



City of Montebello, California **Comprehensive Annual Financial Report**



Fiscal Year Ended June 30, 2013

CAFR

CITY OF MONTEBELLO
CALIFORNIA

www.cityofmontebello.com

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUN 30, 2013

PREPARED BY
FINANCE DEPARTMENT

Comprehensive Annual Financial Report
City of Montebello, California
Year ended June 30, 2013
with Independent Auditor's Report

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INTRODUCTORY SECTION

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CITY OF MONTEBELLO

February 12, 2014

Honorable Mayor, Members of the City Council, City of Montebello

The Comprehensive Annual Financial Report (CAFR) of the City of Montebello for the fiscal year ended June 30, 2013 is submitted as prepared by the City's Finance Department. The report is published to provide the public, the City Council, and the community, detailed information about the financial position 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 auditor's, Vasquez & Company LLP, opinion letter, the general purpose financial statements, and the relevant supplemental financial statements and schedules for Fiscal Year 2012-13. 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 serves 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.

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 66,500 living in an area of 8.2 square miles. The City is a balanced community with light industry, residential areas, and commercial centers.

The FY 2012-2013 assessed valuation of \$4.8 billion represents an increase of 1.7 percent over last year. Increases during the past five years have averaged 3.9 percent. The Consumer Price Index for the Los Angeles-Riverside-Orange County area increased 1.5 percent over 2011-12. Sales tax revenue of \$11.4 million for FY 2012-13 reflects an increase of 4.8 percent when compared to FY 2011-12.

Sales tax is a major revenue source for the City and is broad based with a major shopping mall anchored by major stores such as Macy's and JC Penney, and another shopping center anchored by Sear's and Costco as well as a large petroleum company, a major paper products distributor and two auto dealerships. The Sales tax performance for the previous years indicates a slow growth due in part to economic downturn over the past four years.

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 28, 2011, the Governor of the State of California signed Assembly Bills 1x26 ("AB 1x26") and AB 1x27 as part of the State's budget package. AB 1x26 immediately suspended all redevelopment activities, except the implementation and performance of existing obligations, and called for the expeditious "wind down" and dissolution of redevelopment agencies. AB 1x27 provided an alternative "opt in" program, under which redevelopment agencies could continue to exist provided they agreed to remit a portion of their property tax revenues to the state.

On December 29, 2011, the California Supreme Court issued its ruling in *California Redevelopment Agency v. Matosantos*, a lawsuit challenging the constitutionality of both AB 1x26 and AB 1x27. The Court upheld AB 1x26 in its entirety, but invalidated AB 1x27. The result was the dissolution of all redevelopment agencies in the state effective February 1, 2012, in accordance with AB 1x26 procedures. As relevant here, AB 1x26 created a "successor agency," a role the City has elected to serve ("Successor Agency"), that is responsible for winding down the affairs of the Agency in accordance with and subject to the direction of the Successor Agency's "oversight board," a review board with authority to oversee actions of the Successor Agency ("Oversight Board"). In addition, the "housing functions" of the former Agency were passed to the control of a "Housing Successor Agency," a role which the City also elected to satisfy.

AB 1x26 (as subsequently amended in June 2012 by AB 1484, the "Dissolution Act") requires the Successor Agency to prepare a "Recognized Obligation Payment Schedule" ("ROPS") for each six month fiscal period, and to submit each ROPS to the Oversight Board for approval. The ROPS is required to list all payments due on "enforceable obligations," as that term is defined by the Dissolution Act, during each ROPS period. Upon Oversight Board approval, each ROPS must be forwarded to the Department of Finance, the Los Angeles County Auditor Controller, and the State Controller's Office for review and/or final approval. The Dissolution Act prohibits the Successor Agency from transferring any assets or funds of the former Agency to any third-party except in accordance with an enforceable obligation included in the ROPS. Any transfers made in violation of this mandate must be returned to the Successor Agency. All Agency contracts and/or obligations not qualifying as an enforceable obligation were deemed extinguished by the Dissolution Act.

The Dissolution Act and its interpretation by the State Department of Finance (DOF) are being litigated by many cities in the state, Montebello included. The issue(s) surrounding this litigation primarily focuses on the DOF's interpretation of what is an enforceable obligation.

In its budget the State has recognized that there are over 100 lawsuits challenging various aspects of the Dissolution Act and recognize that some, if not all, of the challenges may result in a negative outcome for the state, and positive outcome for the cities challenging those aspects. The City of Montebello is one of the cities challenging various aspects of the Dissolution Act.

THE FINANCIAL REPORTING ENTITY

This report includes all funds of the City.

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 operates several enterprise funds which include a municipal golf course, a transportation system, a detention facility, water services in certain areas of the City, and the Hilton Garden Hotel. Enterprise funds are financed from user fees and subsidies from other governmental agencies.

ACCOUNTING SYSTEM

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

In reviewing and developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

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

BUDGETARY CONTROL

In addition to internal accounting controls, the City also maintains budgetary controls. The objective of these budgetary controls is to insure compliance with the City's budget policy approved by the City Council. Appropriations 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 as actual expenditures are compared to the appropriations. As purchase

orders are approved, appropriations are encumbered. Encumbrances and expenditures, which would cause an overrun of appropriations, require an approved budget transfer, which is reviewed and approved by the Director of Finance, pursuant to the City's administrative policy and the Municipal Code of the City. An annual 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.

PENSION PLAN

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

DEBT ADMINISTRATION

At June 30, 2013, the City had general long-term debt amounting to \$65.6 million, which is detailed in the Notes to the Financial Statements. This includes \$21.9 million for Certificates of Participation, \$14.7 million for Revenue Bonds, and \$29.0 million for long-term notes payable and the noncurrent portion of accumulated vacation and sick leave. The City has no general obligation debt.

CASH AND INVESTMENT MANAGEMENT

The City has an investment policy, and has an Investment Committee with members appointed by the City Council. The City Treasurer and the Director of Finance also participate in the Investment Committee. The Investment Committee oversees the City's Investment objectives in order of safety, liquidity, and yield pursuant to the investment policy, in conjunction with the City Treasurer and Director of Finance.

The City invests its pooled funds and Successor Agency funds, except for bond funds debt service reserves and deferred employee compensation, which are maintained by appointed fiscal agents. The fiscal agents direct its bond fund and debt service fund investments. It is the City's policy to maintain a diversified investment portfolio.

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 review the self-insurance program on an annual base. 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 auditor's 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.

The Comprehensive Annual Financial Report (CAFR) is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's Organization Chart and a list of principal officials. The financial section includes the auditor's report, general purpose financial statements, and the combining individual financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

During the fiscal year ended June 30, 2013, the City implemented the Governmental Accounting Standards Board Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under previous reporting standards, the City's governmental fund balances were reported under three categories: reserved, unreserved, and designated. The new reporting standard replaces these three fund balance categories with five new classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

- Nonspendable Fund Balance includes amounts not in spendable form (e.g., prepaid expenditures, inventories and long-term loans/notes receivable) or amounts required to be maintained intact legally or contractually (e.g., corpus or principal of a permanent fund).
- Restricted Fund Balance includes amounts constrained for a specific purpose by external parties, grantors, contributors, constitutional provision or enabling legislation (e.g., debt service, state and federal grants, propositions, redevelopment, low income housing, etc.).
- Committed Fund Balance includes amounts constrained for a specific purpose by formal action of the City Council (e.g., major maintenance, capital replacement reserve, land acquisition, etc.). Such constraints can only be removed or changed by taking the same type of action employed to commit those amounts (e.g., resolution, ordinance, etc.).
- Assigned Fund Balance includes amounts constrained by the City's tentative intent to be used for a specific purpose (neither restricted nor committed) expressed by the City Council or by an official who has been delegated the authority to assign amounts (e.g., capital projects budget carryover to the subsequent fiscal year, budgeted expenditures in excess of budgeted revenues in the subsequent fiscal year, etc.). When the City Council or authorized official formally restricts or commits to that intent, the City Administrator is delegated authority to assign all or portion of this fund balance accordingly.
- Unassigned Fund Balance consists of residual resources that have not been classified in the previous four categories. All funds in this category are considered spendable resources.

Acknowledgments. The preparation of the City's comprehensive annual financial report could not have been accomplished without the dedicated services of the entire Finance Department staff. We also acknowledge the work and efforts by the audit team of Vazquez & Company LLP, in completing the CAFR.

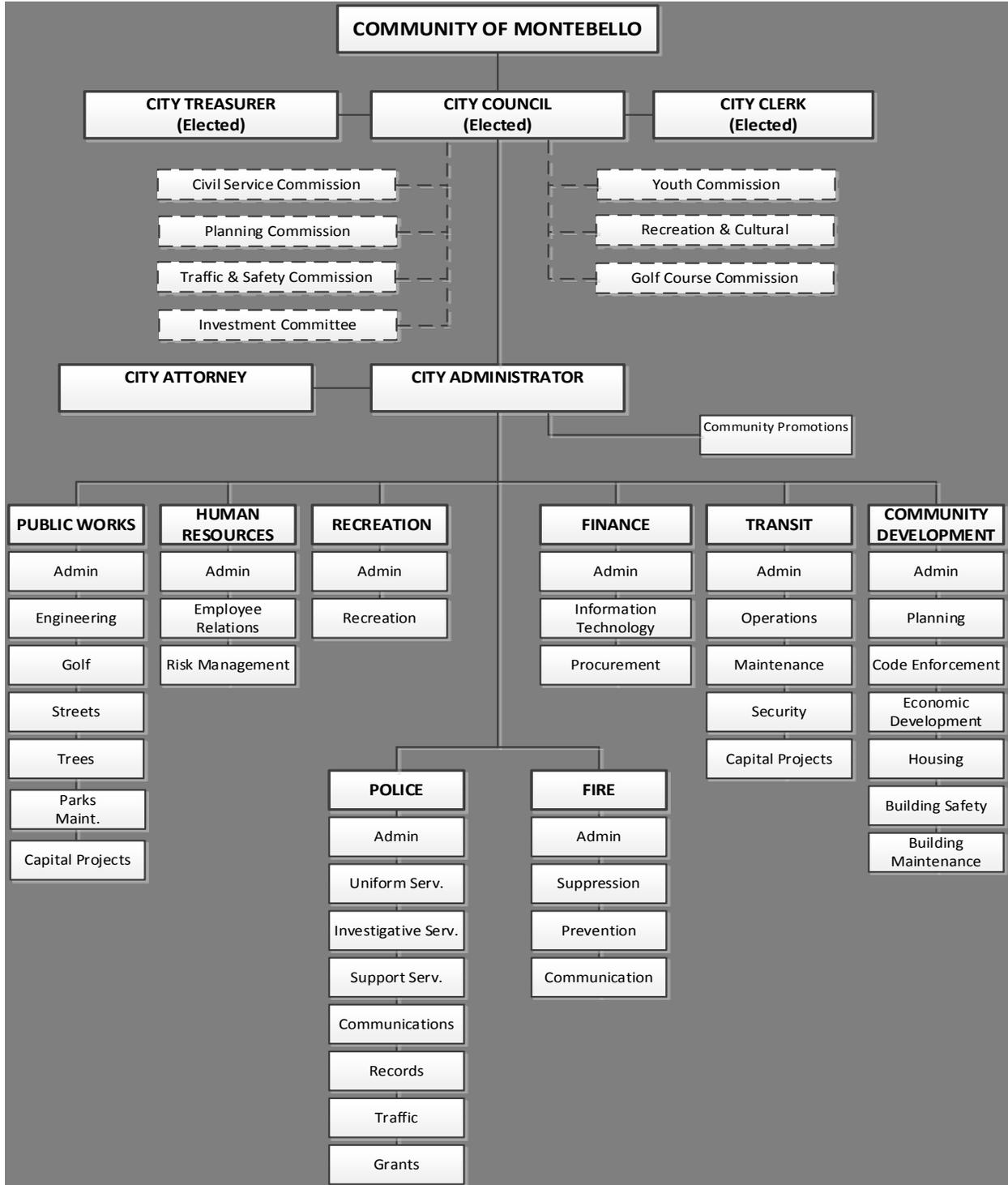
We thank the City Council, the Executive Management Team and staff for their interest and support of the financial operations of the City, in a responsible and progressive manner, for the best interest of the citizens of Montebello.

Respectfully submitted,

Finance Department



City of Montebello - Organization Chart



Directory of City Officials

City Council

William M. Molinari - Mayor
Jack Hadjinian - Mayor Pro Tem
Art Barajas - Councilmember
Christina Cortez - Councilmember
Vivian Romero - Councilmember

Elected Officials

City Treasurer
City Clerk

Sheraly Khwaja
Daniel Hernandez

Principal Administrative Officers

City Administrator
Police Chief
Fire Chief
Director of Community Development
Director of Transportation
Director of Public Works
Director of Finance
Assistant Director of Parks and Recreation

Francesca Schuyler
Kevin McClure
Dominic Hebert
Alex Hamilton
Aurora Jackson
Danilo Batson
David Kim
Martha Balderrama

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and the Members of the City Council
City of Montebello, California**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montebello, California (the City), as of and for the year ended June 30, 2013, and the related notes to financial statements which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

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, 2013, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Transactions Disallowed by Department of Finance

As discussed in Note 14 to the financial statements, the City of Montebello is disputing the California Department of Finance (DOF) determination disallowing certain transactions between the City and the former Montebello Redevelopment Agency totaling \$18,529,874. The City has arranged a “meet and confer” session with DOF representatives to discuss the dispute. If the meet and confer does not result in a reversal of DOF’s determination, the City will be forced to consider all remedies available, including but not limited to litigation. The State of California, in its FY14/15 budget, acknowledged that such litigation may be resolved against DOF. In light of these legal uncertainties, no provision has been made in the accompanying financial statements to recognize a liability, if any, to the Successor Agency of the former Montebello Redevelopment Agency.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 19, and the budgetary comparison information and Schedule of Funding Progress of pension and other postemployment benefit plans on pages 74 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montebello’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2014, on our consideration of the City of Montebello's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Montebello's internal control over financial reporting and compliance.

Vargay + Company LLP

**Los Angeles, California
February 12, 2014**

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The following section represents Management's Discussion and Analysis (MD&A). It is intended to provide narrative overview and analysis on the City's financial performance for the fiscal year ended June 30, 2013. To get a better understanding of the City's overall financial position, readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, financial statements, notes disclosure, the annual budget and other information on the City's website at www.cityofmontebello.com.

Financial Highlights

- At June 30, 2013, the total assets of the City exceeded its total liabilities by \$117.9 million (Net Position) and the City's Total Net Position increased by \$7.8 million during the fiscal year ended June 30, 2013.
- As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$39.9 million, an increase of \$2.7 million in comparison with the prior year.
- Primary government program revenues totaled at \$60.5 million, while general revenues totaled at \$35.8 million, net of transfers.
- The total liability for the City increased by \$8.0 million. This is largely due to the liabilities incurred in connection with the acquisition of buses under the City's Transit Enterprise Fund.
- At the end of the current fiscal year, the General Fund had \$1 million positive change in fund balance.

These Financial Highlights are discussed in greater detail in the body of this discussion and analysis.

Overview of the Financial Statements

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

For Government-Wide Financial Statements, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 63 and No.65 during fiscal year 2013. The two Statements provide new guidance on financial reporting, and reclassify certain items previously reported as assets and liabilities as deferred outflows/inflows of resources. In addition, the term "net assets" is no longer used to describe the residual value of all balance sheet items, and is replaced with the term "net position". Hence, the previous Statement of Net Assets is now called Statement of Net Position. Over time, increases or decreases in the City's net position is a strong indicator of whether its financial health is improving or declining.

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 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 City's Housing Successor Agency Fund, 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 water, golf course, transportation, hotel and detention operations. These statements include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

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

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

Fund financial statements

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

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

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

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

The City maintains various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet, and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, the Special Revenue, Retirement Fund and, the Capital Improvements 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. As a result of Assembly Bills 1X26 and 1484, Redevelopment Agency assets and liabilities are no longer a part of the Major Government Funds for the City and are now reported in the Fiduciary Fund section of the financial statements.

The City adopts an annual appropriated budget for its major funds. The basic financial statements include a budgetary comparison statement for the General Fund. The budgetary comparison statement has been provided to demonstrate compliance with this budget.

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

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

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of water, golf course, transportation, Montebello Hilton and detention facility.
- **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.

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

Notes to financial statements

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

Government-wide Financial Analysis

The government-wide financial statements provide both long-term and short-term information about the City's overall financial position. This analysis addresses the financial statements of the City as a whole. The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources.

City of Montebello Statement of Net Position June 30 (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 56,324	\$ 50,072	\$ 7,849	\$ 3,653	\$ 64,173	\$ 53,725
Capital assets	78,087	78,113	61,004	55,758	139,091	133,871
Total assets	134,411	128,185	68,853	59,411	203,264	187,596
Deferred outflows of resources	168	218	-	-	168	218
Liabilities:						
Long-term liabilities	59,268	57,950	6,295	5,947	65,563	63,897
Other liabilities	4,826	4,901	15,122	8,868	19,948	13,769
Total liabilities	64,094	62,851	21,417	14,815	85,511	77,666
Net Position:						
Net investment in capital assets	54,637	53,911	55,754	55,557	110,391	109,468
Restricted	20,219	27,662	302	302	20,521	27,964
Unrestricted	(4,371)	(16,021)	(8,620)	(11,263)	(12,991)	(27,284)
Total net position	\$ 70,485	\$ 65,552	\$ 47,436	\$ 44,596	\$ 117,921	\$ 110,148

The City's net position is a useful measurement of its financial health. As mentioned in the financial highlights, the City's net position was \$117.9 million as of June 30, 2013. Of that total, 93.6% (\$110.4 million) reflects net investments in capital assets (e.g. land, building, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress); less any related debt used to acquire those assets that are still outstanding.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2013

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. Any remaining amount is restricted to specifically stipulated spending agreements originated by law, contract, or other agreements with external parties.

City of Montebello
 Summary of Changes in Net Position
 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 11,218	\$ 10,096	\$ 14,110	\$ 14,168	\$ 25,329	\$ 24,264
Operating grants and contributions	8,520	7,155	18,834	16,868	27,354	24,023
Capital grants and contributions	-	-	7,778	5,025	7,778	5,025
General revenues:						
Sales taxes	11,363	10,847	-	-	11,363	10,847
Property taxes	15,450	20,246	-	-	15,450	20,246
Other taxes	6,729	6,675	-	-	6,729	6,675
Other revenues	2,240	2,416	-	-	2,240	2,416
Investment earnings	54	73	-	-	54	73
Total revenues	<u>55,574</u>	<u>57,508</u>	<u>40,722</u>	<u>36,061</u>	<u>96,296</u>	<u>93,569</u>
Expenses						
General government	3,397	6,625	-	-	3,397	6,625
Public safety	31,737	29,928	-	-	31,737	29,928
Public works	6,223	5,872	-	-	6,223	5,872
Parks, culture, and recreation	5,184	5,092	-	-	5,184	5,092
Housing and community development	2,043	4,587	-	-	2,043	4,587
Transit	-	-	28,191	27,865	28,191	27,865
Golf course	-	-	3,016	2,595	3,016	2,595
Montebello Hilton	-	-	3,558	3,444	3,558	3,444
Water utility	-	-	2,082	1,689	2,082	1,689
Detention facility	-	-	433	454	433	454
Interest on long-term debt	1,955	3,329	-	-	1,955	3,329
Unallocated infrastructure depreciation	705	705	-	-	705	705
Total expenses	<u>51,243</u>	<u>56,138</u>	<u>37,280</u>	<u>36,047</u>	<u>88,523</u>	<u>92,185</u>
Change in net position before transfers	4,331	1,370	3,442	14	7,773	1,384
Transfers						
Change in net position after transfers and before extraordinary items	4,933	1,206	2,840	178	7,773	1,384
Extraordinary item						
Change in net position after extraordinary item	4,933	29,971	2,840	178	7,773	30,149
Net position - beginning of year, as restated	<u>65,552</u>	<u>35,581</u>	<u>44,596</u>	<u>44,418</u>	<u>110,148</u>	<u>79,999</u>
Net position - end of year	<u>\$ 70,485</u>	<u>\$ 65,552</u>	<u>\$ 47,436</u>	<u>\$ 44,596</u>	<u>\$ 117,921</u>	<u>\$ 110,148</u>

Total revenues from the City's governmental and business-type activities were \$96.3 million, an increase of \$2.7 million compared to the preceding fiscal year.

The following items impacted citywide revenues for the fiscal year ended June 30, 2013:

- Program revenues consist of: charges for services, operating grants and contributions, and capital grants and contributions which accounted for revenue under Business-type activities.
- The largest revenues came from the same 3 sources as prior fiscal year such as: charges for services (e.g. Business License Fees, Building Permits and Bus Fares) at \$25.3 million, Operating grants and contributions (e.g. various grants from the Transportation Development Act (TDA), allocations of funds derived from Proposition A, C, and Measure R as well as funds contributed from the Justice Department and US Treasury) at \$27.4 million and finally Property Taxes at \$15.5 million. Property Taxes include the Property Taxes derived from the voter approved initiative to provide for the retirement benefit costs of City employees. Please note that in fiscal year 11-12, Property Taxes included property tax revenues from the City's former Redevelopment Agency, which was dissolved as a result of passage of AB 1x26, effective February 1, 2012.
- Other Taxes include the City's share of Motor Vehicle License Fees as well as the Transient Occupancy Tax. Other Revenues include Oil Well and Natural Gas Storage Fees, charges for Administrative Costs, as well as Cell Tower Rent revenue.
- The City's total expenditures for the year decreased by 4% (\$3.7 million), primarily due to cost cutting measures instituted by the City, as well as the result of the dissolution of the City's Redevelopment Agency, the operations of which were still recognized for fiscal year 2011-12. Public Works expenditures were 7% of total citywide expenditures. Public Safety accounted for 36% of total citywide expenditures, while Transit's share was 32% of total citywide expenses.

