988	\$ 13,815,823,508
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	2,873,496,040	2,939,183,893	3,203,395,855	3,322,797,997	3,453,955,877
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	431,024,406	440,877,584	480,509,378	498,419,700	518,093,382
Legal debt margin	<u>\$ 431,024,406</u>	<u>\$ 440,877,584</u>	<u>\$ 480,509,378</u>	<u>\$ 498,419,700</u>	<u>\$ 518,093,382</u>

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Assessed valuation	\$ 14,836,885,928	\$ 16,194,120,900	\$ 17,629,172,176	\$ 18,861,572,384	\$ 18,808,841,532
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	3,709,221,482	4,048,530,225	4,407,293,044	4,715,393,096	4,702,210,383
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	556,383,222	607,279,534	661,093,957	707,308,964	705,331,557
Legal debt margin	<u>\$ 556,383,222</u>	<u>\$ 607,279,534</u>	<u>\$ 661,093,957</u>	<u>\$ 707,308,964</u>	<u>\$ 705,331,557</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: City Finance Department

CITY OF MONTEBELLO

Pledged-Revenue Bond Coverage

Last Ten Fiscal Years (In thousands)

Fiscal Year	Golf Revenue Bonds						Coverage
	Gross Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Total	
2000-01	\$ 3,313,423	\$ (2,260,102)	\$ 1,053,321	\$ 100,000	\$ 399,675	\$ 499,675	210.80%
2001-02	3,241,173	(2,531,366)	709,807	107,760	312,346	420,106	168.96%
2002-03	3,223,541	(2,239,324)	984,217	129,280	321,293	450,573	218.44%
2003-04	3,302,588	(2,377,660)	924,928	130,460	257,203	387,663	238.59%
2004-05	3,150,664	(2,274,201)	876,463	139,000	276,272	415,272	211.06%
2005-06	3,399,967	(2,410,559)	989,408	146,360	293,190	439,550	225.10%
2006-07	3,457,820	(2,676,606)	781,214	148,720	306,999	455,719	171.42%
2007-08	3,216,356	(2,419,360)	796,996	156,080	286,019	442,099	180.28%
2008-09	2,823,898	(3,163,896)	(339,998)	163,440	240,310	403,750	-84.21%
2009-10	2,538,595	(2,842,743)	(304,148)	171,980	218,711	390,691	-77.85%

Source: City Finance Department

CITY OF MONTEBELLO

Demographic and Economic Statistics

Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in millions)</u>	<u>Capita Personal Income</u>	<u>Unemployment Rate</u>
2000-01	64,950	\$ 403,519	\$ 32,152	5.70%
2001-02	65,000	412,753	32,522	6.80%
2002-03	64,617	427,041	33,318	7.00%
2003-04	65,249	453,902	33,034	6.50%
2004-05	65,672	N/A	35,022	5.30%
2005-06	65,508	505,197	37,362	5.40%
2006-07	65,318	N/A	N/A	4.90%
2007-08	65,251	N/A	N/A	7.10%
2008-09	65,424	N/A	N/A	12.90%
2009-10	N/A	N/A	N/A	12.60%

Personal income, per capita personal income, and unemployment rate are the data shown for Los Angeles County from the State of California Employment Department.

Source: Bureau of Economic Analysis
 State of California Employment Development Department
 (data shown if for the county)

CITY OF MONTEBELLO

Principal Employers

Current Fiscal Year and Nine Fiscal Years Ago

Employer	2009-10		2000-01	
	Employees	Percent of Total Employment *	Employees	Percent of Total Employment *
Bimbo Company	730	0.0171%	N/A	N/A
Minson Corporation	629	0.0147%	702	N/A
Royal Paper Box Company	163	0.0038%	185	N/A
Mtb School District	3,500	0.0819%	1,430	N/A
City of Montebello	590	0.0138%	528	N/A
Montebello Town Center	1,897	0.0444%	1,980	N/A
Kaiser	3,120	0.0730%	N/A	N/A
Beverly Hospital	900	0.0211%	950	N/A
Monarch Litho	250	0.0059%	N/A	N/A
Price/Costco	281	0.0066%	200	N/A
Total Top Ten	<u>12,060</u>	<u>0.2823%</u>	<u>5,975</u>	N/A
Total Employment *	<u>4,271,900</u>			

* "Total Employment" as used above represents the total employment of Los Angeles County.

Source: U.S. Department of Labor-Bureau of Labor Statistics
City of Montebello

CITY OF MONTEBELLO

Full-Time and Part-time City Employees by Function

Last Eight Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
General Government	33	37	41	38	28
Public Safety	220	229	199	202	180
Public Works	56	54	37	31	14
Parks and Recreation	83	82	61	60	119
Economic Development	20	20	17	14	17
Transit	213	222	247	250	236
Totals	<u>625</u>	<u>644</u>	<u>602</u>	<u>595</u>	<u>594</u>

<u>Function</u>	<u>Fiscal Year</u>		
	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
General Government	33	53	42
Public Safety	201	197	182
Public Works	15	15	12
Parks and Recreation	138	115	123
Economic Development	7	6	7
Transit	254	215	217
Totals	<u>648</u>	<u>601</u>	<u>583</u>

The City of Montebello has elected to show only eight years of data for this schedule. Information prior to the 2002-03 fiscal year is not available.

Source: City Finance Department

CITY OF MONTEBELLO

Operating Indicators by Function

Last Ten Calendar Years

Function	Calendar Year				
	2001	2002	2003	2004	2005
Police:					
Arrests	2,411	2,493	2,859	3,061	2,985
Traffic violations	24,633	19,242	18,935	18,604	18,675
Parking violations	14,828	12,544	12,157	13,488	13,965
Fire:					
Number of calls answered	4,568	4,378	4,465	4,726	4,981
Inspections conducted	1,194	1,186	2,451	2,643	1,834
Public Works:					
Street resurfacing (miles)	1.01	3.51	2.01	0.90	3.36
Sidewalk repairs (sq ft)	N/A	N/A	N/A	N/A	N/A
Parks and Recreation:					
Number of recreation classes	N/A	N/A	N/A	122	196
Number of facility rentals	N/A	N/A	N/A	200	196

Source: City Finance Department

Calendar Year

2006	2007	2008	2009	2010
As of Sept.	As of June	As of June		As of June
1,974	1,205	2,630	2,598	2,702
13,569	11,095	5,139	4,900	6,862
10,402	8,281	16,319	20,018	19,413
As of Dec. 1	As of Sept. 27	As of Dec. 19		
4,570	3,682	4,610	4,165	5,037
1,155	875	1,560	1,616	1,320
3.43	1.60	1.10	4.20	14.16
N/A	N/A	N/A	N/A	31,930
214	139	290	167	68
As of Dec. 1	As of Oct.	As of June		
202	278	46	44	2,660

CITY OF MONTEBELLO

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
Police:					
Police Stations	1	1	1	1	1
Fire:					
Fire Stations	3	3	3	3	3
Public Works:					
Street (miles)	125	125	125	125	125
Street Lights	3,682	3,682	3,682	3,682	3,682
Traffic Signals	79	79	79	79	79
Parks and Recreation:					
Parks	7	7	7	7	7
Community Centers	-	-	-	-	-

Source: HdL Coren Cone
 Los Angeles County Assessor Auditor Combined

Fiscal Year				
<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
1	1	1	1	1
3	3	3	3	3
125	125	125	125	125
3,682	3,682	3,682	3,682	3,682
79	80	80	80	81
7	7	7	7	7
-	-	-	-	-