



City of Montebello, California

Comprehensive Annual Financial Report



**Fiscal Year Ended
June 30, 2015**

CAFR

CITY OF MONTEBELLO
CALIFORNIA

www.cityofmontebello.com

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUN 30, 2015

PREPARED BY
FINANCE DEPARTMENT

Comprehensive Annual Financial Report
City of Montebello, California
Year ended June 30, 2015
with Report of Independent Auditors

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	vi
City Officials	vii
FINANCIAL SECTION	
Report of Independent Auditors	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	26
Statement of Revenues, Expenditures, and Changes in Fund Balances	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds	
Statement of Net Position	29
Statement of Revenues, Expenses, and Changes in Net Position	30
Statement of Cash Flows	31
Fiduciary Fund	
Statement of Fiduciary Net Position	32
Statement of Changes in Fiduciary Net Position	33
Notes to Financial Statements	34
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability and Related Ratios	83
Schedule of Pension Contributions	84
Schedule of Funding Progress - Other Postemployment Benefits Plan	85
Budgetary Comparison Schedule	
General Fund	86
Retirement Special Revenue Fund	88
Housing Special Revenue Fund	89
Public Financing Authority Debt Service Fund	90
Note to Required Supplementary Information	91

	<u>PAGE</u>
SUPPLEMENTARY SCHEDULES	
Other Governmental Funds	
Description of Other Governmental Funds	92
Combining Balance Sheet	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	94
 Other Special Revenue Funds	
Description of Other Special Revenue Funds	95
Combining Balance Sheet	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	101
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Gas Tax Special Revenue Fund	105
Supplemental Law Enforcement Special Revenue Fund	106
Park Development Special Revenue Fund	107
Prop A Special Revenue Fund	108
Drug Enforcement Special Revenue Fund	109
Prop C Special Revenue Fund	110
Measure R Special Revenue Fund	111
Metro Station Special Revenue Fund	112
Air Quality Special Revenue Fund	113
Local Law Enforcement Special Revenue Fund	114
Justice Assistance Grants Special Revenue Fund	115
Grants Special Revenue Fund	116
Community Development Block Grant Special Revenue Fund	117
HOME Special Revenue Fund	118
TDA Article 3 Special Revenue Fund	119
 Capital Projects Fund	
Description of Capital Projects Fund	120
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Capital Improvements Capital Projects Fund	121
 Other Enterprise Funds	
Description of Other Enterprise Funds	122
Combining Statement of Net Position	123
Combining Statement of Revenues, Expenses, and Changes in Net Position	124
Combining Statement of Cash Flows	125

	<u>PAGE</u>
Internal Service Funds	
Description of Internal Service Funds	126
Combining Statement of Net Position	127
Combining Statement of Revenues, Expenses, and Changes in Net Position	128
Combining Statement of Cash Flows	129
 STATISTICAL SECTION (UNAUDITED)	
Description of Statistical Section Contents	130
Financial Trends	
Net Position by Component - Last Ten Fiscal Years	131
Change in Net Position - Expenses and Program Revenues - Last Ten Fiscal Years	132
Change in Net Position - General Revenues - Last Ten Fiscal Years	133
Fund Balances of Governmental Funds - Last Ten Fiscal Years	134
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	135
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	136
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	137
Principal Property Taxpayers – Current Year and Nine Fiscal Years Ago	138
Property Tax Levies and Collections – Last Ten Fiscal Years	139
Debt Capacity	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	140
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	141
Direct and Overlapping Debt	142
Legal Debt Margin Information - Last Ten Fiscal Years	143
Pledged Revenue Bond Coverage:	
Golf Revenue Bonds - Last Ten Fiscal Years	144
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Fiscal Years	145
Principal Employers - Current Fiscal Year and Ten Fiscal Years Ago	146
Operating Information	
Full-Time and Part-Time City Employees by Function - Last Ten Fiscal Years	147
Operating Indicators by Function - Last Ten Calendar Years	148
Capital Asset Statistics by Function - Last Ten Fiscal Years	149

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INTRODUCTORY SECTION

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CITY OF MONTEBELLO

March 28, 2016

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, 2015 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 auditors', Vasquez & Company LLP, opinion letter, the general purpose financial statements, and the relevant supplemental financial statements and schedules for Fiscal Year 2014-15. 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/Manager 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 Manager 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 5 Freeway to the south, the Pomona 60 Freeway to the north, and the San Gabriel River 605 Freeway to the east. The City has a population of approximately 63,555 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 2014-2015 assessed valuation of \$5.1 billion represents an increase of 3.8 percent over last year. Increases during the past five years have averaged 3.6 percent. The Consumer Price Index for the Los Angeles-Riverside-Orange County area increased 2.4 percent over 2013-14. Sales tax revenue of \$12.6 million for FY 2014-15 reflects an increase of 7.1 percent when compared to FY 2013-14.

Sales tax is a major revenue source for the General Fund of 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, major paper products\distributors and two auto dealerships: Chevrolet of Montebello, and Ford of Montebello.

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, the Annual Budget Resolution 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.

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 employees are covered by a voter approved levy.

DEBT ADMINISTRATION

At June 30, 2015, the City had general long-term debt amounting to \$126 million, a significant increase from prior year mainly due to the implementation of GASB 68 during FY 2014-15. This is detailed in the Notes to the Financial Statements. This includes \$27.8 million for Revenue Bonds, \$28.1 million for long-term notes payable and the noncurrent portion of accumulated vacation and sick leave, and \$70.6 million for net pension liability. 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 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.