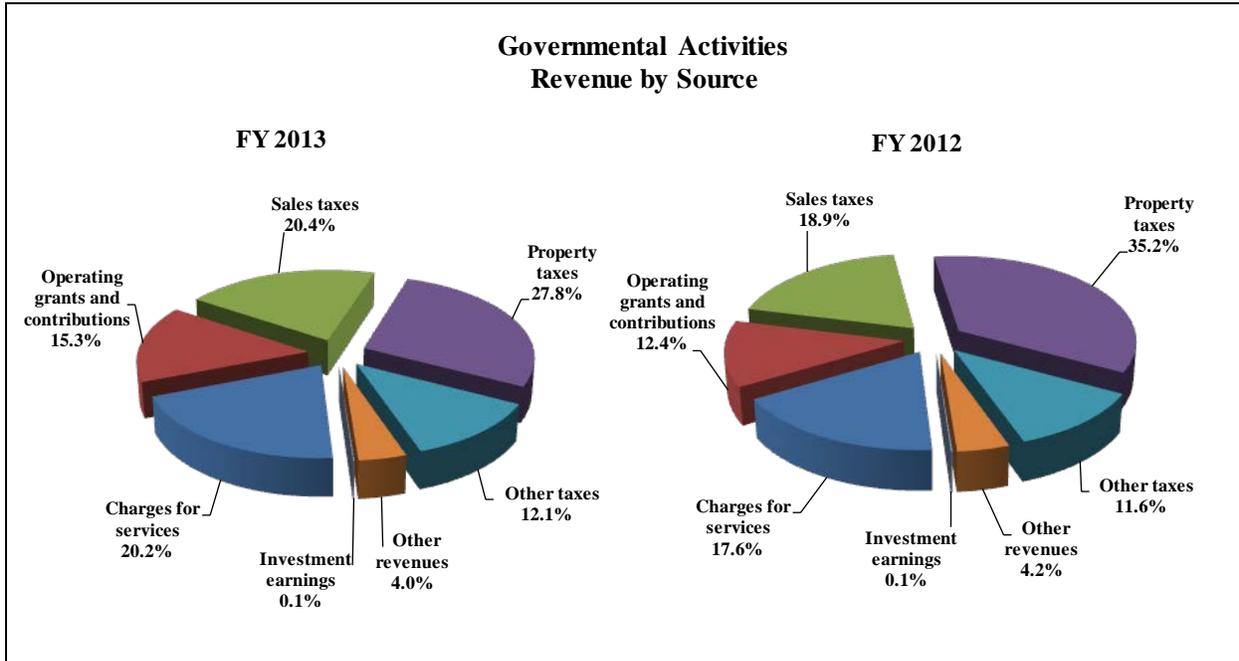
Governmental Activities

Governmental activities increased the City's net position by \$4.9 million. Key factors of this change in governmental activities include the following based on the government-wide statement of activities.

Revenues:

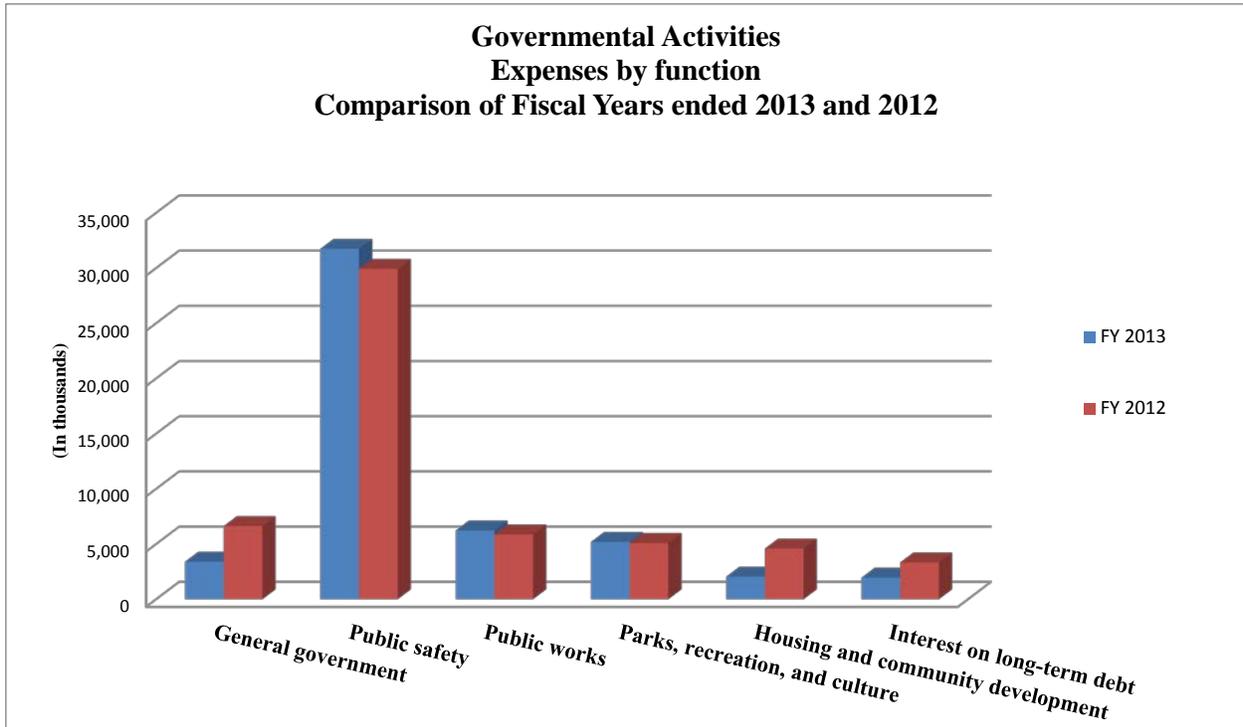
- Property tax revenues decreased approximately 23.7% (\$4.8 million) from 2012. As indicated above the decrease was the result of the dissolution of the City's Redevelopment Agency, effective February 1, 2012. Property Tax revenue also decreased as a result of the County's determination that the retirement property tax levy for the Successor Agency Project areas should not have been passed to the city, and belong to the Successor Agency.

Sales taxes increased by \$516 thousand or 4.8%, compared to 4% increase in 2012 showing a steady improvement in economic conditions.



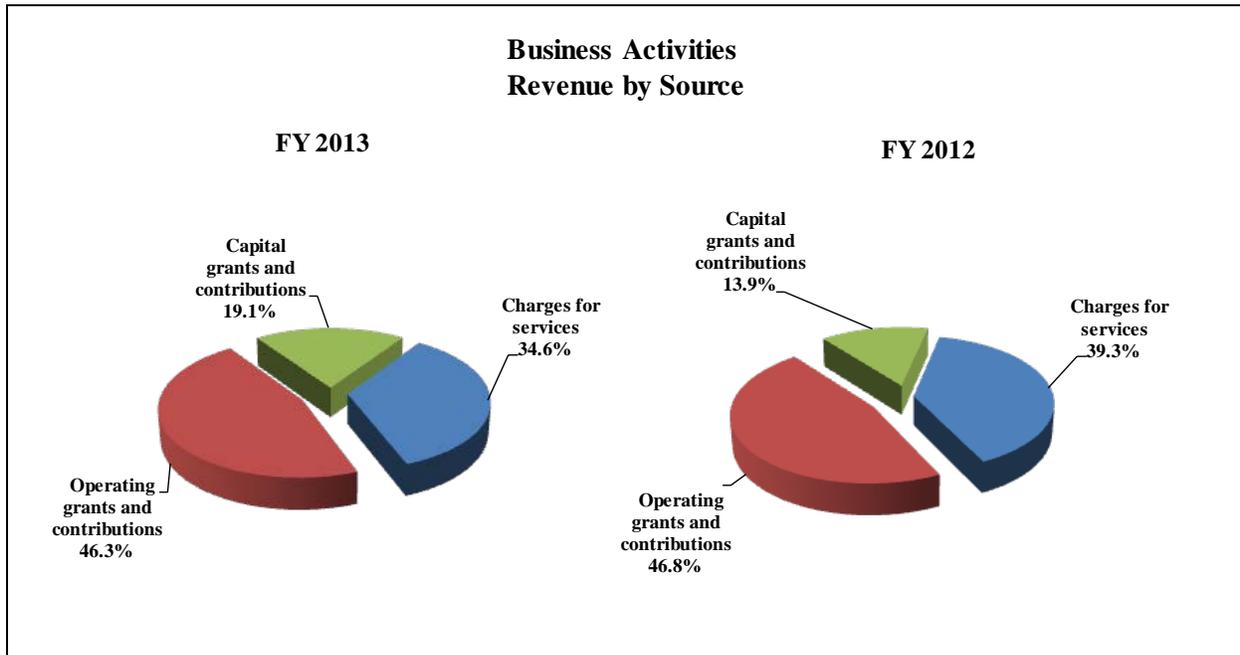
Governmental activities expenses decreased approximately 8.7% (\$4.9 million) from FY2012 primarily due to two reasons:

- General government decreased by 49% because it no longer absorbed expenses for Redevelopment Agencies (RDA) as the previous year. In the previous fiscal year, RDA was considered part of governmental activities for 7 months before its official dissolution on February 1, 2012.
- Interest on debt service, as well as operating expenses, was reduced due to the dissolution of the Redevelopment Agency, effective February 1, 2012.



Business-type Activities

The City operates 5 business-type activities: Transit System, Golf Course, Montebello Hilton Hotel, Water Utility, and Detention Facility. The City's Transit System is the largest business-type operation, followed by the Montebello Hilton Hotel and the Golf Course. Total revenues for business-type activities were \$40.7 million, compared to \$36.1 million in the previous fiscal year. The increase is primarily a result of an increase in Operating and Capital Grants received by the City's Transit System.

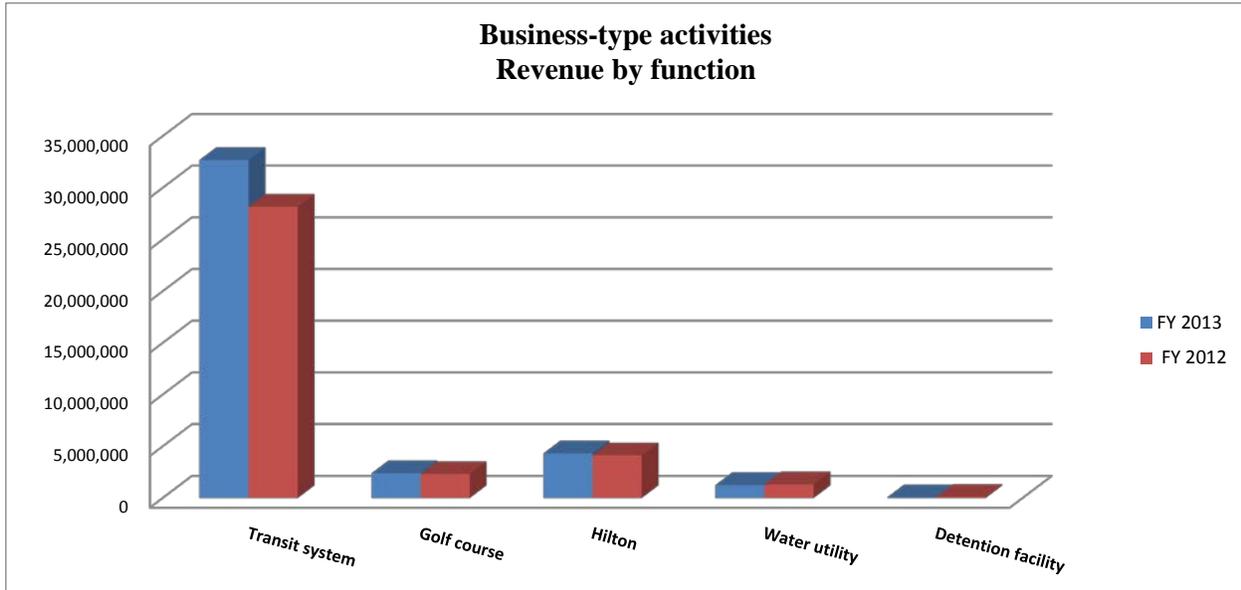


Approximately 34.6% of Charges for Services is generated from bus fares, special contracts, revenue from hotel fees and golf course green fee charges, while the remaining 65.4% comes from State and Federal subsidies. Revenue generated from services decreased 0.4% (\$58 thousand) during the year, while State and Federal subsidies increased 21.6% (\$4.7 million) for fiscal year ended June 30, 2013.

Business-type activities increased the City's net position after extraordinary items by \$2.8 million. This is a significant increase compared to the increase of \$178 thousand in the previous fiscal year ended. This is primarily due to Transit receiving 54.8% (\$2.8 million) more in capital grants, as well as 11.7% (\$1.9 million) in operating grants (e.g. Transportation Development Act grants, Proposition A Discretionary allocation for Operations, as well as Measure R Allocation), compared to last year. Capital grants were provided for the purchase of 7 more CNG buses and other capital improvement projects, many of which are in the initial planning stages.

The City's Golf Course generated \$68 thousand more in revenues for the fiscal year ended June 30, 2013 compared to last year. Operating expenses also increased by \$259 thousand for the year. Overall, Golf course net position decreased by \$132 thousand for the year, as compared to \$274 thousand for fiscal year ended 2012.

The Montebello Hilton reflected net income before net transfers for debt service and equipment reserve obligations of \$759 thousand for fiscal year 2013, an 11.5% (\$78 thousand) increase compared to last year. Operating revenues increased by \$192 thousand, while operating expenses increased by approximately \$78 thousand over the same period last year.



Governmental Funds Financial Analysis

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

As of the end of the current fiscal year, the City's governmental funds reported total combined ending fund balances of \$39.9 million, an increase of \$2.7 million as compared with the prior fiscal year. All governmental fund balances are either nonspendable, restricted, assigned, or unassigned pursuant to GASB 54. Nonspendable indicates they are fund balances tied to inventories, prepaid expenses and property held for sale. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. These restrictions of fund balance are to indicate that portions of fund balance are not available for new spending, because they have already been committed to: 1) liquidate contracts and purchase orders of the prior period, 2) pay debt service, 3) be retained as reserves for long-term notes receivable, 4) advances to other funds, or 5) for a variety of other restricted purposes. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2013**

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

	2013	2012	Change	
			Amount	%
Operating revenues	\$ 38,117	\$ 33,716	\$ 4,401	13%
Operating expenditures	43,337	44,431	(1,094)	-2%
Excess of revenues over (under) expenditures	(5,219)	(10,715)	5,496	-51%
Net operating transfers	6,131	10,394	(4,263)	-41%
Other financing sources	-	2,500	(2,500)	-100%
Surplus	912	2,179	(1,267)	-58%
Beginning fund balance	7,155	4,976	2,179	44%
Ending fund balance	\$ 8,067	\$ 7,155	\$ 912	13%

General Fund is the City's main operating fund. It is used to account for revenues and expenditures necessary to perform basic government functions that are not accounted for through other special revenue and grant funds.

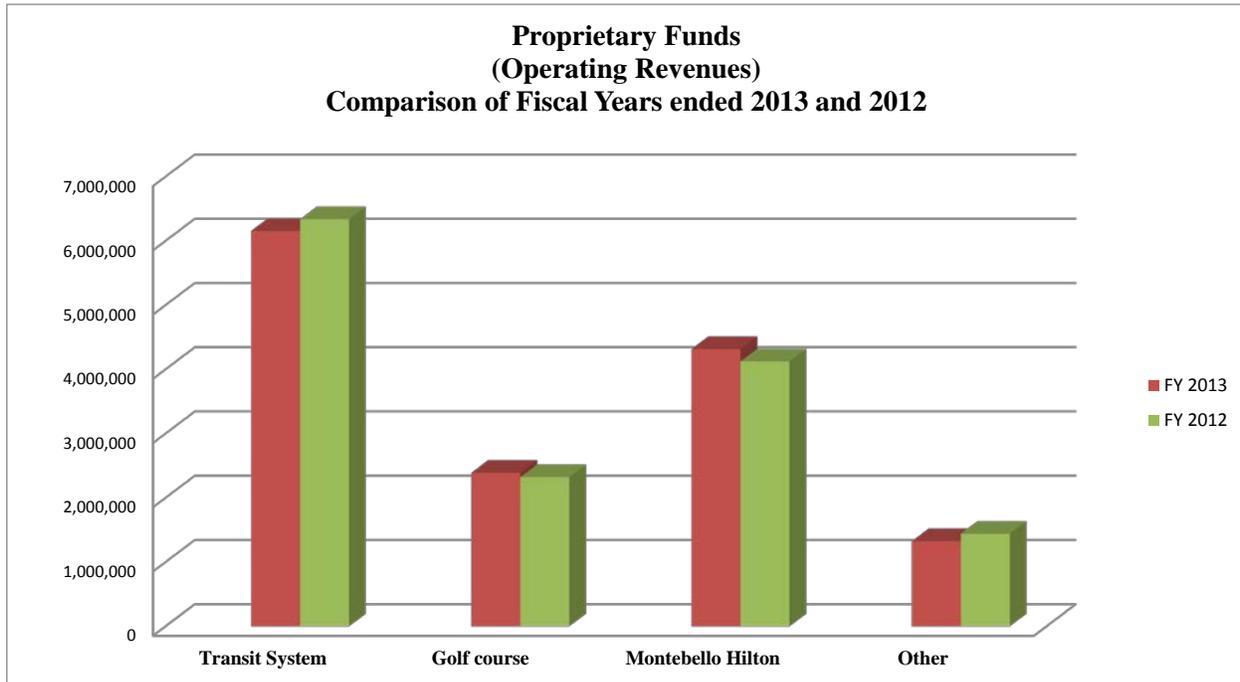
In fiscal year 2013, the General Fund ended the year with a surplus of \$912 thousand compared to a surplus of \$2.2 million in fiscal year 2011-2012. In 2012, the surplus was primarily a result of \$1.6 million of fees related to debt service of the City's hotel operations, which the City's General Fund recovered from its fiscal agent. The General Fund's operating deficit before net transfers decreased by 48% (\$5.2 million), due to approximately \$4.4 million increase in revenues and \$1.1 million decrease in expenditures compared to the prior fiscal year.

The increase of \$4.4 million in General Fund revenues was primarily due to a \$1.8 million increase in Property Tax residual pass through payments received as a result of the dissolution of the former Redevelopment Agency as well as a one-time Property Tax Administration Fee settlement with the County of Los Angeles of approximately \$651 thousand. Secured and Unsecured Property Tax revenues to the City's General Fund increased \$663 thousand over the prior year. The City's General Fund also generated increases in License and Permit Fees (\$400 thousand), Solid Waste Collection Fees to Businesses (\$300 thousand), and an increase in charges and fees related to Public Safety (\$400 thousand).

Retirement Fund is reserved for the payment of retirement expenses for the employees of the City. The retirement portion of the property tax revenue that was formerly received by the Redevelopment Agency is now collected by the County and included in the County's Residual Property Tax Trust Fund for allocation to the City's Successor Agency as well as to other taxing entities. The City's Retirement Fund increased its net position by \$848 thousand in fiscal year 2013.

Capital Improvements Fund ended with a fund balance of \$167 thousand at June 30, 2013. During the fiscal year, \$58 thousand of capital expenses were incurred in the Capital Project Fund.

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 \$22 million. This operating loss was offset by non-operating revenues and capital contributions of \$26.5 million, resulting in an increase in net position of \$4.5 million. As indicated above operating revenues include bus fares and special contracts, as well as grants for operations provided through the Transportation Development Act (TDA), as well as allocations from Proposition A, Proposition C, and Measure R for operations. Operation expenses for Transit included \$3.9 million in depreciation expense.

The Municipal Golf Course incurred an operating loss of \$437 thousand on revenues of \$2.4 million and operating expenses of \$2.8 million. The operation expenses include depreciation expense of \$359 thousand.

The Montebello Hilton reflected operating income of \$963 thousand, before \$1.5 million of net transfers of capital from its hotel operations into various funds held by the hotel's fiscal agent for payments for its equipment replacement and debt service. Annual debt service payments related to the hotel is paid from the revenue fund held by the fiscal agent and are reported in the City's Debt Service Fund section in the supplemental reports.

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, 2013 amounted to \$139.1 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The City's investment in capital assets increased by 3.9% over the prior year.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,054	\$ 2,054	\$ 6,307	\$ 6,307	\$ 8,361	\$ 8,361
Rights of way	14,392	14,392	-	-	14,392	14,392
Buildings and improvements	34,657	34,167	18,327	16,732	52,984	50,899
Machinery and equipment	6,681	7,405	34,710	32,608	41,391	40,013
Construction in progress	2,008	1,095	1,660	111	3,668	1,206
Infrastructure	18,295	19,000	-	-	18,295	19,000
	<u>\$ 78,087</u>	<u>\$ 78,113</u>	<u>\$ 61,004</u>	<u>\$ 55,758</u>	<u>\$ 139,091</u>	<u>\$ 133,871</u>

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

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

- Building and Improvement additions and renovations totaled approximately \$7.1 million
- Machinery, Equipment, and Automotive Equipment additions totaled approximately \$6.5 million.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2013

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

Long-term Debt

At the end of fiscal year 2012-2013, the City had total debt outstanding of \$65.6 million. The outstanding debt includes \$22 million of debt backed by certificates of participation, \$14.7 million relates to revenue bonds, \$16.1 million relates to the postemployment benefit obligation, notes payable, loans payable and compensated absences. Total long-term claims payable as of June 30, 2013 was \$13 million. Outstanding debt is summarized below.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Certificates of participation	\$ 17,448	\$ 18,351	\$ 4,407	\$ 4,609	\$ 21,855	\$ 22,960
Revenue bonds, net	14,703	15,105	-	-	14,703	15,105
Claims payable	12,964	11,359	-	-	12,964	11,359
Other postemployment benefit obligation	5,422	4,442	-	-	5,422	4,442
Notes payable	5,624	5,901	-	-	5,624	5,901
Loans payable	-	-	843	-	843	-
Compensated absences	3,107	2,792	1,045	1,338	4,152	4,130
Sub total	59,268	57,950	6,295	5,947	65,563	63,897
Less current portion	5,766	3,101	1,071	1,251	6,837	4,352
Noncurrent portion	\$ 53,502	\$ 54,849	\$ 5,224	\$ 4,696	\$ 58,726	\$ 59,545

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

Economic Factors and Next Year's Budgets and Rates

The City's financial position and its ability to pay for essential services and capital projects rely heavily on the economic conditions, legislative actions on both Federal and State level, and laws governing local finances.

- On June 25, 2013, Moody's upgraded the City's credit rating. According to Moody's report, the decision was based on the improvement in the City's financial positions, as well as the upward and stable trend in the assessed valuation of its tax base.
- The City's economic climate improved from fiscal year 2012 as represented by the City's increase in Business License and Permit revenues.
- The City's unemployment rate fell from 13.7% to 12.2% during the fiscal year.
- Retirement and health benefit costs will continue to increase as the City's PERS rate changes due to actuarial information and investment rates, as well as the implementation of the Affordable Health Care Act of 2010.

Other

The dissolution of the former RDAs via AB 1x26 and AB 1484 continues to create hardships for the City of Montebello as with many cities in California. As with other cities, the City is in dispute with the California Department of Finance (DOF) with respect to the "Clawback" provisions in AB 1x26 and AB 1484, and the DOF's interpretation of the definition of "Enforceable Obligation".

The City brought suit to compel DOF to recognize the propriety of the Challenged Transfers, and the City's right to retain the value thereof (hereinafter the "Montebello Litigation") in an amount in excess of \$7 million. This litigation is just one in hundreds of related lawsuits brought to challenge DOF's implementation of the Dissolution Act, and challenges DOF's determinations on a number of grounds, including:

- The Challenged Transfers were payments for goods and services, and thus do not constitute a "transfer" as that term is specifically defined for purposes of the DDR;
- The Challenged Transfers were made pursuant to an "enforceable obligation," as that term is specifically defined for purposes of the City's Due Diligence Review; and
- Reversing the Challenged Transfers would violate Proposition 22 and the constitutional prohibition against gifts of public funds.

The named defendants, including DOF, are required to answer the lawsuit by mid-January, and it is anticipated the matter will be heard by the Court in mid-2014.

The City, additionally, has ongoing disputes with the State Department of Finance (DOF) and related state agencies regarding transactions completed prior to the dissolution of the Redevelopment Agency, not including its litigation with the DOF regarding reimbursement for payment of goods and services paid by the City on behalf of the former RDA.

These items are discussed in detail in Note 14 of the accompanying financial statements.

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.

City of Montebello
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 29,304,688	\$ 3,700,963	\$ 33,005,651
Cash and investments with fiscal agent	7,610,391	302,120	7,912,511
Receivables			
Accounts	3,352,606	5,082,387	8,434,993
Property tax	195,117	-	195,117
Notes	1,250,000	-	1,250,000
Property held for resale	2,288,058	-	2,288,058
Inventory	89,484	473,360	562,844
Prepaid items and deposits	103,243	2,454	105,697
Due from successor agency trust fund	10,418,350	-	10,418,350
Internal balances	1,712,536	(1,712,536)	-
Capital assets, not being depreciated	18,452,920	7,966,609	26,419,529
Capital assets, being depreciated	59,633,585	53,037,314	112,670,899
Total assets	<u>134,410,978</u>	<u>68,852,671</u>	<u>203,263,649</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on defeasance of debt	167,832	-	167,832
LIABILITIES			
Accounts payable and accrued liabilities	4,299,991	12,041,139	16,341,130
Interest payable	521,018	1,369,628	1,890,646
Deposits payable	5,000	36,932	41,932
Unearned revenue	-	1,673,444	1,673,444
Noncurrent liabilities:			
Due within one year	5,766,347	1,070,931	6,837,278
Due in more than one year	53,501,199	5,224,548	58,725,747
Total liabilities	<u>64,093,555</u>	<u>21,416,622</u>	<u>85,510,177</u>
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	54,636,719	55,753,529	110,390,248
Restricted for:			
Community development	14,102,930	-	14,102,930
Debt service	6,116,124	302,120	6,418,244
Unrestricted	(4,370,518)	(8,619,600)	(12,990,118)
Total net position	<u>\$ 70,485,255</u>	<u>\$ 47,436,049</u>	<u>\$ 117,921,304</u>

See notes to financial statements.

City of Montebello
Statement of Activities
Year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 3,397,386	\$ 3,071,973	\$ 1,030,158	\$ -	\$ 704,745	\$ -	\$ 704,745
Public safety	31,736,790	2,103,502	1,905,237	-	(27,728,051)	-	(27,728,051)
Public works	6,222,809	5,377,463	3,393,422	-	2,548,076	-	2,548,076
Parks, recreation, and culture	5,183,532	665,468	778	-	(4,517,286)	-	(4,517,286)
Housing and community development	2,042,906	-	2,190,158	-	147,252	-	147,252
Unallocated infrastructure depreciation	704,807	-	-	-	(704,807)	-	(704,807)
Interest on long-term debt	1,954,908	-	-	-	(1,954,908)	-	(1,954,908)
Total governmental activities	51,243,138	11,218,406	8,519,753	-	(31,504,979)	-	(31,504,979)
Business-type activities							
Transit system	28,190,745	6,078,505	18,834,317	7,777,911	-	4,499,988	4,499,988
Golf course	3,015,645	2,389,101	-	-	-	(626,544)	(626,544)
Hilton	3,558,013	4,316,746	-	-	-	758,733	758,733
Water utility	2,082,362	1,252,074	-	-	-	(830,288)	(830,288)
Detention facility	433,242	73,760	-	-	-	(359,482)	(359,482)
Total business-type activities	37,280,007	14,110,186	18,834,317	7,777,911	-	3,442,407	3,442,407
Total primary government	\$ 88,523,145	\$ 25,328,592	\$ 27,354,070	\$ 7,777,911	(31,504,979)	3,442,407	(28,062,572)
General revenues							
Taxes							
Property taxes, levied for general purposes					15,449,858	-	15,449,858
Sales tax					11,363,067	-	11,363,067
Franchise taxes					1,158,219	-	1,158,219
Motor vehicle license fees					5,205,958	-	5,205,958
Other taxes					364,425	-	364,425
Other revenues					2,239,898	-	2,239,898
Investment earnings					54,393	-	54,393
Transfers							
Transfers - net					602,070	(602,070)	-
Total general revenues					36,437,888	(602,070)	35,835,818
Change in net position					4,932,909	2,840,337	7,773,246
Net position-beginning of year, as restated					65,552,346	44,595,712	110,148,058
Net position-end of year					\$ 70,485,255	\$ 47,436,049	\$ 117,921,304

See notes to financial statements.

**City of Montebello
Governmental Funds
Balance Sheet
June 30, 2013**

	General	Special Revenue Fund Retirement Fund	Capital Projects Fund Capital Improvement	Housing Fund	Other Governmental Funds	Total
ASSETS						
Cash and investments	\$ 4,321,539	\$ 3,874,495	\$ 1,132	\$ -	\$ 10,033,008	\$ 18,230,174
Cash and investments with fiscal agents	-	-	-	-	7,610,391	7,610,391
Receivables						
Accounts	2,966,520	-	-	-	385,957	3,352,477
Property tax	195,117	-	-	-	-	195,117
Notes	-	-	1,250,000	5,905,908	970,099	8,126,007
Due from other funds	2,723,213	-	-	-	346,449	3,069,662
Due from successor agency trust fund	331,458	-	50,000	8,956,665	1,080,227	10,418,350
Prepaid expenses	102,793	-	-	-	450	103,243
Inventory	84,937	-	-	-	-	84,937
Investment in land held for resale	-	-	247,228	2,040,830	-	2,288,058
Total assets	<u>10,725,577</u>	<u>3,874,495</u>	<u>1,548,360</u>	<u>16,903,403</u>	<u>20,426,581</u>	<u>53,478,416</u>
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 10,725,577</u>	<u>\$ 3,874,495</u>	<u>\$ 1,548,360</u>	<u>\$ 16,903,403</u>	<u>\$ 20,426,581</u>	<u>\$ 53,478,416</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 2,653,827	\$ 761,297	\$ 131,362	\$ 2,263	\$ 577,700	\$ 4,126,449
Deposits payable	5,000	-	-	-	-	5,000
Due to other funds	-	-	-	5,500	1,344,126	1,349,626
Total liabilities	<u>2,658,827</u>	<u>761,297</u>	<u>131,362</u>	<u>7,763</u>	<u>1,921,826</u>	<u>5,481,075</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	1,250,000	5,905,908	970,099	8,126,007
FUND BALANCES						
Nonspendable						
Inventory	84,937	-	-	-	-	84,937
Prepaid expenses	102,793	-	-	-	450	103,243
Investment in land held for resale	-	-	247,228	2,040,830	-	2,288,058
Restricted for						
Debt service	-	-	-	-	6,116,124	6,116,124
Special revenue funds	-	3,113,198	-	8,948,902	9,972,531	22,034,631
Capital projects	-	-	-	-	1,445,551	1,445,551
Unassigned	7,879,020	-	(80,230)	-	-	7,798,790
Total fund balances	<u>8,066,750</u>	<u>3,113,198</u>	<u>166,998</u>	<u>10,989,732</u>	<u>17,534,656</u>	<u>39,871,334</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,725,577</u>	<u>\$ 3,874,495</u>	<u>\$ 1,548,360</u>	<u>\$ 16,903,403</u>	<u>\$ 20,426,581</u>	<u>\$ 53,478,416</u>

See notes to financial statements.

City of Montebello
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances	\$	39,871,334
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.		77,965,238
Certain revenues in the governmental funds are unavailable because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide financial statements.		1,250,000
Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds. Balances at June 30, 2013 are:		
Certificates of participation	\$	(17,447,900)
Revenue bonds		(14,800,000)
Loans payable		(5,624,106)
Compensated absences		(3,102,927)
Other postemployment benefit obligation		(5,422,064)
Bond issuance discount		96,673
Deferred amount on refunding		<u>167,832</u>
		(46,132,492)
Internal service funds are used by management to charge the costs of various City activities to individual governmental and business-type funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, but are not included in the governmental funds balance sheet		(1,947,807)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(521,018)</u>
Net position of governmental activities	\$	<u>70,485,255</u>

See notes to financial statements.

City of Montebello
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2013

	General	Special Revenue Fund Retirement Fund	Capital Projects Fund Capital Improvement	Housing Fund	Other Governmental Funds	Total
Revenues						
Sales taxes	\$ 11,363,067	\$ -	\$ -	\$ -	\$ -	\$ 11,363,067
Property taxes	6,623,575	7,472,225	-	-	1,354,058	15,449,858
Other taxes	364,425	-	-	-	-	364,425
Franchise taxes	1,158,219	-	-	-	-	1,158,219
Licenses and permits	4,664,830	-	-	-	-	4,664,830
Fines and forfeitures	1,802,114	-	-	-	-	1,802,114
Investment income	10,838	11,463	8	-	32,083	54,392
Revenue from other agencies	5,207,172	-	66,554	-	7,223,244	12,496,970
Charges for services	6,656,927	-	-	-	-	6,656,927
Other revenue	266,105	-	-	-	47,070	313,175
Total revenues	38,117,272	7,483,688	66,562	-	8,656,455	54,323,977
Expenditures						
Current:						
General government	2,480,904	-	-	-	247,901	2,728,805
Public safety	28,871,863	-	-	-	516,016	29,387,879
Public works	6,005,418	-	-	-	-	6,005,418
Parks and recreation	4,310,058	-	-	-	-	4,310,058
Housing and community development	1,449,381	-	-	8,906	459,689	1,917,976
Sub-total	43,117,624	-	-	8,906	1,223,606	44,350,136
Capital outlay	218,914	-	57,659	-	3,639,755	3,916,328
Debt service:						
Principal retirement	-	-	-	-	1,590,580	1,590,580
Interest and fiscal charges	-	-	-	-	1,525,140	1,525,140
Sub-total	-	-	-	-	3,115,720	3,115,720
Total expenditures	43,336,538	-	57,659	8,906	7,979,081	51,382,184
Excess (deficiency) of revenues over expenditures	(5,219,266)	7,483,688	8,903	(8,906)	677,374	2,941,793
Other financing sources (uses)						
Transfers in	7,952,099	-	70,000	-	2,681,842	10,703,941
Transfers out	(1,821,140)	(6,635,433)	-	-	(2,488,298)	(10,944,871)
Net other financing sources (uses)	6,130,959	(6,635,433)	70,000	-	193,544	(240,930)
Change in fund balances	911,693	848,255	78,903	(8,906)	870,918	2,700,863
Fund balances, beginning of year	7,155,057	2,264,943	88,095	10,998,638	16,663,738	37,170,471
Fund balances, end of year	\$ 8,066,750	\$ 3,113,198	\$ 166,998	\$ 10,989,732	\$ 17,534,656	\$ 39,871,334

See notes to financial statements.

**City of Montebello
Governmental Funds**

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2013**

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

Change in fund balance - governmental funds	\$	2,700,863
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Governmental funds report capital outlay as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	\$	(3,941,631)
Capital outlay		<u>3,916,328</u>
		(25,303)

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 position.

Principal payments on bonds and notes		1,590,580
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Certain revenues in the governmental funds are unavailable because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide financial statements.

		1,250,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences for the current period		(314,840)
Net change in accrued interest for the current period		(370,888)
Amortization of deferred amount on refunding		(50,350)
Amortization of bond discount		(8,530)
Current year expense for other postemployment benefits		<u>(980,340)</u>
		(1,724,948)

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

		<u>1,141,717</u>
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Change in net position of governmental activities	\$	<u>4,932,909</u>
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See notes to financial statements.

City of Montebello
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit System	Golf	Montebello	Others	Total	
	Fund	Course	Hilton			
ASSETS						
Current assets						
Cash and investments	\$ 3,317,910	\$ 4,880	\$ 152,494	\$ 225,679	\$ 3,700,963	\$ 11,074,514
Cash and investments with fiscal agent	-	302,120	-	-	302,120	-
Accounts receivable	4,944,624	63,891	52,860	21,012	5,082,387	129
Inventory	429,617	41,869	1,874	-	473,360	4,547
Prepaid expense and other current assets	-	365	2,089	-	2,454	-
Total current assets	<u>8,692,151</u>	<u>413,125</u>	<u>209,317</u>	<u>246,691</u>	<u>9,561,284</u>	<u>11,079,190</u>
Noncurrent assets						
Land	3,901,596	2,370,000	-	35,000	6,306,596	108,369
Buildings and improvements	24,962,469	9,683,363	2,106,648	141,284	36,893,764	428,794
Machinery and equipment	62,021,373	2,209,699	-	2,204,819	66,435,891	643,651
Construction in progress	1,660,013	-	-	-	1,660,013	-
Accumulated depreciation	(40,164,876)	(7,442,327)	(526,381)	(2,158,757)	(50,292,341)	(1,059,547)
Total noncurrent assets	<u>52,380,575</u>	<u>6,820,735</u>	<u>1,580,267</u>	<u>222,346</u>	<u>61,003,923</u>	<u>121,267</u>
Total assets	<u>61,072,726</u>	<u>7,233,860</u>	<u>1,789,584</u>	<u>469,037</u>	<u>70,565,207</u>	<u>11,200,457</u>
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	6,034,024	154,234	5,469,527	383,354	12,041,139	173,542
Due to other funds	-	1,712,536	-	-	1,712,536	7,500
Deposits payable	-	400	4,857	31,675	36,932	-
Unearned revenue	1,673,444	-	-	-	1,673,444	-
Interest payable	-	43,536	1,326,092	-	1,369,628	-
Current portion of long-term liabilities:						
Claims payable	-	-	-	-	-	4,090,000
Compensated absences	654,547	79,898	-	552	734,997	3,777
Notes payable	-	125,974	-	-	125,974	-
Certificates of participation	-	209,960	-	-	209,960	-
Total current liabilities	<u>8,362,015</u>	<u>2,326,538</u>	<u>6,800,476</u>	<u>415,581</u>	<u>17,904,610</u>	<u>4,274,819</u>
Long-term liabilities						
Claims payable	-	-	-	-	-	8,873,445
Compensated absences	284,306	25,782	-	-	310,088	-
Notes payable	-	717,320	-	-	717,320	-
Certificates of participation	-	4,197,140	-	-	4,197,140	-
Total long-term liabilities	<u>284,306</u>	<u>4,940,242</u>	<u>-</u>	<u>-</u>	<u>5,224,548</u>	<u>8,873,445</u>
Total liabilities	<u>8,646,321</u>	<u>7,266,780</u>	<u>6,800,476</u>	<u>415,581</u>	<u>23,129,158</u>	<u>13,148,264</u>
NET POSITION						
Net investment in capital assets	52,380,575	1,570,341	1,580,267	222,346	55,753,529	121,267
Restricted for Debt service	-	302,120	-	-	302,120	-
Unrestricted	45,830	(1,905,381)	(6,591,159)	(168,890)	(8,619,600)	(2,069,074)
Total net position	<u>\$ 52,426,405</u>	<u>\$ (32,920)</u>	<u>\$ (5,010,892)</u>	<u>\$ 53,456</u>	<u>\$ 47,436,049</u>	<u>\$ (1,947,807)</u>

See notes to financial statements.

City of Montebello
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year ended June 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit System Fund	Golf Course	Montebello Hilton	Others	Total	
Operating revenues						
Charges for services	\$ 6,052,410	\$ 2,109,478	\$ 4,316,746	\$ 1,321,003	\$ 13,799,637	\$ 5,973,492
Other	101,695	279,623	-	3,275	384,593	729,760
Total operating revenues	<u>6,154,105</u>	<u>2,389,101</u>	<u>4,316,746</u>	<u>1,324,278</u>	<u>14,184,230</u>	<u>6,703,252</u>
Operating expenses						
Labor and fringe benefits	15,269,362	1,090,987	1,291,280	42,694	17,694,323	42,443
Materials and supplies	-	194,188	-	-	194,188	491,670
Food and beverage	-	-	154,385	-	154,385	-
Repairs and maintenance	4,835,103	2,673	97,893	1,406	4,937,075	462,355
Utilities	327,352	372,105	152,455	73,078	924,990	-
Insurance claims and premiums	-	52,008	58,561	-	110,569	4,884,532
Contract services	1,479,269	411,607	272,709	2,249,036	4,412,621	461,190
Franchise fee	-	-	352,367	-	352,367	-
Depreciation expense	3,887,442	358,523	132,928	58,889	4,437,782	1,173
Administrative expense	1,499,997	235,104	840,935	90,501	2,666,537	61,172
Other expenses	892,220	108,887	-	-	1,001,107	-
Total operating expenses	<u>28,190,745</u>	<u>2,826,082</u>	<u>3,353,513</u>	<u>2,515,604</u>	<u>36,885,944</u>	<u>6,404,535</u>
Operating income (loss)	<u>(22,036,640)</u>	<u>(436,981)</u>	<u>963,233</u>	<u>(1,191,326)</u>	<u>(22,701,714)</u>	<u>298,717</u>
Nonoperating revenues (expenses)						
Federal and State grants	26,536,116	-	-	-	26,536,116	-
Interest income (expense)	512	(189,563)	(204,500)	1,556	(391,995)	-
Net nonoperating revenues (expenses)	<u>26,536,628</u>	<u>(189,563)</u>	<u>(204,500)</u>	<u>1,556</u>	<u>26,144,121</u>	<u>-</u>
Income (loss) before transfers	<u>4,499,988</u>	<u>(626,544)</u>	<u>758,733</u>	<u>(1,189,770)</u>	<u>3,442,407</u>	<u>298,717</u>
Transfers in	-	495,000	227,863	396,540	1,119,403	843,000
Transfers out	-	-	(1,721,473)	-	(1,721,473)	-
Net transfers in (out)	<u>-</u>	<u>495,000</u>	<u>(1,493,610)</u>	<u>396,540</u>	<u>(602,070)</u>	<u>843,000</u>
Change in net position	<u>4,499,988</u>	<u>(131,544)</u>	<u>(734,877)</u>	<u>(793,230)</u>	<u>2,840,337</u>	<u>1,141,717</u>
Net position - beginning of year	<u>47,926,417</u>	<u>98,624</u>	<u>(4,276,015)</u>	<u>846,686</u>	<u>44,595,712</u>	<u>(3,089,524)</u>
Net position - end of year	<u>\$ 52,426,405</u>	<u>\$ (32,920)</u>	<u>\$ (5,010,892)</u>	<u>\$ 53,456</u>	<u>\$ 47,436,049</u>	<u>\$ (1,947,807)</u>

See notes to financial statements.

City of Montebello
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit System Fund	Golf Course	Montebello Hilton	Others	Total	
Cash flows from operating activities						
Receipts from customers	\$ 6,052,410	\$ 2,124,955	\$ 4,356,240	\$ 1,426,319	\$ 13,959,924	\$ 5,973,363
Other receipts	101,695	279,623	-	3,275	384,593	729,760
Payments to suppliers	(4,672,058)	(1,419,464)	(1,328,772)	(2,295,741)	(9,716,035)	(4,638,229)
Payments to employees	(15,553,668)	(1,099,326)	(1,291,280)	(43,211)	(17,987,485)	(42,443)
Net cash provided by (used in) operating activities	(14,071,621)	(114,212)	1,736,188	(909,358)	(13,359,003)	2,022,451
Cash flows from non-capital financing activities						
Operating grants received from Federal and State	19,721,897	-	-	-	19,721,897	-
Cash received from other funds	-	656,276	227,863	396,540	1,280,679	843,000
Cash paid to other funds	-	-	(1,721,473)	-	(1,721,473)	-
Net cash provided by (used in) non-capital financing activities	19,721,897	656,276	(1,493,610)	396,540	19,281,103	843,000
Cash flows from capital and related financing activities						
Interest received	512	-	-	1,556	2,068	-
Interest paid	-	(200,594)	-	-	(200,594)	-
Principal payment	-	(201,420)	-	-	(201,420)	-
Acquisition of capital assets	(8,033,023)	(381,887)	(425,279)	-	(8,840,189)	-
Federal and State capital grants	5,452,339	-	-	-	5,452,339	-
Net cash provided by (used in) capital and financing activities	(2,580,172)	(783,901)	(425,279)	1,556	(3,787,796)	-
Change in cash and cash equivalents	3,070,104	(241,837)	(182,701)	(511,262)	2,134,304	2,865,451
Cash and cash equivalents - beginning	247,806	548,837	335,195	736,941	1,868,779	8,209,063
Cash and cash equivalents - ending	\$ 3,317,910	\$ 307,000	\$ 152,494	\$ 225,679	\$ 4,003,083	\$ 11,074,514
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (22,036,640)	\$ (436,981)	\$ 963,233	\$ (1,191,326)	\$ (22,701,714)	\$ 298,717
Depreciation and amortization	3,887,442	358,523	132,928	58,889	4,437,782	1,173
Changes in assets and liabilities						
Accounts receivable	-	15,477	39,494	105,316	160,287	(129)
Inventories	484,907	(39,668)	(162)	-	445,077	64,004
Prepaid expenses	-	190	34,765	-	34,955	2,322
Accounts payable and accrued liabilities	3,876,976	(3,414)	568,773	118,344	4,560,679	52,400
Deposits payable	-	-	(2,843)	(64)	(2,907)	-
Compensated absences	(284,306)	(8,339)	-	(517)	(293,162)	-
Unearned revenue	-	-	-	-	-	-
Claims payable	-	-	-	-	-	1,603,964
Net cash provided by (used in) operating activities	\$ (14,071,621)	\$ (114,212)	\$ 1,736,188	\$ (909,358)	\$ (13,359,003)	\$ 2,022,451

See notes to financial statements.

City of Montebello
Statement of Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2013

	<u>Successor Agency Private-purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and investments	\$ 11,908,456	\$ 1,845,953
Cash and investments with fiscal agent	4,848,559	-
Receivables:		
Interest	4,026	-
Accounts	22,083	-
Notes, net	3,943,351	-
Prepaid expenses	84,445	-
Land held for resale	5,983,486	-
Capital assets	13,182,122	-
Total assets	<u>39,976,528</u>	<u>1,845,953</u>
Deferred outflows of resources		
Unamortized loss on defeasance of debt	241,206	-
LIABILITIES		
Accounts payable and accrued liabilities	81,082	-
Deposits payable	-	1,845,953
Interest payable	1,019,160	-
Due to City of Montebello	10,418,350	-
Noncurrent liabilities:		
Due within one year	4,327,989	-
Due in more than one year	58,545,412	-
Total liabilities	<u>74,391,993</u>	<u>1,845,953</u>
NET POSITION		
Unrestricted fiduciary net position	(34,174,259)	-
Total net position	<u>\$ (34,174,259)</u>	<u>\$ -</u>

City of Montebello
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2013

		Successor Agency Private-purpose Trust Fund
		<u>Trust Fund</u>
Revenues		
Property taxes	\$	11,406,667
Rents and concessions		705,582
Investment income		32,613
Other revenue		79,107
Total revenues		<u>12,223,969</u>
Expenditures		
Current:		
Housing and community development		1,650,337
Debt service:		
Interest and fiscal charges		3,772,344
Total expenditures		<u>5,422,681</u>
Change in net position before extraordinary items		6,801,288
Extraordinary items		
RDA dissolution transactions		<u>(430,774)</u>
Change in net position after extraordinary items		<u>6,370,514</u>
Net position, beginning of year, as restated		<u>(40,544,773)</u>
Net position, end of year	\$	<u><u>(34,174,259)</u></u>

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

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

The City's accounting policies conform to accounting principles generally accepted in the United States of America, as applicable to governments.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Montebello and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City) and there is a financial burden or benefit component to the relationship. In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the above criteria, the component units of the City, as of June 30, 2013, are the Montebello Public Improvement Corporation (MPIC), Montebello Public Financing Authority (Authority), and Water System Improvement Corporation (WSIC). A brief description of each component unit follows:

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are not prepared for the Montebello Public Financing Authority, Montebello Public Improvement Corporation, and the Water System Improvement Corporation.

Montebello Redevelopment Agency

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

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

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

Financial information for the Successor Agency is presented as a Private-purpose Trust fund. See also Note 15.

Government-wide and Fund Financial Statements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2013, the City adopted the following Governmental Accounting Standards Board (GASB) statements which impacted the City's financial statements:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB statement nos. 34 and 14*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The City determined that the City and the component units blended with the City's financial statements comply with the new requirements noted in the amendments.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. As of June 30, 2013, the City's deferred outflows of resources represent unamortized loss on defeasance of debt which resulted from refunding of bonded debt in the prior years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- GASB Statement No. 65 Items Previously Reported as Assets and Liabilities. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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 deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included in the statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

In accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance contained in pre-November 1989 FASB and AICPA Pronouncements, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The City reports the following major governmental funds:

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

The Retirement Special Revenue Fund is used to account for the accumulation of resources required for the funding of the City employees' retirement fund.

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 Housing Special Revenue Fund is used to account for the housing assets and activities of the former Low and Moderate Income Housing Fund of the dissolved redevelopment agency.

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.

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 Fund 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 Successor 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 the Authority's debt.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Capital Projects Funds are 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. Combined and presented as Other Enterprise Funds are the Water Utility and Detention Facility funds.

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 Successor Agency Private-purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Successor Agency to the Dissolved Montebello Redevelopment Agency. Unlike the limited reporting typically utilized for an Agency Fund, Private-purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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.

Net Position

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, classifies governmental fund balances as follows:

- Nonspendable - Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the City Council and does not lapse at year-end.
- Assigned - Amounts that are intended to be used for specific purposes and that are neither considered restricted or committed. Fund balance may be assigned by City Council or by an official or body to which the City Council delegates the authority.
- Unassigned - All amounts not included in other spendable classifications.

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Land Held for Resale

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

Inventory

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 cost on a first-in, first-out basis.

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, 2013.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement Nos. 63 and 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 11 for the list of deferred outflows and deferred inflows of resources the City has recognized as of June 30, 2013.

Compensated Absences

It is the City's policy to permit employees to accumulate limited amounts of earned but unused vacation and sick leave benefits, which will be paid to employees upon separation from City service. In governmental fund types, the cost of vacation and sick leave benefits are recognized when payments are made to employees. Proprietary fund types accrue vacation and sick leave benefits in the period they are earned. The total compensated absences liability of \$3,106,704 reported in the governmental activities includes \$3,102,927 to be paid by governmental funds and \$3,777 accrued in the internal service funds. The total compensated absences reported in the business-type activities amounted to \$1,045,085.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2013 consisted of the following:

	Government-wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 33,005,651	\$ 13,754,409	\$ 46,760,060
Restricted assets:			
Cash and investments with fiscal agents	7,912,511	4,848,559	12,761,070
Total cash and investments	\$ 40,918,162	\$ 18,602,968	\$ 59,521,130

Cash and investments at June 30, 2013 consisted of the following:

Cash on hand	\$	7,146
Deposits with financial institutions		8,858,936
Investments		50,655,048
Total cash and investments	\$	59,521,130

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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

	Maximum Maturity	Maximum Percentage of Portfolio *
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)	25%**
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 trustees that are not subject to California Government Code restrictions.

** 5% of the City's surplus funds

N/A Not applicable

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.

	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
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

NOTE 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 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 <u>12 Months or Less</u>	Totals
Local Agency Investment Fund (LAIF)	\$ 37,893,978	\$ 37,893,978
Cash and investments with fiscal agents:		
Money market mutual funds	12,761,070	12,761,070
Total	\$ 50,655,048	\$ 50,655,048

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard & Poor's, as of year end for each investment type:

Investment Type	Total as of June 30, 2013	Minimum Legal Rating	AAA	Unrated
Local Agency Investment Fund (LAIF)	\$ 37,893,978	N/A	\$ -	\$ 37,893,978
Cash and investments with fiscal agents:				
Money market mutual funds	12,761,070	A	12,761,070	-
Total	\$ 50,655,048		\$ 12,761,070	\$ 37,893,978

NOTE 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, 2013, 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 on 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. As of June 30, 2013, the City had a contractual withdrawal value of \$37,893,978.

City of Montebello
Notes to Financial Statements
Year ended June 30, 2013

NOTE 3 CAPITAL ASSETS

A summary of changes in the governmental activities capital assets for the year ended June 30, 2013 is as follows:

	Balance at July 1, 2012	Additions	Reclassifications / Deletions	Balance at June 30, 2013
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,053,644	\$ -	\$ -	\$ 2,053,644
Right of way	14,391,776	-	-	14,391,776
Construction in progress	1,094,864	2,017,725	(1,105,089)	2,007,500
Total capital assets, not being depreciated	<u>17,540,284</u>	<u>2,017,725</u>	<u>(1,105,089)</u>	<u>18,452,920</u>
Capital assets, being depreciated				
Buildings and improvements	48,506,991	798,076	1,105,089	50,410,156
Machinery and equipment	43,875,766	1,100,526	-	44,976,292
Infrastructure	48,409,657	-	-	48,409,657
Total capital assets, being depreciated	<u>140,792,414</u>	<u>1,898,603</u>	<u>1,105,089</u>	<u>143,796,106</u>
Less: accumulated depreciation for:				
Buildings and improvements	(14,339,558)	(1,413,416)	-	(15,752,974)
Machinery and equipment	(36,470,489)	(1,824,581)	-	(38,295,070)
Infrastructure	(29,409,670)	(704,807)	-	(30,114,477)
Total accumulated depreciation	<u>(80,219,717)</u>	<u>(3,942,804)</u>	<u>-</u>	<u>(84,162,521)</u>
Total capital assets, being depreciated, net	<u>60,572,697</u>	<u>(2,044,201)</u>	<u>1,105,089</u>	<u>59,633,585</u>
Governmental activities capital assets, net	<u>\$ 78,112,981</u>	<u>\$ (26,476)</u>	<u>\$ -</u>	<u>\$ 78,086,505</u>

A summary of changes in the business-type activities capital assets for the year ended June 30, 2013 is as follows:

	Balance at July 1, 2012	Additions	Reclassifications/ Deletions	Balance at June 30, 2013
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 6,306,596	\$ -	\$ -	\$ 6,306,596
Construction in progress	111,372	1,618,178	(69,537)	1,660,013
Total capital assets, not being depreciated	<u>6,417,968</u>	<u>1,618,178</u>	<u>(69,537)</u>	<u>7,966,609</u>
Capital assets, being depreciated				
Buildings and improvements	34,173,831	2,650,395	69,537	36,893,764
Machinery and equipment	61,020,982	5,414,909	-	66,435,891
Total capital assets, being depreciated	<u>95,194,813</u>	<u>8,065,305</u>	<u>69,537</u>	<u>103,329,655</u>
Less: accumulated depreciation for:				
Buildings and improvements	(17,441,428)	(1,125,592)	-	(18,567,020)
Machinery and equipment	(28,413,131)	(3,312,190)	-	(31,725,321)
Total accumulated depreciation	<u>(45,854,559)</u>	<u>(4,437,782)</u>	<u>-</u>	<u>(50,292,341)</u>
Total capital assets, being depreciated, net	<u>49,340,254</u>	<u>3,627,523</u>	<u>69,537</u>	<u>53,037,314</u>
Business-type activities capital assets, net	<u>\$ 55,758,222</u>	<u>\$ 5,245,701</u>	<u>\$ -</u>	<u>\$ 61,003,923</u>

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation Expense

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

	Amount
General government	\$ 652,316
Public safety	1,626,009
Public works	368,590
Parks, recreation, and culture	482,245
Housing and community development	107,664
Internal service funds depreciation charged to programs based on asset usage	1,173
Allocated depreciation	3,237,997
Unallocated infrastructure depreciation	704,807
Total depreciation expense - governmental activities	\$ 3,942,804

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

	Amount
Transit	\$ 3,887,442
Golf Course	358,523
Montebello Hilton	132,928
Other business units	58,889
Total depreciation expense -business-type activities	\$ 4,437,782

NOTE 4 NOTES RECEIVABLE

Notes receivable at June 30, 2013 include the following:

	Amount
Low and Moderate Housing loans	\$ 5,905,908
HOME Program loan	1,250,000
Community Development Block Grant loans	970,099
	\$ 8,126,007

NOTE 4 NOTES RECEIVABLE (CONTINUED)

Low and Moderate Housing Loans

Montebello Downtown Plaza Project

On December 26, 2001, the Agency entered into an Owner Participation Agreement (Agreement) with the Montebello Downtown Plaza LLC (Participant) for the acquisition, development, and operation of affordable senior citizen rental units and retail commercial buildings. The Agreement, which was amended and restated on October 26, 2005, provides that the now dissolved Redevelopment Agency loan 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 was to provide financing for costs in excess of \$6,250,000. The unpaid balance of the loan outstanding at June 30, 2013 was \$5,276,308. The loan is to be forgiven over a period of 99 years. The loan receivable balance is offset by a similar amount in the deferred inflows of resources account.

Whittier Project

In March 2000, the now dissolved Redevelopment Agency entered into an Owner Participation Agreement with Garfield Financial Corporation (Owner), whereby the Agency was to loan the Owner money for the construction of an affordable housing project. In accordance with the agreement, the amounts disbursed accrue interest at the rate of 7% compounded annually. In fiscal year 2005, the terms of the note were changed to forgive the loan over a period of 99 years. The loan receivable balance is offset by a similar amount in the deferred inflows of resources account. The balance of the note receivable at June 30, 2013 was \$629,600.

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 was to 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 (HUD) under the HOME Investment Partnership (HOME) Program. The City's financial assistance was secured by a lien recorded against the real property the Developer purchased with the funds. In accordance with the agreement, the loan was to be repaid by the Developer as an interest-bearing loan, but if the Developer caused all housing units to adhere to affordability requirements for the period required by HOME Program regulations, the loan and all accrued interest would be forgiven.

On December 22, 2010, the City was notified by HUD during its review of the City's books and records that the City could not provide sufficient documentation with respect to the \$1,300,000 HOME expenditure. The City was ordered to repay HUD \$1,300,000, which it repaid in September 2011.

NOTE 4 NOTES RECEIVABLE (CONTINUED)

HOME Program Loan (Continued)

The City has demanded payment from the developer who failed to provide the City the proper documentation to support the expenditure and has taken legal action to collect the full amount. No interest has been accrued on the note.

In March 2013, the developer agreed to settle the amount in four installments until January 2014 and provided deeds of trust on several real properties to secure the amount. As of June 30, 2013, the outstanding receivable from the developer amounted to \$1,250,000. On January 3, 2014, the developer fully settled the outstanding amount.

Community Development Block Grant Loans

At June 30, 2013, loans made to individual homeowners under the Community Development Block Grant program amounted to \$970,099. These loans are payable when the borrowers sell the property.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General fund	Other governmental funds	\$ 1,344,126
	Golf course enterprise fund	1,366,087
	Internal service fund	7,500
	Housing fund	5,500
Other governmental funds	Golf course enterprise fund	346,449
		\$ 3,069,662

The receivable of the General Fund and Other Governmental Funds from the Golf Course Enterprise Fund was mainly to fund operating deficits incurred by the Golf Course Enterprise Fund in the prior years.

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.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund Transfers

The compositions of the City's interfund transfer balances are as follows:

	Transfers In							Total
	General Fund	Capital Projects Capital Improvement Fund	Other Governmental Funds	Internal Service Fund	Golf Course Enterprise Fund	Montebello Hilton Enterprise Fund	Other Enterprise Funds	
Transfers out								
(A) General fund	\$ -	\$ 70,000	\$ 16,600	\$ 843,000	\$ 495,000	\$ -	\$ 396,540	\$ 1,821,140
(B) Retirement special revenue fund	6,635,433	-	-	-	-	-	-	6,635,433
(C) Other governmental funds	1,316,666	-	943,769	-	-	227,863	-	2,488,298
(D) Montebello Hilton	-	-	1,721,473	-	-	-	-	1,721,473
Total governmental activities	<u>\$ 7,952,099</u>	<u>\$ 70,000</u>	<u>\$ 2,681,842</u>	<u>\$ 843,000</u>	<u>\$ 495,000</u>	<u>\$ 227,863</u>	<u>\$ 396,540</u>	<u>\$ 12,666,344</u>

- (A) Transfers from the General Fund of: \$70,000 to Capital Projects Capital Improvement Fund to fund capital outlays; \$843,000 to the Internal Service Fund to contribute its share of the supplies and insurance expenses; and, \$495,000 and \$396,540 to the Golf Course and Other Enterprise funds, respectively, to subsidize the enterprise funds' operating expenses.
- (B) Transfer of \$6,635,433 from the Retirement Fund to the General Fund to pay the annual City retirement contributions.
- (C) Transfers from the Other Governmental Funds of: \$1,316,666 to the General Fund to reimburse the administrative expenses previously paid by the General Fund; and, \$943,769 to Other Governmental Funds and \$227,863 to the Montebello Hilton Enterprise Fund to fund capital outlays.
- (D) Transfer of \$1,721,473 from the Montebello Hilton Enterprise Fund to the Other Governmental Funds to pay for debt service on the 2004 revenue bonds issued to finance the acquisition, construction and equipping of the hotel facility.

NOTE 6 DUE FROM SUCCESSOR AGENCY TRUST FUND

The City has agreements with the former Montebello Redevelopment Agency (now a Successor Agency Private-Purpose Trust Fund) providing for the advance of funds to finance improvements and operations relating to and within the redevelopment 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 June 30, 2013, the Successor Agency has a net liability to the City of \$10,418,350, which is reported in the Statement of Net Position as Due from Successor Agency. This amount includes \$8,956,665 due to the Housing Special Revenue Fund pertaining to advances made by the former Low and Moderate Income Housing Fund to the former redevelopment agency for payment of the Supplemental Educational Revenue Augmentation Fund (SERAF) and debt services.

City of Montebello
Notes to Financial Statements
Year ended June 30, 2013

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2013:

Governmental Activities

	Balance			Balance	Amount
	July 1, 2012	Additions	Reductions	June 30, 2013	Due Within
					One Year
Bonds payable					
Revenue bonds	\$ 15,210,000	\$ -	\$ (410,000)	\$ 14,800,000	\$ 430,000
Certificates of participation	18,351,480	-	(903,580)	17,447,900	945,040
Subtotal bonds payable	33,561,480	-	(1,313,580)	32,247,900	1,375,040
Less: bond discount	(105,203)	-	8,530	(96,673)	8,530
Total bonds payable	33,456,277	-	(1,305,050)	32,151,227	1,383,570
Claims payable	11,359,481	4,747,543	(3,143,579)	12,963,445	4,090,000
Notes payable	5,901,106	-	(277,000)	5,624,106	289,000
Compensated absences	2,791,864	314,840	-	3,106,704	3,777
Other post-employment benefit obligation	4,441,724	1,482,814	(502,474)	5,422,064	-
Total governmental activities	\$ 57,950,452	\$ 6,545,197	\$ (5,228,103)	\$ 59,267,546	\$ 5,766,347

Business-type Activities

	Balances			Balance	Amount
	July 1, 2012	Additions	Reductions	June 30, 2013	Due Within
					One Year
Golf enterprise fund					
Certificates of participation	\$ 4,608,520	\$ -	\$ (201,420)	\$ 4,407,100	\$ 209,960
Loans payable	-	915,729	(72,435)	843,294	125,974
Compensated absences	1,338,247	-	(293,162)	1,045,085	734,997
Total business-type activities	\$ 5,946,767	\$ 915,729	\$ (567,017)	\$ 6,295,479	\$ 1,070,931

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities

A. 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 former 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.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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.

Similar to the provision of the defeased Series 2001A Revenue Bonds, the 2004 Revenue Refunding Bonds, Series A 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, 2013 was \$14,800,000.

The annual requirements to amortize revenue bonds outstanding as of June 30, 2013, included in the long-term liabilities, at 0.23% interest rate are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 430,000	\$ 34,983	\$ 464,983
2015	485,000	34,040	519,040
2016	500,000	33,051	533,051
2017	515,000	31,936	546,936
2018	535,000	30,786	565,786
2019-2023	2,945,000	135,321	3,080,321
2024-2028	3,465,000	100,280	3,565,280
2029-2033	4,080,000	59,053	4,139,053
2034-2036	1,845,000	12,662	1,857,662
Totals	<u>\$ 14,800,000</u>	<u>\$ 472,112</u>	<u>\$ 15,272,112</u>

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

B. Certificates of Participation

2000 Certificates of Participation

In October 2000, the Montebello Public Improvement Corporation (MPIC) 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 \$610,000 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 were 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:

Prepayment Dates	Redemption Prices
November 1, 2010 through October 31, 2011	102%
November 1, 2011 through October 31, 2012	101%
November 1, 2012 and thereafter	100%

Pursuant to the Reimbursement Agreements established between the City and the former Redevelopment Agency, the Successor Agency is required to reimburse the City in an amount equal to the debt service payments required as indicated above through May 2014. Beginning November 1, 2014 through maturity, the City will be responsible for debt service on the 2000 COPs.

The outstanding balance at June 30, 2013 is \$13,265,000.

The annual requirements to amortize the Certificates of Participation outstanding as of June 30, 2013 included in the long-term liabilities are as follows:

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Year Ending June 30,	Principal	Interest	Total
2014	\$ 670,000	\$ 682,781	\$ 1,352,781
2015	700,000	649,551	1,349,551
2016	735,000	614,026	1,349,026
2017	775,000	575,889	1,350,889
2018	815,000	534,936	1,349,936
2019-2023	4,760,000	1,958,867	6,718,867
2024-2027	4,810,000	534,006	5,344,006
Totals	<u>\$ 13,265,000</u>	<u>\$ 5,550,056</u>	<u>\$ 18,815,056</u>

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. Of the \$8,570,000 of 2001 Certificates, \$6,570,000 was allocated to refund the 1995 Certificates of Participation.

Debt service is shared between the City (76.4%) and the Golf Course Enterprise Fund (23.6%). Annual installments of \$122,240 to \$435,480 are due from April 1, 2002 to April 1, 2025 with an adjustable interest rate. The variable rate Certificates can be converted to fixed rates as more fully described in the Certificate document. The interest rate during the year ended June 30, 2013 was 0.39%.

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:

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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%

The outstanding balance as of June 30, 2013 is \$4,182,900.

The annual requirements to amortize the Certificates of Participation outstanding as of June 30, 2013 included in the long-term liabilities are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 275,040	\$ 67,710	\$ 342,750
2015	286,500	64,960	351,460
2016	297,960	62,095	360,055
2017	309,420	59,115	368,535
2018	324,700	56,021	380,721
2019-2023	1,837,420	228,574	2,065,994
2024-2027	851,860	64,636	916,496
Totals	\$ 4,182,900	\$ 603,111	\$ 4,786,011

C. 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:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 289,000	\$ 249,575	\$ 538,575
2015	301,000	234,647	535,647
2016	316,000	218,975	534,975
2017	331,000	202,475	533,475
2018	348,000	184,796	532,796
2019-2023	2,026,000	535,614	2,561,614
2024-2026	1,124,000	149,125	1,273,125
Totals	\$ 4,735,000	\$ 1,775,207	\$ 6,510,207

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

(2) During the fiscal year ended June 30, 2011, the City was notified by the HUD that the City had not provided sufficient documentation with respect to \$2,189,106 in grant expenditures and directed the City to repay the amount. In September 2011, the City paid \$1,300,000 to HUD. As at June 30, 2013, the remaining amount of \$889,106 remains unpaid. The City is collecting all of these funds from a third party involved with the grant-funded project (see Note 4).

D. Claims Payable

Refer to Note 10 for more information on these liabilities.

E. Compensated Absences

The noncurrent portion of the accumulated compensated absences liabilities, liquidated primarily by the General Fund, of \$3,102,927 has no repayment schedule at June 30, 2013.

F. Other Postemployment Benefit Obligation

Refer to Note 9 for more information on these obligations.

Business-type Activities

G. 1999 Certificates of Participation

On March 30, 1999, the City of Montebello issued \$4,275,000 of 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% and 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, 2013 was \$3,115,000.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

H. 2001 Certificates of Participation

In December 2001, the MPIC issued \$8,570,000 of 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.

Debt service is shared between the City (76.4%) and the Golf Course Enterprise Fund (23.6%). Annual installments of \$37,760 to \$134,520 are due from April 1, 2002 to April 1, 2025 with an adjustable interest rate. The variable-rate Certificates can be converted to fixed rates as more fully described in the Certificate documents. The interest rate during the year ended June 30, 2013 was 0.39%.

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%

The outstanding balance as of June 30, 2013 is \$1,292,100.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

I. Debt Service Requirements

The annual requirements to amortize the Certificates of Participation outstanding as of June 30, 2013 included in the long-term liabilities are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 209,960	\$ 178,879	\$ 388,839
2015	218,500	171,673	390,173
2016	232,040	164,178	396,218
2017	240,580	156,119	396,699
2018	255,300	147,771	403,071
2019-2023	1,492,580	592,409	2,084,989
2024-2028	1,473,140	312,847	1,785,987
2029	285,000	16,031	301,031
Totals	\$ 4,407,100	\$ 1,739,907	\$ 6,147,007

Loans Payable

The City entered into two loan agreements with Quiet Cannon Montebello, Inc. (Quiet Cannon). Quiet Cannon leases a facility in the City's golf course property. The loans were obtained by Quiet Cannon on behalf of the City from a financial institution payable in monthly installments ranging from \$5,969 to \$6,658 at prime interest rate (currently 3.25%) until year 2021. The installment payments are deducted by Quiet Cannon from its lease payments to the City. The loan proceeds were used to finance the renovation of the facility and signage. As at June 30, 2013, the total outstanding loan payable amounted to \$843,294.

NOTE 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 provide 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.

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

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. In the past, the City has made the contributions required of City employees on their behalf and for their account. As the employer, the City is required to contribute at an actuarially determined rate. The rates for the years ended June 30, 2013, 2012, and 2011 were 19.42%, 18.08%, and 14.82% of annual covered payroll for nonsafety employees and 36.79%, 34.53%, and 28.74% of annual covered payroll, for 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 2012-2013, the City's annual pension cost was \$8,395,018 and the City actually contributed \$8,927,723. The required contribution was determined as part of the June 30, 2010 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 3.55% to 13.15% that vary by duration of service, and (c) 2.00% 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 payrolls on a closed basis over a 30-year period.

Three-Year Trend Information for CalPERS:

Schedule of Employer Contributions Miscellaneous and Safety Employees			
Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
June 30, 2011	8,182,573	100%	-
June 30, 2012	8,613,319	100%	-
June 30, 2013	8,395,018	100%	-

Funded Status and Funding Progress for Miscellaneous Employees

As of June 30, 2012, the most recent actuarial valuation date, the Plan was 87% funded. The actuarial accrued liability for benefits was \$139,990,014 and the actuarial value of assets was \$121,795,630, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,194,384. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,322,346 and the ratio of the UAAL to the covered payroll was 118.7%.

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2012, the most recent actuarial valuation date, the Plan was 81.3% funded. The actuarial accrued liability for benefits was \$183,092,914 and the actuarial value of assets was \$148,772,426 resulting in an unfunded actuarial accrued liability of \$34,320,488. The covered payroll (annual payroll of active employees covered by the Plan) was \$10,541,362 and the ratio of the UAAL to the covered payroll was 325.6%.

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.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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 per month. The City's contribution is payable for life for retirees who are members of the Montebello Police Officers Association (MPOA), the Montebello Police Management Association (MPMA), and the Montebello Fire Fighters Association (MFFA) and to Medicare eligibility age for all other retirees. The City provides the CalPERS minimum required employer contribution (\$115 per month in 2013 and indexed to medical CPI increases) for eligible retirees and surviving spouses continuing coverage in the CalPERS Health Program.

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, 2013, the City paid \$502,474 in healthcare costs for its retirees and their covered dependents.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

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:

		Amount
Annual required contribution	\$	1,576,185
Interest on net OPEB obligation		199,878
Adjustment to ARC		(293,249)
Annual OPEB cost (expense)		1,482,814
Contributions made		502,474
Increase in net OPEB obligation		980,340
Net OPEB obligation- beginning of year		4,441,724
Net OPEB obligation- end of year	\$	5,422,064

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, 2013, as well as for the preceding years, was as follows:

Fiscal Years Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2011	\$	1,660,668	18.2%	\$	3,573,625
June 30, 2012		1,457,299	40.4%		4,441,724
June 30, 2013		1,482,814	33.9%		5,422,064

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The UAAL as of July 1, 2012, the most current information available, amounted to \$15,690,191.

	Amount
Actuarial accrued liability (AAL)	\$ 15,690,191
Actuarial value of Plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 15,690,191
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll	\$ 22,398,000
UAAL as a percentage of covered payroll	70%

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, 2012 actuarial valuation (the most current available), the entry-age normal cost method was used. The actuarial assumptions included an investment interest rate of 4.50% 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 over an initial 30 years using a level-dollar amortization method.

NOTE 10 SELF INSURANCE

The City is partially self-insured for general liability and workers' compensation claims. The City pays up to \$1 million per occurrence for general liability claims, and has excess insurance up to \$10 million per occurrence. For workers' compensation, the City provides self-insurance up to a \$1,000,000 retention level and has acquired excess insurance coverage of \$5 million for each claim. The City also purchases commercial insurance for other risks of loss, including property loss and vehicle physical damage. There have been no significant changes in insurance coverage as compared to last year, and the City has not experienced settlements in excess of insurance coverage during the past three fiscal years. At June 30, 2013, the present value of the estimated liability for claims payable, discounted at a 2.50% rate, is \$12,963,445, based on an actuarial study. The liability includes an estimate for incurred, but not reported, losses and is based on past experience, modified for current trends and information.

	2013	2012
Insurance Claims Payable:		
Claims payable at July 1	\$ 11,359,481	\$ 11,011,339
Claims incurred during the fiscal year	4,747,543	4,631,336
Payments on claims during the fiscal year	(3,143,579)	(4,283,194)
Claims Payable at June 30	\$ 12,963,445	\$ 11,359,481

NOTE 11 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”* and GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities,”* the City recognized deferred outflows of resources in the City’s financial statements. The deferred outflow of resources, amounting to \$167,832, pertains to the unamortized loss on defeasance of debt. Previous financial reporting standards required this amount to be presented as part of the City’s long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The deferred inflow of resources, amounting to \$8,126,007 at June 30, 2013, pertains to unavailable revenues which represent receivables that were not received within the availability period.

NOTE 12 REQUIRED INDIVIDUAL FUND DISCLOSURES

Deficit Fund Equity

The Montebello Hilton Enterprise Fund (Hotel) has a net position deficit of \$5,010,892. The operating revenues are pledged for payment of debt service on the 2004 Revenue Bonds (see Note 7H). 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 and operating expenses. 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, 2013, \$6,658,352 of the accounts and interest payable is owed to the management company for the accumulated management fees and related items, and is recorded as Accounts Payable and Accrued Liabilities and Interest Payable in the Montebello Hilton Enterprise Fund. The City will ultimately be required to pay this amount, which will remove the deficit. The management agreement between the City and its hotel management company expires in November 2017.

The City is required to make annual payments pursuant to a Construction Management Agreement between the City and the management company of the hotel, for providing management services during the hotel's construction period. Annual payments of \$57,659 are due each November until November 2016.

The Self-Insurance Internal Service Fund has a net position deficit of \$3,913,209. City management plans to eliminate the deficit by future revenues or transfers from other funds.

NOTE 13 ENCUMBRANCES

At June 30, 2013, there were outstanding encumbrances, which represent commitments on open purchase orders or contracts, of \$77,573 in the governmental funds and \$70,646 in the enterprise funds.

NOTE 14 CONTINGENCIES

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

Prepaid Lease Agreement and 1993 Tax Allocation Bonds

On October 27, 2000, the Montebello Public Improvement Corporation (MPIC) issued \$22,900,000 Certificates of Participation (COPs). The COPs are payable from lease payments to be made from the City of Montebello 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 COPs subject to abatement as described in the COP documents.

NOTE 14 CONTINGENCIES (CONTINUED)

On September 1, 2000, the Agency and the City entered into a Reimbursement Agreement relating to the South Montebello Industrial and Montebello Hill Redevelopment Projects. Under the Reimbursement Agreements, the City was to receive tax increment from the Agency in consideration for the City's payment of all or part of the value of the land and for the cost of installation and construction of any building, facility, structure, or other improvements, which are publicly owned within the applicable Project Area upon a determination by the Agency and the City Council that such buildings, facilities, structures, or other improvements are of benefit to such applicable Project Area. The City was using tax increment received pursuant to the Reimbursement Agreements in part to make lease payments under the lease agreement with the MPIC.

On September 22, 2010, the City issued a tax and revenue anticipation note (TRAN) in the amount of \$19.3 million pursuant to an Amended and Restated Loan Agreement between the Agency and the City and such TRAN was purchased by the Agency as an investment.

In May 2011, the Agency agreed to prepay a portion of its obligations under the Reimbursement Agreements in the amount of \$13,487,438, which is the discounted value of future lease payments to be made by the City in connection with the COPs. In lieu of a cash payment from the Agency, it was agreed that the City would reduce the balance it owed to the Agency on the TRAN by the same amount of \$13,487,438. An independent audit of the Agency conducted by the State Controller in September 2011 acknowledged full repayment of the TRAN. This was also validated by a final judgment rendered by the Los Angeles Superior Court.

With the dissolution of Montebello Redevelopment Agency, the assets and liabilities of the dissolved redevelopment agency were transferred to the Successor Agency and reported in a fiduciary (private purpose trust) fund.

On January 17, 2014 the City was notified by the California Department of Finance (DOF) that the above-referenced Prepayment Partial Satisfaction Agreement between the City and the former Redevelopment Agency was determined by DOF not to be an enforceable obligation. The DOF thereby demanded the City remit back to the Successor Agency the amount of \$13,487,438.

Also on January 17, 2014, the City was notified by DOF that the redemption of the 1993 \$4.757 million Tax Allocation Bond, which the former RDA agreed to pay and did pay, with accrued interest of approximately \$285 thousand, was determined not to be an enforceable obligation. The DOF thereby demanded the City remit back to the Successor Agency \$5,042,436.

NOTE 14 CONTINGENCIES (CONTINUED)

Both of the above transactions were legal and proper at the time they were consummated. However, based on its interpretation of AB 1x26 and AB1484, DOF argues the transactions should be retroactively unwound.

As of the report date, the City has arranged a “meet and confer” session with DOF representatives to discuss the dispute. If the meet and confer does not result in a reversal of DOF’s determination, the City will be forced to consider all remedies available, including but not limited to litigation. The City believes DOF’s demands violate AB 1x26, AB 1484, and various constitutional provisions. As of the report date, in excess of one hundred (100) lawsuits have been filed by local agencies throughout the state challenging DOF determinations made under AB 1x26 and AB 1484 on similar issues. The state’s FY 14-15 budget acknowledges that such litigation may be resolved against DOF and negatively impact the state’s projected revenues.

In light of this acknowledgement, the multitude of related lawsuits filed by similar situated local agencies, and legal uncertainties concerning proper implementation of AB 1x26 and AB 1484, no liability to the Successor Agency has been recorded in the accompanying financial statements.

NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED MONTEBELLO REDEVELOPMENT AGENCY

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the City’s former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency’s boundaries and as such, are not available for the use of the City.

Disclosures related to the certain assets and long-term liabilities of the Successor Agency are as follows:

Disclosure of Successor Agency Receivables

Notes Receivable

Notes receivable at June 30, 2013 include the following:

	Amount
Quiet Cannon	\$ 2,182,178
Casa La Merced	666,308
Business assistance program	657,471
Home improvement loans	437,394
Total \$	3,943,351

**NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

Quiet Cannon Montebello, Inc.

The Agency leases a facility to Quiet Cannon Montebello, Inc. (Quiet Cannon). The Agency agreed to provide financing for the renovation and improvement of the leased facility and in return Quiet Cannon agreed to make additional rental payments. As of June 30, 2013, \$2,182,178 remains outstanding on the note receivable.

Casa La Merced

Casa La Merced entered into an agreement on September 24, 1985 with the Agency. The agreement with Casa La Merced was for the development of a parcel of land. Casa La Merced agreed to a note payable to the Agency for \$666,308 that matures February 1, 2027. The note has a simple interest rate of 9.25% and the Agency has accrued interest receivable of \$1,587,937 on the note receivable as at June 30, 2013. The interest receivable is covered by a 100% provision for bad debts.

Business Assistance Program

Business improvement loans were made in the prior years between the Agency and local merchants. As of June 30, 2013, \$657,471 remained outstanding on the business improvement loans.

Home Improvement Loans

During the prior fiscal years, the Agency made home improvement loans to low- and moderate-income households. These loans accrue interest of 4% and are payable in ten years or when the borrower sells their property, whichever comes first. The total outstanding balance as of June 30, 2013 was \$437,394.

Disclosure of Successor Agency Debts

Details of the Successor Agency's long-term debt as of June 30, 2013 follow:

	<u>Balance</u>				<u>Balance</u>	<u>Amount</u>
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>		<u>June 30, 2013</u>	<u>Due Within</u>
						<u>One Year</u>
Bonds payable						
Tax allocation bonds	\$ 61,927,372	\$ 472,398	\$ (3,390,000)	\$	59,009,770	\$ 4,180,000
Notes payable	<u>4,003,820</u>	<u>-</u>	<u>(140,189)</u>	<u>3,863,631</u>	<u>147,989</u>	
Total governmental activities	\$ <u>65,931,192</u>	\$ <u>472,398</u>	\$ <u>(3,530,189)</u>	\$ <u>62,873,401</u>	\$ <u>4,327,989</u>	

**NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

A. Tax Allocation Bonds

Nonhousing Tax Allocation Bonds:

	Amount
\$7,160,000 1997 Montebello Hills Tax Allocation 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%	\$ 2,875,000
\$7,960,000 1998 Montebello Hills Tax Allocation Parity Refunding Bonds, Series A due in annual installments of \$405,000 to \$875,000 through March 1, 2019; interest at 3.75% to 5.00%	4,310,000
\$4,285,000 1998 Montebello Hills Tax Allocation Parity Bonds, Series B (Taxable) due in annual installments of \$205,000 to \$375,000 through March 1, 2019; interest at 5.50% to 6.75%	1,915,000
\$1,510,000 1999 Montebello Hills Tax Allocation Parity Bonds, Series A due in annual installments of \$50,000 to \$105,000 through March 1, 2024; interest at 3.60% to 5.375%	895,000
\$2,918,888 Montebello Hills Tax Allocation Parity Bonds, Series B comprised of Capital Appreciation Serial Bonds accreting semiannually through March 1, 2024; interest at 4.80% to 5.60%	6,714,417
\$2,905,000 2007 Montebello Hills Tax Allocation Parity Refunding Bonds, Series A due in annual installments of \$95,000 to \$440,000 through March 1, 2019; interest at 3.35% to 4.00%	2,315,000
\$3,660,000 2007 Montebello Hills Tax Allocation Parity Refunding Bonds, Series B (Taxable) due in annual installments of \$80,000 to \$360,000 through March 1, 2024; interest at 5.85%	2,975,000
\$10,495,000 2009 Montebello Hills Tax Allocation Bonds, Series A 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 South Montebello Tax Allocation Parity Refunding Bonds, Series A due in annual installments of \$345,000 to \$665,000 through September 1, 2022; interest at 4.00% to 5.50%	5,200,000

**NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
 MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

	Amount
\$4,145,000 1999 South Montebello Tax Allocation Parity Refunding Bonds, Series B due in annual installments of \$165,000 to \$655,000 through September 1, 2022; interest at 3.60% to 5.20%	2,415,000
\$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%	5,260,000
Total Nonhousing Tax Allocation Bonds \$	45,369,417

1997 Montebello Hills Tax Allocation Parity Refunding Bonds:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2005, and with no redemption premium after March 1, 2007.

1998 Montebello Hills Tax Allocation Parity Refunding Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2008, and with no redemption premium after March 1, 2010.

1998 Montebello Hills Taxable Tax Allocation Parity Bonds, Series B:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2008, and with no redemption premium after March 1, 2010.

1999 Montebello Hills Tax Allocation Parity Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2009, and with no redemption premium after March 1, 2011.

**NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

1999 Montebello Hills Tax Allocation Parity Bonds, Series B:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2008 with no redemption premium after March 1, 2010.

2007 Montebello Hills Tax Allocation Parity Refunding Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2018 with no redemption premium.

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

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2008. The Series B Bonds maturing on March 1, 2024 are Term Bonds subject to redemption by owner on March 1 of each year in ranges of \$70,000 (March 1, 2008) to \$360,000 (March 1, 2024) from sinking account payments made by the Agency at a redemption price equal to the principal amount plus accrued interest to the redemption date without premium.

2009 Montebello Hills Tax Allocation Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning March 1, 2019 with no redemption premium.

1999 South Montebello Tax Allocation Parity Refunding Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning September 1, 2009 with no redemption premium after September 1, 2011.

1999 South Montebello Tax Allocation Parity Refunding Bonds, Series B:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning September 1, 2009 with no redemption premium after September 1, 2011.

**NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
 MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

2007 South Montebello Tax Allocation Parity Refunding Bonds, Series A
 (Taxable):

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption at the Agency's option on any interest payment date beginning September 1, 2009.

The Series A Bonds maturing on September 1, 2022 are Term Bonds and shall be subject to redemption, in part pro rata by owner, on September 1 in each year in ranges of \$145,000 (September 1, 2009) to \$675,000 (September 1, 2022), from sinking account payments made by the Agency without a redemption premium.

	Amount
\$5,550,000 1997 Montebello Housing Taxable Tax Allocation Bonds, Series B due in annual installments of \$270,000 to \$405,000 through September 1, 2019; interest at 5.90% to 7.16%	\$ 2,510,000
\$5,557,642 2002 Montebello Housing Tax Allocation Parity Bonds due in annual installments of \$630,000 to \$1,265,907 through September 1, 2024; interest at 5.25% to 5.75%.	6,095,353
\$8,860,000 2007 Montebello Housing Tax Allocation Parity Refunding Bonds, Series A due in annual installments of \$650,000 to \$685,000 through September 1, 2019; interest at 3.38% to 4.00%	5,035,000
Total Housing Tax Allocation Bonds	\$ 13,640,353

1997 Taxable Housing Tax Allocation Bonds, Series B:

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

2002 Housing Tax Allocation Parity Bonds:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The Bonds are subject to redemption on any interest payment date beginning September 1, 2007 and without a redemption premium after September 1, 2012.

**NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
 MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

2007 Housing Tax Allocation Parity Refunding Bonds, Series A:

The Bonds are secured by incremental property taxes allocated to and received by the Agency. Interest on the Bonds is payable semiannually. The 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.

The annual requirements to amortize tax allocation bonds outstanding as of June 30, 2013, included in the long-term liabilities are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 4,180,000	\$ 2,905,794	\$ 7,085,794
2015	4,470,000	2,682,769	7,152,769
2016	4,795,000	2,442,475	7,237,475
2017	5,110,000	2,184,166	7,294,166
2018	5,080,000	1,915,357	6,995,357
2019-2023	17,285,000	6,934,937	24,219,937
2024-2027	18,089,770	1,301,324	19,391,094
	<u>\$ 59,009,770</u>	<u>\$ 20,366,822</u>	<u>\$ 79,376,592</u>

Note Payable

Redevelopment Agency Note

The former redevelopment agency entered into an agreement dated February 11, 2009 to purchase the property owned by Ostrom Chevrolet for \$12,000,000. The Agency paid \$5,000,000 in cash; \$2,734,834 was from proceeds of a note owed by Ostrom Chevrolet to the Agency; and \$4,265,166 was financed by a note payable to the seller. The note payable has an interest rate of 5%. For the first 10 years, interest only payments are due each calendar quarter. Following the 10th anniversary of the note date, the Agency is to make four quarterly payments in an amount sufficient to amortize and repay all accrued interest and principal by the date the last payment is due on the first day of the full calendar quarter following the 20th anniversary date of the note. The Agency made early principal payments in the current year as well as the prior fiscal years with total annual payment of \$337,780 inclusive of interest. At June 30, 2013, the principal amount outstanding is \$3,863,631.

NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)

Annual debt service payments on this note are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 147,989	\$ 189,791	\$ 337,780
2015	155,560	182,220	337,780
2016	163,519	174,261	337,780
2017	171,885	165,895	337,780
2018	180,679	157,101	337,780
2019-2023	1,051,880	637,020	1,688,900
2024-2028	1,349,938	338,962	1,688,900
2029	642,181	33,949	676,130
Totals	<u>\$ 3,863,631</u>	<u>\$ 1,879,199</u>	<u>\$ 5,742,830</u>

Due to City of Montebello

At June 30, 2013, the Successor Agency has a net liability to the City of \$10,418,350, which is reported in the Statement of Net Position as Due from Successor Agency. This amount includes \$8,956,665 due to the Housing Special Revenue Fund pertaining to advances made by the former Low and Moderate Income Housing Fund to the former redevelopment agency for payment of the Supplemental Educational Revenue Augmentation Fund (SERAF) and debt services. Refer to Note 6.

NOTE 16 CHANGE IN ACCOUNTING PRINCIPLE

Pursuant to GASB Statement Number 65, "Items Previously Reported as Assets and Liabilities," the City no longer amortizes the cost of debt issuance. These amounts should be expensed in the year they are incurred. The City made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. This resulted in the beginning Net Position of the Governmental Activities and Net Position for the Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund being reduced by \$346,658 and \$1,006,639, respectively.

NOTE 17 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through February 12, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Montebello
Schedules of Funding Progress
June 30, 2013

CalPERS Miscellaneous Employees Plan
(\$ amount in thousands)

Actuarial Valuation Date	Actuarial Asset Value (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/(C)
June 30, 2010	110,422	131,621	21,199	83.9	17,434	121.6
June 30, 2011	116,546	135,733	19,187	85.9	16,467	116.5
June 30, 2012	121,796	139,990	18,194	87.0	15,322	118.7

CalPERS Safety Employees Plan
(\$ amount in thousands)

Actuarial Valuation Date	Actuarial Asset Value (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/(C)
June 30, 2010	\$ 139,262	\$ 173,599	\$ 34,337	80.2	\$ 11,527	297.9
June 30, 2011	144,657	180,477	35,820	80.2	10,711	334.4
June 30, 2012	148,772	183,093	34,321	81.3	10,541	325.6

Other Post-Employment Benefits Plan
(\$ amount in thousands)

Actuarial Valuation Date	Actuarial Asset Value (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/(C)
July 1, 2008	\$ -	\$ 12,026	\$ 12,026	-	\$ 57,739	20.8%
July 1, 2010	-	15,055	15,055	-	23,000	65.5%
July 1, 2012*	-	15,690	15,690	-	22,398	70.1%

*latest available actuarial report

City of Montebello
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Sales taxes	\$ 11,137,000	\$ 11,137,000	\$ 11,363,067	\$ 226,067
Property taxes	3,679,563	3,679,563	6,623,575	2,944,012
Other taxes	410,010	410,010	364,425	(45,585)
Franchise taxes	1,241,557	1,241,557	1,158,219	(83,338)
Licenses and permits	6,165,945	6,165,945	4,664,830	(1,501,115)
Fines and forfeitures	1,628,541	1,628,541	1,802,114	173,573
Investment income	51,668	51,668	10,838	(40,830)
Revenue from other agencies	5,698,617	5,698,617	5,207,172	(491,445)
Charges for services	5,723,460	5,723,460	6,656,927	933,467
Other revenue	219,294	219,294	266,105	46,811
Total revenues	<u>35,955,655</u>	<u>35,955,655</u>	<u>38,117,272</u>	<u>2,161,617</u>
Expenditures				
Current:				
General government				
City Council	154,154	154,154	163,562	(9,408)
City Clerk	23,812	23,812	23,845	(33)
City Treasurer	26,588	26,588	19,355	7,233
City Attorney	620,000	620,000	326,055	293,945
City Administrator	595,103	595,103	607,672	(12,569)
Employee relations	594,802	594,802	637,523	(42,721)
Community promotions	19,264	19,264	20,526	(1,262)
Finance	1,769,275	1,763,465	760,439	1,003,026
General services	938,778	938,778	1,038,789	(100,011)
Building and maintenance	352,598	362,598	383,538	(20,940)
Economic development	347,762	347,762	370,079	(22,317)
Governmental building maintenance	542,886	532,886	433,828	99,058
Total general government	<u>5,985,022</u>	<u>5,979,212</u>	<u>4,785,211</u>	<u>1,194,001</u>
Public safety				
Police administration	428,888	428,888	382,137	46,751
Field services - police	9,946,103	9,946,103	9,652,844	293,259
Support services - police	3,077,407	3,077,407	2,662,582	414,825
Investigative services	4,040,468	4,040,468	4,198,688	(158,220)
Grant	395,000	395,000	374,582	20,418
Fire administration	1,143,712	1,141,912	1,077,380	64,532
Fire suppression	9,776,553	9,777,553	10,051,367	(273,814)
Fire prevention	197,369	197,369	241,957	(44,588)
Fire communications	256,521	256,521	230,326	26,195
Total public safety	<u>29,262,021</u>	<u>29,261,221</u>	<u>28,871,863</u>	<u>389,358</u>
Public works				
Street	6,178,425	6,178,425	6,005,418	173,007
Parks and recreation				
Parks and recreation administration	380,941	390,316	373,894	16,422
Recreation services	1,941,834	1,932,459	1,916,935	15,524
Parks maintenance	1,352,945	1,352,945	1,371,224	(18,279)
AB 939	386,868	386,868	351,810	35,058
Trees	331,239	331,239	296,195	35,044
Total parks and recreation	<u>4,393,827</u>	<u>4,393,827</u>	<u>4,310,058</u>	<u>83,769</u>

City of Montebello
Budgetary Comparison Schedule
General Fund (Continued)
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Housing and community development				
Planning	636,246	636,246	636,052	194
Engineering	650,800	650,800	813,329	(162,529)
Total housing and community development	<u>1,287,046</u>	<u>1,287,046</u>	<u>1,449,381</u>	<u>(162,335)</u>
Interfund revenue	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(2,085,393)</u>	<u>585,393</u>
Total expenditures	<u>45,606,341</u>	<u>45,599,731</u>	<u>43,336,538</u>	<u>2,263,193</u>
Deficiency of revenues over expenditures	<u>(9,650,686)</u>	<u>(9,644,076)</u>	<u>(5,219,266)</u>	<u>4,424,810</u>
Other financing sources (uses)				
Transfers in	7,038,215	7,038,215	7,952,099	913,884
Transfers out	<u>(553,409)</u>	<u>(553,409)</u>	<u>(1,821,140)</u>	<u>(1,267,731)</u>
Net, other financing sources (uses)	<u>6,484,806</u>	<u>6,484,806</u>	<u>6,130,959</u>	<u>(353,847)</u>
Change in fund balance	(3,165,880)	(3,159,270)	911,693	4,070,963
Fund balance - beginning of year	<u>7,155,057</u>	<u>7,155,057</u>	<u>7,155,057</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,989,177</u>	<u>\$ 3,995,787</u>	<u>\$ 8,066,750</u>	<u>\$ 4,070,963</u>

**City of Montebello
Budgetary Comparison Schedule
Retirement Special Revenue Fund
Year ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Investment income	\$ -	\$ -	\$ 11,463	\$ 11,463
Revenue from other agencies	7,933,500	7,933,500	7,472,224	(461,276)
Total revenues	<u>7,933,500</u>	<u>7,933,500</u>	<u>7,483,687</u>	<u>(449,813)</u>
Other financing uses				
Transfers out	(5,338,215)	(5,338,215)	(6,635,433)	(1,297,218)
Total other financing uses	<u>(5,338,215)</u>	<u>(5,338,215)</u>	<u>(6,635,433)</u>	<u>(1,297,218)</u>
Change in fund balance	2,595,285	2,595,285	848,254	(1,747,031)
Fund balance - beginning of year	<u>2,264,943</u>	<u>2,264,943</u>	<u>2,264,943</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,860,228</u>	<u>\$ 4,860,228</u>	<u>\$ 3,113,197</u>	<u>\$ (1,747,031)</u>

**City of Montebello
 Budgetary Comparison Schedule
 Housing Special Revenue Fund
 Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from other agencies	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Housing and community development	9,000	9,000	8,906	94
Total expenditures	9,000	9,000	8,906	94
Change in fund balance	(9,000)	(9,000)	(8,906)	94
Fund balance - beginning of year	10,998,638	10,998,638	10,998,638	-
Fund balance - end of year	\$ 10,989,638	\$ 10,989,638	\$ 10,989,732	\$ 94

NOTE 1 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 budgeted in the following fiscal year. Projects that are not started during the budget year are reevaluated in the following year.

SUPPLEMENTARY SCHEDULES

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
Year ended June 30, 2013**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds Public Financing Authority	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 10,031,808	\$ 1,133	\$ 67	\$ 10,033,008
Cash and investments with fiscal agent	-	6,150,581	1,459,810	7,610,391
Receivables:				
Accounts	385,957	-	-	385,957
Notes	970,099	-	-	970,099
Prepaid expenses	450	-	-	450
Due from other funds	75,596	1,351,080	-	1,426,676
Total assets	\$ 11,463,910	\$ 7,502,794	\$ 1,459,877	\$ 20,426,581
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 520,830	\$ 56,670	\$ 200	\$ 577,700
Due to other funds	-	1,330,000	14,126	1,344,126
Total liabilities	520,830	1,386,670	14,326	1,921,826
Deferred inflows of resources				
Unavailable revenue	970,099	-	-	970,099
Fund balances				
Nonspendable				
Prepaid expenses	450	-	-	450
Restricted for				
Debt service	-	6,116,124	-	6,116,124
Capital improvements	-	-	1,445,551	1,445,551
Special revenue funds	9,972,531	-	-	9,972,531
Total fund balances	9,972,981	6,116,124	1,445,551	17,534,656
Total liabilities, deferred inflows of resources and fund balances	\$ 11,463,910	\$ 7,502,794	\$ 1,459,877	\$ 20,426,581

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
Year ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund Public Financing Authority	Total Other Governmental Funds
Revenues				
Property taxes	\$ -	\$ 1,354,058	\$ -	\$ 1,354,058
Investment income	31,682	279	122	32,083
Revenue from other agencies	7,223,244	-	-	7,223,244
Other revenue	47,070	-	-	47,070
Total revenues	<u>7,301,996</u>	<u>1,354,337</u>	<u>122</u>	<u>8,656,455</u>
Expenditures				
Current				
General government	136,721	110,380	800	247,901
Housing and community development	459,689	-	-	459,689
Public safety	516,016	-	-	516,016
Capital outlay	3,639,755	-	-	3,639,755
Debt Service				
Principal payments	277,000	1,313,580	-	1,590,580
Interest and fees	263,839	768,133	493,168	1,525,140
Total expenditures	<u>5,293,020</u>	<u>2,192,093</u>	<u>493,968</u>	<u>7,979,081</u>
Excess (deficiency) of revenues over expenditures	2,008,976	(837,756)	(493,846)	677,374
Other financing sources (uses)				
Transfers in	450,000	1,528,797	703,045	2,681,842
Transfers out	(1,766,667)	(493,768)	(227,863)	(2,488,298)
Net other financing sources (uses)	<u>(1,316,667)</u>	<u>1,035,029</u>	<u>475,182</u>	<u>193,544</u>
Change in fund balance	692,309	197,273	(18,664)	870,918
Fund balance - beginning of year	<u>9,280,672</u>	<u>5,918,851</u>	<u>1,464,215</u>	<u>16,663,738</u>
Fund balance - end of year	<u>\$ 9,972,981</u>	<u>\$ 6,116,124</u>	<u>\$ 1,445,551</u>	<u>\$ 17,534,656</u>

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.

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

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.

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 the 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.

Measure R Fund - This fund is used to account for revenues and expenditures related to a half-cent sales tax under Measure R approved by Los Angeles County voters in November 2008. A portion of Measure R funds is allocated to cities, and these funds must be used for streets and roads, traffic control measures, bikeways and pedestrian improvements, public transit services and capital improvements, transportation marketing, and congestion management program.

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.

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

Justice Assistance Grants – To account for revenues received from the Justice Assistance Grant Program to fund the City's law enforcement programs.

Grants Fund - To account for other various grants for neighborhood and commercial improvement purposes.

CDBG Fund – To account for funds received from the Community Development Block Grant for housing and community development purposes.

HOME Fund – To account for grant funds received for housing activities of the City.

TDA Article 3 Fund – To account for funds received from the State of California to maintain and improve the safety and practicality of bicycling and walking for everyday travel.

Major Fund

Retirement Fund – To account for financial resources received to pay for the contribution to the employees' retirement fund.

Housing Fund – To account for funds received to increase or improve housing for low and moderate income households.

	<u>Gas Tax</u>	<u>Supplemental Law Enforcement</u>	<u>Park Development</u>
ASSETS			
Cash and investments	\$ 531,627	\$ 191,813	\$ 148,202
Receivables			
Accounts	-	-	-
Notes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 531,627</u>	<u>\$ 191,813</u>	<u>\$ 148,202</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 175	\$ 10,000	\$ -
Total liabilities	<u>175</u>	<u>10,000</u>	<u>-</u>
Deferred inflows of resources			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable:			
Prepaid expenses	-	-	-
Restricted for:			
Special revenues	<u>531,452</u>	<u>181,813</u>	<u>148,202</u>
Total fund balances	<u>531,452</u>	<u>181,813</u>	<u>148,202</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 531,627</u>	<u>\$ 191,813</u>	<u>\$ 148,202</u>

City of Montebello
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2013

Prop A	Drug Enforcement	Prop C	Measure R
\$ 2,373,686	\$ 3,010,871	\$ 1,930,737	\$ 762,053
-	4,291	-	-
-	-	-	-
-	-	-	-
<u>\$ 2,373,686</u>	<u>\$ 3,015,162</u>	<u>\$ 1,930,737</u>	<u>\$ 762,053</u>
\$ 48,200	\$ 39,674	\$ 92,545	\$ 46,943
<u>48,200</u>	<u>39,674</u>	<u>92,545</u>	<u>46,943</u>
-	-	-	-
-	-	-	-
2,325,486	2,975,488	1,838,192	715,110
<u>2,325,486</u>	<u>2,975,488</u>	<u>1,838,192</u>	<u>715,110</u>
\$ 2,373,686	\$ 3,015,162	\$ 1,930,737	\$ 762,053
<u>\$ 2,373,686</u>	<u>\$ 3,015,162</u>	<u>\$ 1,930,737</u>	<u>\$ 762,053</u>

	<u>Metro Station</u>	<u>Air Quality</u>	<u>Local Law Enforcement Block Grant</u>	<u>Justice Assistance Grants</u>
ASSETS				
Cash and investments	\$ 194,773	\$ 330,420	\$ 35	\$ 48,801
Receivables				
Accounts	-	19,854	-	6,000
Notes	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ <u>194,773</u>	\$ <u>350,274</u>	\$ <u>35</u>	\$ <u>54,801</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 2,360	\$ -	\$ -
Total liabilities	\$ <u>-</u>	\$ <u>2,360</u>	\$ <u>-</u>	\$ <u>-</u>
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
Fund balances				
Nonspendable:				
Prepaid expenses	-	-	-	-
Restricted for:				
Special revenues	194,773	347,914	35	54,801
Total fund balances	<u>194,773</u>	<u>347,914</u>	<u>35</u>	<u>54,801</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>194,773</u>	\$ <u>350,274</u>	\$ <u>35</u>	\$ <u>54,801</u>

**City of Montebello
Combining Balance Sheet
Other Special Revenue Funds (Continued)
June 30, 2013**

<u>Grants</u>	<u>CDBG</u>	<u>Home</u>	<u>TDA Article 3</u>	<u>Total Other Special Revenue Funds</u>
\$ 339,937	\$ 111,206	\$ 28,412	\$ 29,235	\$ 10,031,808
40,377	162,692	152,743	-	385,957
-	970,099	-	-	970,099
450	-	-	-	450
75,596	-	-	-	75,596
<u>\$ 456,360</u>	<u>\$ 1,243,997</u>	<u>\$ 181,155</u>	<u>\$ 29,235</u>	<u>\$ 11,463,910</u>
<u>\$ 115,037</u>	<u>\$ 94,701</u>	<u>\$ 71,195</u>	<u>\$ -</u>	<u>\$ 520,830</u>
<u>115,037</u>	<u>94,701</u>	<u>71,195</u>	<u>-</u>	<u>520,830</u>
<u>-</u>	<u>970,099</u>	<u>-</u>	<u>-</u>	<u>970,099</u>
450	-	-	-	450
<u>340,873</u>	<u>179,197</u>	<u>109,960</u>	<u>29,235</u>	<u>9,972,531</u>
<u>341,323</u>	<u>179,197</u>	<u>109,960</u>	<u>29,235</u>	<u>9,972,981</u>
<u>\$ 456,360</u>	<u>\$ 1,243,997</u>	<u>\$ 181,155</u>	<u>\$ 29,235</u>	<u>\$ 11,463,910</u>

	<u>Gas Tax</u>	<u>Supplemental Law Enforcement</u>	<u>Park Development</u>
Revenues			
Investment income	\$ 1,003	\$ 339	\$ 454
Revenue from other agencies	1,531,882	102,985	-
Other revenue	-	-	778
Total revenues	<u>1,532,885</u>	<u>103,324</u>	<u>1,232</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	63,948	-
Community development	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>63,948</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,532,885</u>	<u>39,376</u>	<u>1,232</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	<u>(1,316,667)</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(1,316,667)</u>	<u>-</u>	<u>-</u>
Change in fund balances	216,218	39,376	1,232
Fund balances - beginning of year	<u>315,234</u>	<u>142,437</u>	<u>146,970</u>
Fund balances - end of year	<u>\$ 531,452</u>	<u>\$ 181,813</u>	<u>\$ 148,202</u>

City of Montebello
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds
Year ended June 30, 2013

Prop A	Drug Enforcement	Prop C	Measure R
\$ 6,578	\$ 9,884	\$ 7,375	\$ 2,665
1,016,478	1,797,165	845,062	631,598
-	-	1,775	-
1,023,056	1,807,049	854,212	634,263
-	-	-	-
-	452,068	-	-
-	-	-	-
-	457,016	1,356,924	818,306
-	-	-	-
-	909,084	1,356,924	818,306
1,023,056	897,965	(502,712)	(184,043)
-	-	-	-
(450,000)	-	-	-
(450,000)	-	-	-
573,056	897,965	(502,712)	(184,043)
1,752,430	2,077,523	2,340,904	899,153
\$ 2,325,486	\$ 2,975,488	\$ 1,838,192	\$ 715,110

	Metro Station	Air Quality	Local Law Enforcement Block Grant	Justice Assistance Grants
Revenues				
Investment income	\$ 557	\$ 952	\$ -	\$ -
Revenue from other agencies	-	95,269	-	-
Other revenue		-	-	5,087
Total revenues	<u>557</u>	<u>96,221</u>	<u>-</u>	<u>5,087</u>
Expenditures				
Current				
General government	99,666	35,374	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Capital Outlay	336,779	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>436,445</u>	<u>35,374</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(435,888)</u>	<u>60,847</u>	<u>-</u>	<u>5,087</u>
Other financing sources (uses)				
Transfers in	450,000	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	14,112	60,847	-	5,087
Fund balances - beginning of year	<u>180,661</u>	<u>287,067</u>	<u>35</u>	<u>49,714</u>
Fund balances - end of year	<u>\$ 194,773</u>	<u>\$ 347,914</u>	<u>\$ 35</u>	<u>\$ 54,801</u>

City of Montebello
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds (Continued)
Year ended June 30, 2013

<u>Grants</u>	<u>CDBG</u>	<u>Home</u>	<u>TDA Article 3</u>	<u>Total Other Special Revenue Funds</u>
\$ 1,875	\$ -	\$ -	\$ -	\$ 31,682
389,869	547,136	192,582	73,218	7,223,244
39,430	-	-	-	47,070
<u>431,174</u>	<u>547,136</u>	<u>192,582</u>	<u>73,218</u>	<u>7,301,996</u>
1,681	-	-	-	136,721
-	-	-	-	516,016
149,676	227,391	82,622	-	459,689
595,051	-	-	75,679	3,639,755
-	277,000	-	-	277,000
-	263,839	-	-	263,839
<u>746,408</u>	<u>768,230</u>	<u>82,622</u>	<u>75,679</u>	<u>5,293,020</u>
<u>(315,234)</u>	<u>(221,094)</u>	<u>109,960</u>	<u>(2,461)</u>	<u>2,008,976</u>
-	-	-	-	450,000
-	-	-	-	(1,766,667)
-	-	-	-	(1,316,667)
(315,234)	(221,094)	109,960	(2,461)	692,309
<u>656,557</u>	<u>400,291</u>	<u>-</u>	<u>31,696</u>	<u>9,280,672</u>
<u>\$ 341,323</u>	<u>\$ 179,197</u>	<u>\$ 109,960</u>	<u>\$ 29,235</u>	<u>\$ 9,972,981</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Special Gas Tax Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ 5,600	\$ 5,600	\$ 1,003	\$ (4,597)
Revenue from other agencies	<u>1,794,400</u>	<u>1,794,400</u>	<u>1,531,882</u>	<u>(262,518)</u>
Total revenues	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,532,885</u>	<u>(267,115)</u>
Other financing uses				
Transfers out	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>(1,316,667)</u>	<u>383,333</u>
Total other financing uses	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>(1,316,667)</u>	<u>383,333</u>
Change in fund balance	100,000	100,000	216,218	116,218
Fund balance - beginning of year	<u>315,234</u>	<u>315,234</u>	<u>315,234</u>	<u>-</u>
Fund balance - end of year	<u>\$ 415,234</u>	<u>\$ 415,234</u>	<u>\$ 531,452</u>	<u>\$ 116,218</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 339	\$ 339
Revenue from other agencies	111,788	111,788	102,985	(8,803)
Total revenues	<u>111,788</u>	<u>111,788</u>	<u>103,324</u>	<u>(8,464)</u>
Expenditures				
Current				
Public safety	135,500	135,500	63,948	71,552
Total expenditures	<u>135,500</u>	<u>135,500</u>	<u>63,948</u>	<u>71,552</u>
Deficiency of revenues over expenditures	<u>(23,712)</u>	<u>(23,712)</u>	<u>39,376</u>	<u>63,088</u>
Other financing uses				
Transfers out	(180,000)	(180,000)	-	180,000
Total other financing uses	<u>(180,000)</u>	<u>(180,000)</u>	<u>-</u>	<u>180,000</u>
Change in fund balance	(203,712)	(203,712)	39,376	243,088
Fund balance - beginning of year	<u>142,437</u>	<u>142,437</u>	<u>142,437</u>	<u>-</u>
Fund balance - end of year	<u>\$ (61,275)</u>	<u>\$ (61,275)</u>	<u>\$ 181,813</u>	<u>\$ 243,088</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Park Development Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 454	\$ 454
Other revenues	2,000	2,000	778	(1,222)
Total revenues	2,000	2,000	1,232	(768)
 Expenditures				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	2,000	2,000	1,232	(768)
Fund balance - beginning of year	146,970	146,970	146,970	-
Fund balance - end of year	\$ 148,970	\$ 148,970	\$ 148,202	\$ (768)

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop A Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 8,500	\$ 8,500	\$ 6,578	\$ (1,922)
Revenue from other agencies	941,628	941,628	1,016,478	74,850
Total revenues	<u>950,128</u>	<u>950,128</u>	<u>1,023,056</u>	<u>72,928</u>
Other financing uses				
Transfers out	(1,197,239)	(1,197,239)	(450,000)	747,239
Total other financing uses	<u>(1,197,239)</u>	<u>(1,197,239)</u>	<u>(450,000)</u>	<u>747,239</u>
Change in fund balance	(247,111)	(247,111)	573,056	820,167
Fund balance - beginning of year	1,752,430	1,752,430	1,752,430	-
Fund balance - end of year	<u>\$ 1,505,319</u>	<u>\$ 1,505,319</u>	<u>\$ 2,325,486</u>	<u>\$ 820,167</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Drug Enforcement Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 3,000	\$ 3,000	\$ 9,884	\$ 6,884
Revenue from other agencies	1,005,000	1,005,000	1,797,165	792,165
Total revenues	<u>1,008,000</u>	<u>1,008,000</u>	<u>1,807,049</u>	<u>799,049</u>
Expenditures				
Current				
Public safety	586,836	586,836	452,068	134,768
Capital outlay	458,453	458,453	457,016	1,437
Total expenditures	<u>1,503,742</u>	<u>1,503,742</u>	<u>909,084</u>	<u>594,658</u>
Change in fund balance	(495,742)	(495,742)	897,965	1,393,707
Fund balance - beginning of year	<u>2,077,523</u>	<u>2,077,523</u>	<u>2,077,523</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,581,781</u>	<u>\$ 1,581,781</u>	<u>\$ 2,975,488</u>	<u>\$ 1,393,707</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop C Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 20,000	\$ 20,000	\$ 7,375	\$ (12,625)
Revenue from other agencies	781,055	781,055	845,062	64,007
Other revenues	-	-	1,775	1,775
Total revenues	<u>801,055</u>	<u>801,055</u>	<u>854,212</u>	<u>53,157</u>
Expenditures				
Capital outlay	<u>2,009,176</u>	<u>2,009,176</u>	<u>1,356,924</u>	<u>652,252</u>
Total expenditures	<u>2,009,176</u>	<u>2,009,176</u>	<u>1,356,924</u>	<u>652,252</u>
Change in fund balance	(1,208,121)	(1,208,121)	(502,712)	705,409
Fund balance - beginning of year	<u>2,340,904</u>	<u>2,340,904</u>	<u>2,340,904</u>	-
Fund balance - end of year	<u>\$ 1,132,783</u>	<u>\$ 1,132,783</u>	<u>\$ 1,838,192</u>	<u>\$ 705,409</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Measure R Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 2,665	\$ 2,665
Revenue from other agencies	<u>585,806</u>	<u>585,806</u>	<u>631,598</u>	<u>45,792</u>
Total revenues	<u>585,806</u>	<u>585,806</u>	<u>634,263</u>	<u>48,457</u>
Expenditures				
Capital outlay	<u>863,355</u>	<u>863,355</u>	<u>818,306</u>	<u>45,049</u>
Total expenditures	<u>863,355</u>	<u>863,355</u>	<u>818,306</u>	<u>45,049</u>
Change in fund balance	(277,549)	(277,549)	(184,043)	93,506
Fund balance - beginning of year	<u>899,153</u>	<u>899,153</u>	<u>899,153</u>	<u>-</u>
Fund balance - end of year	<u>\$ 621,604</u>	<u>\$ 621,604</u>	<u>\$ 715,110</u>	<u>\$ 93,506</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Metro Station Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ 557	\$ (443)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>557</u>	<u>(443)</u>
Expenditures				
Current				
General government	127,497	127,497	99,666	27,831
Capital outlay	242,878	242,878	336,779	(93,901)
Total expenditures	<u>370,375</u>	<u>370,375</u>	<u>436,445</u>	<u>(66,070)</u>
Deficiency of revenues over expenditures	<u>(369,375)</u>	<u>(369,375)</u>	<u>(435,888)</u>	<u>(66,513)</u>
Other financing sources				
Transfers in	600,618	600,618	450,000	(150,618)
Total other financing sources	<u>600,618</u>	<u>600,618</u>	<u>450,000</u>	<u>(150,618)</u>
Change in fund balance	231,243	231,243	14,112	(217,131)
Fund balance - beginning of year	180,661	180,661	180,661	-
Fund balance - end of year	<u>\$ 411,904</u>	<u>\$ 411,904</u>	<u>\$ 194,773</u>	<u>\$ (217,131)</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Air Quality Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ 952	\$ (48)
Revenue from other agencies	<u>65,000</u>	<u>65,000</u>	<u>95,269</u>	<u>30,269</u>
Total revenues	<u>66,000</u>	<u>66,000</u>	<u>96,221</u>	<u>30,221</u>
Expenditures				
Current				
General government	<u>30,000</u>	<u>30,000</u>	<u>35,374</u>	<u>(5,374)</u>
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>35,374</u>	<u>(5,374)</u>
Change in fund balance	36,000	36,000	60,847	24,847
Fund balance - beginning of year	<u>287,067</u>	<u>287,067</u>	<u>287,067</u>	<u>-</u>
Fund balance - end of year	<u>\$ 323,067</u>	<u>\$ 323,067</u>	<u>\$ 347,914</u>	<u>\$ 24,847</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Local Law Enforcement Block Grant Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from other agencies	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	-	-
Fund balance - beginning of year	35	35	35	-
Fund balance - end of year	\$ 35	\$ 35	\$ 35	\$ -

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Justice Assistance Grants Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from other agencies	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	5,087	5,087
Total revenues	-	-	5,087	5,087
Expenditures				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	5,087	5,087
Fund balance - beginning of year	49,714	49,714	49,714	-
Fund balance - end of year	\$ 49,714	\$ 49,714	\$ 54,801	\$ 5,087

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Grants Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Investment income	\$ -	\$ -	\$ 1,875	\$ 1,875
Revenue from other agencies	111,821	111,821	389,869	278,048
Other revenues	-	-	39,430	39,430
Total revenues	<u>111,821</u>	<u>111,821</u>	<u>431,174</u>	<u>319,353</u>
Expenditures				
Current				
General government	-	-	1,681	(1,681)
Community development	9,420	9,420	149,676	(140,256)
Capital outlay	2,046,155	2,046,155	595,051	1,451,104
Total expenditures	<u>2,055,575</u>	<u>2,055,575</u>	<u>746,408</u>	<u>1,309,167</u>
Change in fund balance	(1,943,754)	(1,943,754)	(315,234)	1,628,520
Fund balance - beginning of year	<u>656,557</u>	<u>656,557</u>	<u>656,557</u>	<u>-</u>
Fund balance - end of year	<u>\$ (1,287,197)</u>	<u>\$ (1,287,197)</u>	<u>\$ 341,323</u>	<u>\$ 1,628,520</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Community Development Block Grant Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from other agencies	\$ 848,478	\$ 848,478	\$ 547,136	\$ (301,342)
Total revenues	848,478	848,478	547,136	(301,342)
Expenditures				
Current				
Community development	230,000	230,000	227,391	2,609
Debt service				
Principal	280,000	280,000	277,000	3,000
Interest	270,000	270,000	263,839	6,161
Total expenditures	780,000	780,000	768,230	11,770
Change in fund balance	68,478	68,478	(221,094)	(289,572)
Fund balance - beginning of year	400,291	400,291	400,291	-
Fund balance - end of year	\$ 468,769	\$ 468,769	\$ 179,197	\$ (289,572)

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
HOME Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Revenue from other agencies	\$ 502,531	\$ 502,531	\$ 192,582	\$ (309,949)
Total revenues	<u>502,531</u>	<u>502,531</u>	<u>192,582</u>	<u>(309,949)</u>
Expenditures				
Current				
Community development	90,000	90,000	82,622	7,378
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>82,622</u>	<u>7,378</u>
Change in fund balance	412,531	412,531	109,960	(302,571)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ 412,531</u>	<u>\$ 412,531</u>	<u>\$ 109,960</u>	<u>\$ (302,571)</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
TDA Article 3 Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from other agencies	\$ -	\$ -	\$ 73,218	\$ 73,218
Total revenues	-	-	73,218	73,218
Expenditures				
Capital outlay	58,103	58,103	75,679	(17,576)
Total expenditures	58,103	58,103	75,679	(17,576)
Change in fund balance	(58,103)	(58,103)	(2,461)	55,642
Fund balance - beginning of year	31,696	31,696	31,696	-
Fund balance - end of year	\$ (26,407)	\$ (26,407)	\$ 29,235	\$ 55,642

OTHER DEBT SERVICE FUNDS

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

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

**City of Montebello
Combining Balance Sheet
Other Debt Service Funds
June 30, 2013**

	City	Public Financing Authority	Total Other Debt Service Funds
ASSETS			
Cash and investments	\$ (8,045)	\$ 9,178	\$ 1,133
Cash and investments with fiscal agent	1,817,392	4,333,189	6,150,581
Due from other funds	1,004,631	346,449	1,351,080
Total assets	\$ 2,813,978	\$ 4,688,816	\$ 7,502,794
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 56,645	\$ 25	\$ 56,670
Due to other funds	1,330,000	-	1,330,000
Total liabilities	1,386,645	25	1,386,670
Fund balances			
Restricted for Debt service	1,427,333	4,688,791	6,116,124
Total fund balances	1,427,333	4,688,791	6,116,124
Total liabilities and fund balances	\$ 2,813,978	\$ 4,688,816	\$ 7,502,794

City of Montebello
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Other Debt Service Funds
Year ended June 30, 2013

	City	Public Financing Authority	Total Other Debt Service Funds
Revenues			
Property taxes	\$ 1,354,058	\$ -	\$ 1,354,058
Investment income	-	279	279
Other	-	-	-
Total revenues	1,354,058	279	1,354,337
Expenditures			
General government	108,208	2,172	110,380
Debt service			
Principal payments	903,580	410,000	1,313,580
Interest and fees	731,969	36,164	768,133
Total expenditures	1,743,757	448,336	2,192,093
Deficiency of revenues over expenditures	(389,699)	(448,057)	(837,756)
Other financing sources (uses)			
Transfers in	-	1,528,797	1,528,797
Transfers out	-	(493,768)	(493,768)
Net other financing sources (uses)	-	1,035,029	1,035,029
Change in fund balance	(389,699)	586,972	197,273
Fund balance - beginning of year	1,817,032	4,101,819	5,918,851
Fund balance - end of year	\$ 1,427,333	\$ 4,688,791	\$ 6,116,124
	-	-	

City of Montebello
Schedule of Revenues, Expenses and Changes in Fund Balances -
Budget and Actual
City Debt Service Fund
Year ended June 30, 2013

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 323,409	\$ 323,409	\$ 1,354,058	\$ 1,030,649
Investment income	5,000	5,000	-	(5,000)
Other	-	-	-	-
Total revenues	<u>328,409</u>	<u>328,409</u>	<u>1,354,058</u>	<u>1,025,649</u>
Expenditures				
General government	-	-	108,208	(108,208)
Debt service				
Principal payments	900,000	900,000	903,580	(3,580)
Interest and fees	750,000	750,000	731,969	18,031
Total expenditures	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,743,757</u>	<u>(93,757)</u>
Change in fund balance	(1,321,591)	(1,321,591)	(389,699)	931,892
Fund balance - beginning of year	<u>1,817,032</u>	<u>1,817,032</u>	<u>1,817,032</u>	-
Fund balance - end of year	<u>\$ 495,441</u>	<u>\$ 495,441</u>	<u>\$ 1,427,333</u>	<u>\$ 931,892</u>

City of Montebello
Schedule of Revenues, Expenses and Changes in Fund Balances -
Budget and Actual
Public Financing Authority Debt Service Fund
Year ended June 30, 2013

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
Other	-	-	279	279
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>279</u>	<u>4,279</u>
Expenditures				
General government	283,226	283,226	2,172	281,054
Debt service				
Principal payments	410,000	410,000	410,000	-
Interest and fees	34,983	34,983	36,164	(1,181)
Total expenditures	<u>728,209</u>	<u>728,209</u>	<u>448,336</u>	<u>279,873</u>
Excess (deficiency) of revenues over expenditures	(724,209)	(724,209)	(448,057)	284,152
Other financing sources (uses)				
Transfers in	-	-	1,528,797	1,528,797
Transfers out	-	-	(493,768)	(493,768)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,035,029</u>	<u>1,035,029</u>
Change in fund balance	(724,209)	(724,209)	586,972	1,319,181
Fund balance - beginning of year	<u>4,101,819</u>	<u>4,101,819</u>	<u>4,101,819</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,377,610</u>	<u>\$ 3,377,610</u>	<u>\$ 4,688,791</u>	<u>\$ 1,319,181</u>

OTHER MAJOR 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.

City of Montebello
Schedule of Revenues, Expenses and Changes in Fund Balances -
Budget and Actual
Capital Improvements Capital Projects Fund
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ 8	\$ (992)
Other revenues	-	-	66,554	66,554
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>66,562</u>	<u>65,562</u>
Expenditures				
Capital outlay	50,000	50,000	57,659	(7,659)
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>57,659</u>	<u>(7,659)</u>
Excess of revenues over expenditures	<u>(49,000)</u>	<u>(49,000)</u>	<u>8,903</u>	<u>57,903</u>
Other financing sources				
Transfers in	-	-	70,000	70,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
Change in fund balance	(49,000)	(49,000)	78,903	127,903
Fund balance - beginning of year	88,095	88,095	88,095	-
Fund balance - end of year	<u>\$ 39,095</u>	<u>\$ 39,095</u>	<u>\$ 166,998</u>	<u>\$ 127,903</u>

City of Montebello
Description of 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 Position
Other Enterprise Funds
June 30, 2013

	Water Utility	Detention Facility	Total Other Enterprise Funds
ASSETS			
Current assets			
Cash and investments	\$ 225,677	\$ 2	\$ 225,679
Accounts receivable	18,012	3,000	21,012
Total current assets	243,689	3,002	246,691
Noncurrent assets			
Capital assets			
Land	35,000	-	35,000
Buildings and improvements	141,284	-	141,284
Machinery and equipment	2,185,927	18,892	2,204,819
Accumulated depreciation	(2,142,265)	(16,492)	(2,158,757)
Net capital assets	219,946	2,400	222,346
Total assets	463,635	5,402	469,037
LIABILITIES AND NET POSITION			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	346,712	36,642	383,354
Deposits payable	31,675	-	31,675
Compensated absences	552	-	552
Total current liabilities	378,939	36,642	415,581
Net position			
Net investment in capital assets	219,946	2,400	222,346
Unrestricted	(135,250)	(33,640)	(168,890)
Total net position	\$ 84,696	\$ (31,240)	\$ 53,456

City of Montebello
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Enterprise Funds
Year ended June 30, 2013

	<u>Water Utility</u>	<u>Detention Facility</u>	<u>Total Other Enterprise Funds</u>
Operating revenues			
Charges for services	\$ 1,250,518	\$ 73,760	\$ 1,324,278
Operating expenses			
Labor and fringe benefits	42,694	-	42,694
Repairs and maintenance	-	1,406	1,406
Utilities	73,078	-	73,078
Contract services	1,818,352	430,684	2,249,036
Depreciation expense	57,928	961	58,889
Administration expense	90,310	191	90,501
Total operating expense	<u>2,082,362</u>	<u>433,242</u>	<u>2,515,604</u>
Operating loss	(831,844)	(359,482)	(1,191,326)
Nonoperating revenues			
Interest income	<u>1,556</u>	<u>-</u>	<u>1,556</u>
Income (loss) before transfers	(830,288)	(359,482)	(1,189,770)
Other financing sources			
Transfers in	<u>-</u>	<u>396,540</u>	<u>396,540</u>
Change in net position	(830,288)	37,058	(793,230)
Net position - beginning of year	<u>914,984</u>	<u>(68,298)</u>	<u>846,686</u>
Net position - end of year	<u>\$ 84,696</u>	<u>\$ (31,240)</u>	<u>\$ 53,456</u>

City of Montebello
Combining Statement of Cash Flows
Other Enterprise Funds
Year ended June 30, 2013

	<u>Water Utility</u>	<u>Detention Facility</u>	<u>Total Other Enterprise Funds</u>
Cash flows from operating activities			
Receipts from customers	\$ 1,358,770	\$ 70,760	\$ 1,429,530
Payments to suppliers	(1,828,204)	(467,473)	(2,295,677)
Payments to employees	(43,211)	-	(43,211)
Net cash used in operating activities	<u>(512,645)</u>	<u>(396,713)</u>	<u>(909,358)</u>
Cash flows from non-capital financing activities			
Cash received from other funds	-	396,540	396,540
Net cash provided by non-capital financing activities	<u>-</u>	<u>396,540</u>	<u>396,540</u>
Cash flows from capital and related financing activities			
Interest received	1,556	-	1,556
Net cash provided by capital and related financing activities	<u>1,556</u>	<u>-</u>	<u>1,556</u>
Change in cash and cash equivalents	(511,089)	(173)	(511,262)
Cash and cash equivalents - beginning of year	<u>736,766</u>	<u>175</u>	<u>736,941</u>
Cash and cash equivalents - end of year	<u>\$ 225,677</u>	<u>\$ 2</u>	<u>\$ 225,679</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (831,844)	\$ (359,482)	\$ (1,191,326)
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation and amortization	57,928	961	58,889
Changes in operating assets and liabilities			
Accounts receivable	108,316	(3,000)	105,316
Accounts payable and accrued liabilities including compensated absences	152,955	(35,192)	117,763
Net cash used in operating activities	<u>\$ (512,645)</u>	<u>\$ (396,713)</u>	<u>\$ (909,358)</u>

Corporate Shop Fund - To account for the costs of operating a maintenance facility for automotive 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 Position
All Internal Service Funds
June 30, 2013

	Corporate Shop	Self-Insurance	Equipment Reserve	Total
ASSETS				
Current assets				
Cash and investments	\$ 1,666,113	\$ 9,133,531	\$ 274,870	\$ 11,074,514
Accounts Receivable	-	129	-	129
Inventories	4,547	-	-	4,547
Total current assets	1,670,660	9,133,660	274,870	11,079,190
Noncurrent assets				
Capital assets				
Land	108,369	-	-	108,369
Buildings and improvements	428,794	-	-	428,794
Machinery and equipment	643,651	-	-	643,651
Accumulated depreciation	(1,059,547)	-	-	(1,059,547)
Net capital assets	121,267	-	-	121,267
Total assets	1,791,927	9,133,660	274,870	11,200,457
LIABILITIES AND NET POSITION				
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	101,395	72,147	-	173,542
Claims payable	-	12,963,445	-	12,963,445
Due to other funds	-	7,500	-	7,500
Compensated absences	-	3,777	-	3,777
Total current liabilities	101,395	13,046,869	-	13,148,264
Net position				
Net investment in capital assets	121,267	-	-	121,267
Unrestricted	1,569,265	(3,913,209)	274,870	(2,069,074)
Total net position	\$ 1,690,532	\$ (3,913,209)	\$ 274,870	\$ (1,947,807)

City of Montebello
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
Year ended June 30, 2013

	Corporate Shop	Self-Insurance	Equipment Reserve	Total
Operating revenues				
Charges for services	\$ 1,349,347	\$ 4,624,145	\$ -	\$ 5,973,492
Operating grants and contributions	3,625	-	-	3,625
Miscellaneous revenue	-	704,338	21,797	726,135
Total operating revenues	<u>1,352,972</u>	<u>5,328,483</u>	<u>21,797</u>	<u>6,703,252</u>
Operating expenses				
Labor and fringe benefits	29,798	12,645	-	42,443
Materials and supplies	471,405	338	19,927	491,670
Repairs and maintenance	462,355	-	-	462,355
Insurance claims and premiums	-	4,884,532	-	4,884,532
Contractual services	8,742	452,448	-	461,190
Depreciation expense	1,173	-	-	1,173
Administrative expense	35	61,137	-	61,172
Total operating expense	<u>973,508</u>	<u>5,411,100</u>	<u>19,927</u>	<u>6,404,535</u>
Operating income (loss) before transfers	379,464	(82,617)	1,870	298,717
Other financing sources				
Transfers in	370,000	200,000	273,000	843,000
Change in net position	749,464	117,383	274,870	1,141,717
Net position - beginning of year	941,068	(4,030,592)	-	(3,089,524)
Net position - end of year	<u>\$ 1,690,532</u>	<u>\$ (3,913,209)</u>	<u>\$ 274,870</u>	<u>\$ (1,947,807)</u>

City of Montebello
Combining Statement of Cash Flows
All Internal Service Funds
Year ended June 30, 2013

	Corporate Shop	Self-Insurance	Equipment Reserve	Total
Cash flows from operating activities				
Receipts from customers	\$ 1,352,972	\$ 5,328,354	\$ 21,797	\$ 6,703,123
Payments to suppliers	(851,484)	(3,766,818)	(19,927)	(4,638,229)
Payments to employees	(29,798)	(12,645)	-	(42,443)
Net cash provided by operating activities	<u>471,690</u>	<u>1,548,891</u>	<u>1,870</u>	<u>2,022,451</u>
Cash flows from non-capital financing activities				
Cash received from other funds	370,000	200,000	273,000	843,000
Net cash provided by non-capital financing activities	<u>370,000</u>	<u>200,000</u>	<u>273,000</u>	<u>843,000</u>
Change in cash and cash equivalents	841,690	1,748,891	274,870	2,865,451
Cash and cash equivalents - beginning	824,423	7,384,640	-	8,209,063
Cash and cash equivalents - ending	<u>\$ 1,666,113</u>	<u>\$ 9,133,531</u>	<u>\$ 274,870</u>	<u>\$ 11,074,514</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 379,464	\$ (82,617)	\$ 1,870	\$ 298,717
Adjustments to reconcile operating income (loss) to net cash used by operating activities				
Depreciation and amortization	1,173	-	-	1,173
Changes in operating assets and liabilities:				
Accounts receivable	-	(129)	-	(129)
Inventory	64,004	-	-	64,004
Prepaid expenses	-	2,322	-	2,322
Accounts payable and accrued liabilities including compensated absences	27,049	25,351	-	52,400
Claims payable	-	1,603,964	-	1,603,964
Net cash provided by operating activities	<u>\$ 471,690</u>	<u>\$ 1,548,891</u>	<u>\$ 1,870</u>	<u>\$ 2,022,451</u>

**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 City'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 overtime.	124-128
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	129-132
<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.	133-137
<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.	138-139
<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.	140-142

**City of Montebello
Net Position by Component
Last Nine Fiscal Years**

	Fiscal Year								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Government Activities									
Net investment in capital assets	\$ 16,757,420	\$ 16,757,420	\$ 16,757,420	\$ 16,757,420	\$ 28,992,463	\$ 51,377,564	\$ 50,154,445	\$ 53,911,210	\$ 54,636,719
Restricted	46,255,503	45,942,363	51,949,836	61,999,161	63,061,184	24,305,187	28,522,292	27,662,376	20,219,054
Unrestricted	<u>(61,733,648)</u>	<u>(57,664,431)</u>	<u>(52,527,623)</u>	<u>(51,800,615)</u>	<u>(68,290,188)</u>	<u>(46,153,068)</u>	<u>(42,582,327)</u>	<u>(15,674,582)</u>	<u>(4,370,518)</u>
Total governmental activities net position	<u>1,279,275</u>	<u>5,035,352</u>	<u>16,179,633</u>	<u>26,955,966</u>	<u>23,763,459</u>	<u>29,529,683</u>	<u>36,094,410</u>	<u>65,899,004</u>	<u>70,485,255</u>
Business-Type Activities									
Net investment in capital assets	29,488,367	30,705,710	28,924,295	29,084,971	37,693,683	50,781,549	50,305,058	55,556,802	55,753,529
Restricted	-	-	-	-	-	-	-	302,086	302,120
Unrestricted	<u>1,395,613</u>	<u>2,418,506</u>	<u>2,818,773</u>	<u>959,454</u>	<u>(1,469,666)</u>	<u>(3,518,995)</u>	<u>(5,887,082)</u>	<u>(11,263,176)</u>	<u>(8,619,600)</u>
	<u>30,883,980</u>	<u>33,124,216</u>	<u>31,743,068</u>	<u>30,044,425</u>	<u>36,224,017</u>	<u>47,262,554</u>	<u>44,417,976</u>	<u>44,595,712</u>	<u>47,436,049</u>
Primary Government									
Net investment in capital assets	46,245,787	47,463,130	45,681,715	45,842,391	66,686,146	102,159,113	100,459,503	109,468,012	110,390,248
Restricted	46,255,503	45,942,363	51,949,836	61,999,161	63,061,184	24,305,187	28,522,292	27,964,462	20,521,174
Unrestricted	<u>(60,338,035)</u>	<u>(55,245,925)</u>	<u>(49,708,850)</u>	<u>(50,841,161)</u>	<u>(69,759,854)</u>	<u>(49,672,063)</u>	<u>(48,469,409)</u>	<u>(26,937,758)</u>	<u>(12,990,118)</u>
	<u>\$ 32,163,255</u>	<u>\$ 38,159,568</u>	<u>\$ 47,922,701</u>	<u>\$ 57,000,391</u>	<u>\$ 59,987,476</u>	<u>\$ 76,792,237</u>	<u>\$ 80,512,386</u>	<u>\$ 110,494,716</u>	<u>\$ 117,921,304</u>

Source: City Finance Department

City of Montebello
Change in Net Position – Expenses and Program Revenues
Last Nine Fiscal Years

	Fiscal Year								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Expenses:									
Governmental Activities:									
General government	\$ 6,365,313	\$ 7,327,350	\$ 7,665,115	\$ 8,793,934	\$ 10,840,411	\$ 5,181,691	\$ 5,837,211	\$ 6,625,106	\$ 3,397,386
Public safety	25,540,413	25,635,372	26,246,104	29,893,922	33,131,797	34,440,947	30,196,363	29,927,417	31,736,790
Public works	7,141,347	8,349,482	4,454,728	5,375,202	5,098,404	5,383,610	5,916,177	5,871,891	6,222,809
Parks, recreation, and culture	5,776,598	6,932,418	4,628,107	5,014,204	4,994,538	6,194,042	4,955,587	5,092,219	5,183,532
Housing and community development	10,324,816	3,129,908	7,245,302	5,533,866	12,760,934	12,479,919	11,811,986	4,587,403	2,042,906
Unallocated infrastructure depreciation	746,251	506,840	582,928	612,202	659,156	698,249	704,807	704,807	704,807
Interest on long-term debt	5,104,601	5,725,349	5,987,723	6,425,606	5,837,489	5,072,065	5,142,772	3,329,205	1,954,908
Total governmental activities and expenses	<u>60,999,339</u>	<u>57,606,719</u>	<u>56,810,007</u>	<u>61,648,936</u>	<u>73,322,729</u>	<u>69,450,523</u>	<u>64,564,903</u>	<u>56,138,048</u>	<u>51,243,138</u>
Business-Type Activities:									
Transit	21,132,477	24,540,700	26,033,078	28,483,736	25,773,717	24,752,340	23,653,069	27,864,749	28,190,745
Golf Course	2,884,869	3,035,806	3,310,810	3,044,757	3,404,206	3,064,788	3,028,680	2,595,321	3,015,645
Montebello Hilton	-	3,209,676	3,411,125	3,774,282	3,521,600	3,509,164	3,483,481	3,443,794	3,558,013
Other programs	4,254,116	1,644,374	1,630,225	2,245,349	1,895,974	2,125,401	2,133,751	2,143,480	2,515,604
Total business-type activities and expenses	<u>28,271,462</u>	<u>32,430,556</u>	<u>34,385,238</u>	<u>37,548,124</u>	<u>34,595,497</u>	<u>33,451,693</u>	<u>32,298,981</u>	<u>36,047,344</u>	<u>37,280,007</u>
Total primary government expenses	<u>\$89,270,801</u>	<u>\$90,037,275</u>	<u>\$91,195,245</u>	<u>\$99,197,060</u>	<u>\$ 107,918,226</u>	<u>\$ 102,902,216</u>	<u>\$96,863,884</u>	<u>\$92,185,392</u>	<u>\$ 88,523,145</u>
Program revenues:									
Governmental Activities:									
Charges for services:									
General government	\$ 2,833,351	\$ 2,892,218	\$ 3,135,760	\$ 3,230,738	\$ 3,293,527	\$ 3,854,697	\$ 4,171,044	\$ 2,787,309	\$ 3,071,973
Public safety	1,025,580	1,156,226	1,437,604	2,222,811	2,383,579	2,741,147	2,570,877	1,863,933	2,103,502
Public works	4,432,232	4,948,126	5,464,663	5,793,246	5,651,310	5,059,588	4,911,495	4,812,850	5,377,463
Parks, recreation, and culture	497,942	468,623	476,112	721,531	735,910	501,801	602,711	631,832	665,468
Housing and community development	-	-	107,737	-	-	-	-	-	-
Operating grants and contributions	7,775,862	6,006,905	9,040,588	9,074,067	7,256,003	9,829,694	8,283,190	7,155,005	8,519,753
Total governmental activities program revenues	<u>16,564,967</u>	<u>15,472,098</u>	<u>19,662,464</u>	<u>21,042,393</u>	<u>19,320,329</u>	<u>21,986,927</u>	<u>20,539,317</u>	<u>17,250,929</u>	<u>19,738,159</u>
Business-Type Activities:									
Charges for services:									
Transit	5,332,698	5,570,132	5,896,805	5,856,016	6,391,094	6,156,991	6,340,026	6,277,092	6,078,505
Golf Course	2,323,086	3,370,757	3,399,226	3,178,243	2,806,983	2,537,564	2,633,844	2,321,582	2,389,101
Montebello Hilton	5,099,245	4,157,197	4,391,536	4,590,851	3,994,972	3,846,393	4,027,805	4,124,516	4,316,746
Other programs	-	1,487,036	1,702,443	1,722,561	1,457,989	1,585,638	1,515,315	1,444,863	1,325,834
Operating grants and contributions	13,498,708	16,944,255	15,746,472	19,462,038	17,243,596	15,487,526	16,398,554	16,868,344	18,834,317
Capital grants and contributions	955,190	3,357,984	122,409	938,311	9,578,566	16,253,784	3,226,572	5,024,417	7,777,911
Total business-type activities program revenues	<u>27,208,927</u>	<u>34,887,361</u>	<u>31,258,891</u>	<u>35,748,020</u>	<u>41,473,200</u>	<u>45,867,896</u>	<u>34,142,116</u>	<u>36,060,814</u>	<u>40,722,414</u>
Primary government program revenues	<u>\$43,773,894</u>	<u>\$50,359,459</u>	<u>\$50,921,355</u>	<u>\$56,790,413</u>	<u>\$ 60,793,529</u>	<u>\$ 67,854,823</u>	<u>\$54,681,433</u>	<u>\$53,311,743</u>	<u>\$ 60,460,573</u>
Net (Expense) Revenue:									
Governmental activities:	\$44,434,372	\$42,134,621	\$37,147,543	\$40,606,543	\$ 54,002,400	\$ 47,463,596	\$44,025,586	\$38,887,119	\$ 31,504,979
Business-type activities:	1,062,535	(2,456,805)	3,126,347	1,800,104	(6,877,703)	(12,416,203)	(1,843,135)	(13,470)	(3,442,407)
Total primary government net (expense) revenue	<u>\$45,496,907</u>	<u>\$39,677,816</u>	<u>\$40,273,890</u>	<u>\$42,406,647</u>	<u>\$ 47,124,697</u>	<u>\$ 35,047,393</u>	<u>\$42,182,451</u>	<u>\$38,873,649</u>	<u>\$ 28,062,572</u>

Source: City Finance Department

City of Montebello
Change in Net Position – General Revenues
Last Nine Fiscal Years

	Fiscal Year								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General Revenues and Other Changes in Net Position:									
Governmental Activities:									
Property taxes, levied for general purposes	\$ 19,651,384	\$ 21,695,458	\$ 22,851,037	\$ 25,324,813	\$ 26,981,166	\$ 26,991,825	\$ 26,319,201	\$ 20,245,594	\$ 15,449,858
Franchise taxes	942,645	1,059,921	1,228,866	1,220,316	1,088,537	1,254,753	1,311,388	1,221,311	1,158,219
Sales tax	11,620,826	12,119,985	12,620,273	11,390,099	10,509,273	8,048,518	10,446,061	10,847,400	11,363,067
Other taxes	261,501	299,819	263,457	288,514	234,980	243,276	255,705	297,679	364,425
Motor vehicle license fee	4,128,660	4,611,374	4,768,533	5,037,324	5,288,610	5,252,095	5,291,513	5,156,500	5,205,958
Rental income	79,597	93,037	-	-	-	-	-	-	-
Other revenues	2,924,572	3,147,168	4,578,393	3,474,114	3,264,050	1,873,556	2,078,045	2,415,809	2,239,898
Investment earnings	2,011,649	2,591,235	3,052,086	4,446,085	2,671,569	341,815	260,297	72,750	54,393
Transfers	(125,427)	272,701	(1,070,821)	201,611	771,708	1,377,666	5,143,402	(164,266)	602,070
Total governmental activities	41,495,407	45,890,698	48,291,824	51,382,876	50,809,893	45,383,504	51,105,612	40,092,777	36,437,888
Business-Type Activities:									
Other revenues	921,990	-	-	-	-	-	-	-	-
Investment earnings	25,477	56,132	114,890	75,421	73,597	-	10,990	-	-
Transfers	125,427	(272,701)	1,070,821	(201,611)	(771,708)	(1,377,666)	(4,020,809)	164,266	(602,070)
Total business-type activities	1,072,894	(216,569)	1,185,711	(126,190)	(698,111)	(1,377,666)	(4,009,819)	164,266	(602,070)
Total primary government	\$ 42,568,301	\$ 45,674,129	\$ 49,477,535	\$ 51,256,686	\$ 50,111,782	\$ 44,005,838	\$ 47,095,793	\$ 40,257,043	\$ 35,835,818
Change in Net Position before Extraordinary Item									
Governmental Activities:	\$ (2,938,965)	\$ 3,756,077	\$ 11,144,281	\$ 10,776,333	\$ (3,192,507)	\$ (2,080,092)	\$ 3,642,016	\$ 1,205,658	\$ 4,932,909
Business-Type Activities:	10,359	2,240,236	(1,940,636)	(3,252,537)	(2,498,215)	11,038,537	8,406,384	177,736	2,840,337
Total primary government	\$ (2,928,606)	\$ 5,996,313	\$ 9,203,645	\$ 7,523,796	\$ (5,690,722)	\$ 8,958,445	\$ 12,048,400	\$ 1,383,394	\$ 7,773,246

Source: City Finance Department

City of Montebello
Fund Balances of Governmental Funds
Last Nine Fiscal Years

	Fiscal Year								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11**	2011-12	2012-13
General Fund									
Reserved	\$ 185,579	\$ 579,809	\$ 36,598	\$ 1,783,752	\$ 2,391,211	\$ 207,933			
Unreserved	(185,579)	(579,809)	(36,598)	(1,783,752)	(2,391,211)	(6,890,081)			
Total general fund	<u>\$ -</u>	<u>\$ (6,682,148)</u>							
All Other Governmental Funds:									
Reserved	\$ 33,144,032	\$ 33,244,204	\$ 30,098,672	\$ 36,110,337	\$ 48,401,170	\$ 36,576,734			
Unreserved, designated reported in:									
Special revenue funds	-	-	-	-	-	1,938,666			
Capital projects funds	-	-	-	-	-	20,924,437			
Unreserved, undesignated reported in:									
Special revenue funds	6,664,883	6,419,209	3,068,370	(1,419,635)	(296,182)	2,916,347			
Capital projects funds	10,015,452	9,950,527	22,506,174	-	(1,262,713)	(1,164,517)			
Total all other governmental funds	<u>\$ 49,824,367</u>	<u>\$ 49,613,940</u>	<u>\$ 55,673,216</u>	<u>\$ 34,690,702</u>	<u>\$ 46,842,275</u>	<u>\$ 61,191,667</u>			
General Fund									
Nonspendable							\$ 83,346	\$ 107,756	\$ 187,730
Restricted							-	-	-
Committed							-	-	-
Assigned							497,558	-	-
Unassigned							4,394,672	7,047,301	7,879,020
Total general fund							<u>\$ 4,975,576</u>	<u>\$ 7,155,057</u>	<u>\$ 8,066,750</u>
All Other Governmental Funds:									
Nonspendable							\$ 15,170,693	\$ 2,313,452	\$ 2,288,508
Restricted									
Debt service							19,520,813	5,918,851	6,116,124
Special revenue funds							7,219,900	20,478,029	22,034,631
Capital projects funds							24,991,784	1,464,215	1,445,551
Committed							-	-	-
Assigned							-	-	-
Unassigned							(14,421,751)	(159,133)	(80,230)
Total all other governmental funds							<u>\$ 52,481,439</u>	<u>\$ 30,015,414</u>	<u>\$ 31,804,584</u>

** Beginning fiscal year 2010/2011, the City adopted GASB 54, fund balance reporting, which changes the fund balance classification in the governmental funds.

Source: City Finance Department

**City of Montebello
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years**

Fiscal Year	Property Tax	Sales and Use Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Total Taxes
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
2010-11	27,106,442	10,413,127	255,705	1,311,388	1,087,329	40,173,991
2011-12	25,402,094	10,847,400	297,679	1,221,311	-	37,768,484
2012-13	20,655,816	11,363,067	271,153	1,158,219	93,272	33,541,527

Source: City Finance Department

City of Montebello
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(rates are per \$1,000 of assessed value)

Fiscal Year	City				Redevelopment Agency			
	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value
2003-04	\$ 2,084,644	\$ 46,023	\$ -	\$ 2,130,667	\$ 1,053,199	\$ 138,932	\$ -	\$ 1,192,131
2004-05	2,217,252	46,025	-	2,263,277	1,055,781	113,718	-	1,169,499
2005-06	2,414,667	47,403	-	2,462,070	1,123,622	123,529	-	1,247,151
2006-07	2,727,566	50,953	93,652	2,684,867	1,264,726	128,026	29,089	1,363,663
2007-08	2,944,225	93,142	85,955	2,951,412	1,364,738	120,853	29,709	1,455,882
2008-09	3,126,247	93,224	90,524	3,128,947	1,490,281	128,875	32,670	1,586,486
2009-10	3,075,831	94,754	97,719	3,072,866	1,531,767	131,990	34,413	1,629,344
2010-11	2,909,045	93,069	42,730	2,959,384	1,525,849	139,638	5,950	1,659,537
2011-12	2,982,182	95,668	42,057	3,035,793	1,541,169	139,760	5,949	1,674,979
2012-13	3,062,084	87,131	41,403	3,107,812	1,548,735	135,735	5,894	1,678,575

Source: Los Angeles County Assessor

City of Montebello
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year										
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
City Direct Rate:											
City basic rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Retirement	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788	0.19788
Total City Direct Rate	<u>1.19788</u>										
Overlapping Rates:											
L.A. County General	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Montebello USD	0.04076	0.04172	0.07054	0.06731	0.06681	0.08063	0.09673	0.09792	0.10001	0.09630	0.09630
L.A. County Flood Control	0.00046	0.00025	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00370	0.00350
Community College	0.01986	0.01810	0.01429	0.02146	0.00879	0.02212	0.02311	0.04031	0.03530	0.03756	0.03756
Totals	<u><u>1.26605</u></u>	<u><u>1.26467</u></u>	<u><u>1.28876</u></u>	<u><u>1.29206</u></u>	<u><u>1.27798</u></u>	<u><u>1.30493</u></u>	<u><u>1.32202</u></u>	<u><u>1.33981</u></u>	<u><u>1.33689</u></u>	<u><u>1.33524</u></u>	<u><u>1.33524</u></u>

Source: Los Angeles County Assessor

**City of Montebello
Principal Property Tax Payers
Current Fiscal Year and Nine Fiscal Years Ago**

Taxpayer	2012-13			2003-04		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Montebell Town Center Investor, LLC	\$ 189,070,962	1	3.90%	\$ 80,385,000	2	2.40%
Plain Exploration and Production Company	122,557,911	2	2.53%	35,232,525	5	1.05%
Bimbo Bakeries, USA Inc	65,183,503	3	1.34%	64,020,871	3	1.91%
Brixmor Montebello Plaza LP	63,388,910	4	1.31%	-		0.00%
Southern California Gas Co.	53,261,916	5	1.10%	83,428,807	1	2.50%
Somerset Apartments LLC	41,901,806	6	0.86%	-		0.00%
KIR Montebello LP	36,878,698	7	0.76%	26,956,808	8	0.81%
Macys California Inc	36,764,459	8	0.76%	-		0.00%
Rreef America Reit II Corporation	35,539,454	9	0.73%	-		0.00%
K K 3A	32,557,977	10	0.67%	-		0.00%
	<u>\$ 677,105,596</u>		<u>13.96%</u>	<u>\$ 290,024,011</u>		<u>8.67%</u>

Source: HdL Coren & Cone

**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
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%
2010-11	10,095,367	8,683,277	86.01%	613,510	9,296,786	92.09%
2011-12	7,869,020 (a)	10,379,033 (b)	131.90%	- (c)	10,379,033	131.90%
2012-13	6,975,325	11,293,837	161.91%	-	11,293,837	161.91%

Note (1) Negative number not included

- (a) Excludes tax increment of the dissolved redevelopment agency.
- (b) Includes retirement special tax assessment which used to be part of the tax increment of the former redevelopment agency.
- (c) Information not available.

Source: Los Angeles County Auditor

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		
2003-04	\$ 26,972,500	\$ 64,736,819	\$ 15,490,000	\$ 2,792,949	\$ 109,992,268	\$ 1,686
2004-05	25,996,500	63,394,889	17,060,000	4,237,434	110,688,823	1,685
2005-06	24,977,860	61,956,272	16,785,000	10,327,648	114,046,780	1,741
2006-07	23,921,580	60,887,078	16,565,000	9,374,503	110,748,161	1,696
2007-08	22,817,660	65,708,636	16,400,000	9,313,087	114,239,383	1,751
2008-09	21,671,100	74,057,213	16,170,000	15,534,163	127,432,476	1,941
2009-10	25,450,000	71,779,239	15,895,000	15,273,662	123,415,981	1,886
2010-11	19,213,600	64,603,222	15,575,000	17,190,970	116,582,792	1,772
2011-12	18,351,480	- **	15,210,000	-	33,561,480	510
2012-13	17,447,900	-	14,800,000	-	32,247,900	513

** With the dissolution of the redevelopment agency, all outstanding debts related to the former redevelopment agency are recorded under the Successor Agency Private-Purpose Trust Fund.

Source: City Finance Department

City of Montebello
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands except for Per Capita)

Fiscal Year	Outstanding General Bonded Debt				Percent of Assessed Value(1)	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Revenue	Total		
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	25,450	71,779	15,895	113,124	2.30%	1,653
2010-11	19,213	64,603	15,575	99,391	2.15%	1,511
2011-12	18,351	- (2)	15,210	33,561	0.74%	510
2012-13	17,448	-	14,800	32,248	0.65%	513

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

(2) With the dissolution of the redevelopment agency, all outstanding debts related to the former redevelopment agency are recorded under the Successor Agency Private-Purpose Trust Fund.

Source: City Finance Department

City of Montebello
Direct and Overlapping Debt
June 30, 2013

City Assessed Valuation	\$ 4,754,778,042
Redevelopment Agenc incremental Valuation	(1,537,493,021)
Total Assessed Valuation	<u>\$ 3,217,285,021</u>

	Percentage Applicable (1)	Total Outstanding Debt 6/30/13	City's Share of Overlapping Debt 6/30/13
OVERLAPPING TAX AND ASSESSMENT DEBT			
Los Angeles County Flood Control District	0.451%	\$ 19,770,000	\$ 89,163
Metropolitan Water District	0.230%	165,085,000	379,696
Los Angeles Community College District	0.811%	3,712,555,000	30,108,821
El Rancho Unified School District	0.003%	54,842,136	1,645
Los Angeles Unified School District	0.001%	10,945,695,000	109,457
Montebello Unified School District	36.795%	136,072,764	50,067,974
Los Angeles County Regional Park and Open Space Assessment District	0.444%	142,870,000	634,343
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 81,391,099</u>

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Los Angeles County General Fund Obligation	0.444%	1,729,437,327	7,678,702
Los Angeles County Superintendent of Schools Certificates of Participation	0.444%	10,377,239	46,075
Los Angeles County Sanitation District No. 2 Authority	9.342%	28,564,332	2,668,480
Los Angeles County Sanitation District No. 15 Authority	0.830%	29,239,080	242,684
Los Angeles Unified School District Certificates of Participation	0.001%	395,161,434	3,952
Montebello Unified School District Certificates of Participation	36.795%	12,335,000	4,538,663
City of Montebello General Fund Obligation	100.000%	36,655,000	36,655,000

TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT:

	51,833,556
Less: Los Angeles Country General Fund Obligations supported by landfill revenues	(24,384)
Los Angeles Unified School District Qualified Zone Academic Bonds supported by building fund 51	-
City of Montebello Obligations supported from surplus tax increment and golf and hotel revenues	<u>(19,207,100)</u>

TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT:

\$ 32,602,021

OVERLAPPING TAX INCREMENT DEBT:

\$ 54,676,530

TOTAL GROSS DIRECT DEBT

\$ 36,655,000

TOTAL NET DIRECT DEBT

\$ 17,447,900

TOTAL GROSS OVERLAPPING DEBT

\$ 151,246,185

TOTAL NET OVERLAPPING DEBT

\$ 151,221,750

GROSS COMBINED TOTAL DEBT

\$ 187,901,185

NET COMBINED TOTAL DEBT

\$ 168,669,650

Ratios to 2012-13 Assessed Valuation:

Overlapping Tax and Assessed Debt	1.68%
Gross Direct Debt (36,655,000)	0.76%
Net Direct Debt (17,447,900)	0.36%
Gross Combined Total Debt	3.89%
Net Combined Total Debt	3.49%

Ratios to Redevelopment Incremental Valuation (\$1,545,322,450) :

Total Overlapping Tax Increment Debt	3.57%
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Source: HdL Coren & Cone

**City of Montebello
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
Assessed valuation	13,291,191,988	13,815,823,508	14,836,885,928	16,194,120,900	17,629,172,176
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	3,322,797,997	3,453,955,877	3,709,221,482	4,048,530,225	4,407,293,044
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	498,419,700	518,093,382	556,383,222	607,279,534	661,093,957
Legal debt margin	<u>498,419,700</u>	<u>518,093,382</u>	<u>556,383,222</u>	<u>607,279,534</u>	<u>661,093,957</u>

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Assessed valuation	18,861,572,384	18,808,841,532	19,358,675,984	19,019,112,168	19,404,069,772
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	4,715,393,096	4,702,210,383	4,839,668,996	4,754,778,042	4,851,017,443
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	707,308,964	705,331,557	725,950,349	713,216,706	727,652,616
Legal debt margin	<u>707,308,964</u>	<u>705,331,557</u>	<u>725,950,349</u>	<u>713,216,706</u>	<u>727,652,616</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**

Fiscal Year	Golf Revenue Bonds						
	Gross Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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%
2010-11	2,633,844	(2,826,967)	(193,123)	180,520	201,173	381,693	-50.60%
2011-12	2,321,581	(2,567,019)	(245,438)	192,880	193,653	386,533	-63.50%
2012-13	2,389,101	(2,826,082)	(436,981)	201,420	200,594	402,014	-108.70%

Source: City Finance Department

City of Montebello
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in millions)</u>	<u>Capita Personal Income</u>	<u>Unemployment Rate</u>
2003-04	64,565	\$ 1,011	\$ 15,660	7.80%
2004-05	65,022	1,059	16,291	7.30%
2005-06	65,206	1,102	16,900	6.00%
2006-07	65,174	1,160	17,805	5.40%
2007-08	65,053	1,197	18,407	5.70%
2008-09	65,187	1,209	18,546	8.40%
2009-10	65,424	1,185	18,110	12.90%
2010-11	65,781	1,262	19,187	14.10%
2011-12	62,857	1,272	20,230	13.70%
2012-13	63,184	1,328	21,013	12.20%

Source: Population: California Department of Finance
Unemployment Data: California Employment Development Department

**City of Montebello
Principal Employers
Current Fiscal Year and Ten Fiscal Years Ago**

Employer	2012-13		2002-03	
	Employees	Percent of Total Employment *	Employees	Percent of Total Employment *
Katzkin Leather, Inc.	400	4.4297%	840	N/A
J.C. Penney Corporation, Inc. 2172-5	343	3.7984%	680	N/A
Wilbur Curtis Co., Inc.	265	2.9347%	176	N/A
Costco Wholesale #459	237	2.6246%	1430	N/A
Monarch Litho Inc.	199	2.2038%	432	N/A
Forever 21	155	1.7165%	1,992	N/A
B J'S Restaurant & Brewhouse	145	1.6058%	N/A	N/A
All Access Apparel Corp.	131	1.4507%	950	N/A
Lifeline Ambulance	130	1.4396%	N/A	N/A
Minson Corporation	120	1.3289%	200	N/A
Total Top Ten	2,125	23.5327%	6,700	N/A
Total Employment *	9,030			

* Total Employment" as used above represents estimated HDL total employment for City of Montebello.

Source: U.S. Department of Labor – Bureau of Labor Statistics

City of Montebello
Full-Time and Part-Time City Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
General Government	37	41	38	28	33
Public Safety	229	199	202	180	201
Public Works	54	37	31	14	15
Parks and Recreation	82	61	60	119	138
Economic Development	20	17	14	17	7
Transit	222	247	250	236	254
Totals	644	602	595	594	648

Function	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
General Government	53	42	43	47	37
Public Safety	197	182	182	167	203
Public Works	15	12	12	14	17
Parks and Recreation	115	123	123	115	133
Economic Development	6	7	7	-	18
Transit	215	217	217	212	200
Totals	601	583	584	555	608

Source: City Finance Department

City of Montebello
Operating Indicators by Function
Last Ten Calendar Years

Function	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:			As of Sept.	As of June	As of June		As of June			
Arrests	3,061	2,985	1,974	1,205	2,630	2,598	2,702	2,621	2,093	2,093
Traffic violations	18,604	18,675	13,569	11,095	5,139	4,900	6,862	2,467	2,968	2,773
Parking violations	13,488	13,965	10,402	8,281	16,319	20,018	19,413	22,661	20,448	20,448
Fire:			As of Dec. 1	As of sept. 27	As of Dec. 19					
Number of calls answered	4,726	4,981	4,570	3,682	4,610	4,165	5,037	4,891	4,977	4,800
Inspections conducted	2,643	1,834	1,155	875	1,560	1,616	1,320	1,160	728	625
Public Works:										
Street resurfacing (miles)	0.90	3.36	3.43	1.60	1.10	4	14.16	15.15	1.60	0.51
Sidewalk repairs (sq ft)	N/A	N/A	N/A	N/A	N/A	N/A	31,930	32,281	25,997	11,100
Potholes repaired	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,352	3,010	3,325
Storm drains cleaned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,702	0	0
Parks and Recreation:										
Number of recreation classes	122	196	214	139	290	167	68	190	210	137
Number of facility rentals	200	196	As of Dec. 1 202	As of Oct. 278	As of June 46	44	2,660	854	689	708

Source: City Finance Department

**City of Montebello
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works:										
Street (miles)	125	125	125	125	125	125	125	125	125	125
Street Lights	3,682	3,682	3,682	3,682	3,682	3,682	3,682	3,682	3,682	3,682
Traffic Signals	79	79	79	80	80	80	81	81	81	81
Parks and Recreation:										
Parks	7	7	7	7	7	7	7	7	7	7
Community Centers	-	-	-	-	-	-	-	-	-	-

Source: HdL Coren & Cone
Los Angeles County Assessor