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.

During the fiscal year ended June 30, 2015, the City implemented the Governmental Accounting Standards Board Statement No. 68 (**GASB 68**), **Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27**, and **GASB 71, (Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68.)**

GASB 68 requires the recognition of the City’s long-term pension obligation as a liability on the balance sheet for the first time, to provide more comprehensive and comparable measurement of the annual pension benefit cost. GASB 68 also includes new required notes disclosure and supplementary information (RSI) to enhance accountability and transparency such as:

- Source of changes in net pension liability
- Significant assumptions such as mortality, inflation, discount rate, etc... used to calculate total pension liability
- Date of the actuarial valuation used to determine total pension liability

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 assistance and contribution 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.

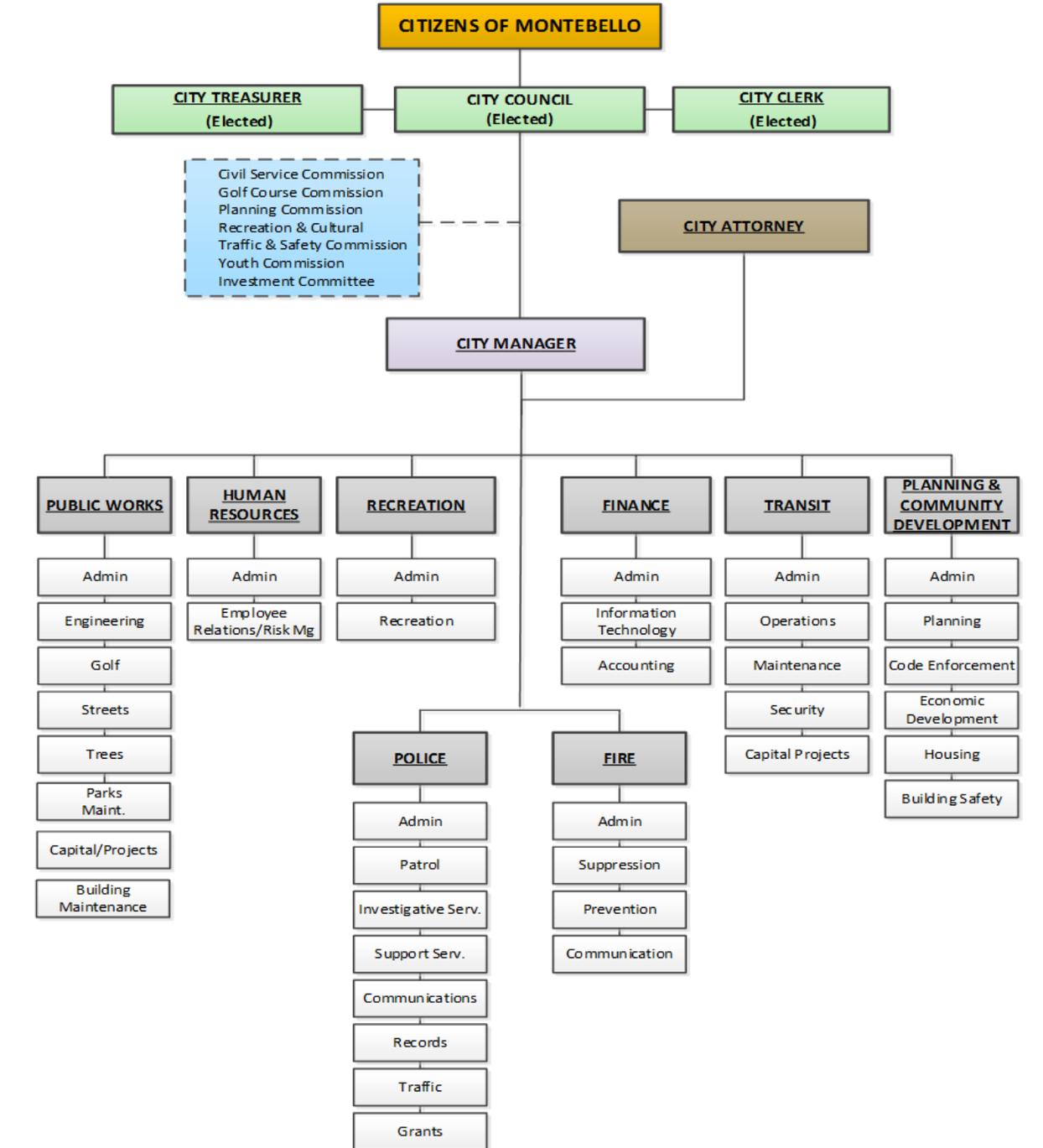
Respectfully submitted,

Francesca Tucker-Schuyler
City Manager

Steve Kuon
Interim Finance Director



City of Montebello - Organization Chart



Directory of City Officials

City Council

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

Elected Officials

City Treasurer
City Clerk

Sheraly Khwaja
Daniel Hernandez

Principal Administrative Officers

City Manager
Police Chief
Fire Chief
Director of Community Development
Director of Transportation
Director of Public Works
Director of Finance

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

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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, 2015, 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, 2015, 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

As discussed in Notes 1, 9 and 17 to the financial statements, effective July 1, 2014, the City adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of this required implementation, the City's beginning net position was restated to retroactively report the net pension liability as of the beginning of the fiscal year. Our opinion is not modified with respect to this matter.

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 22, the budgetary comparison information, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions and Schedule of Funding Progress of other postemployment benefit plan on pages 83 through 91 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 required parts 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 March 28, 2016, 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.

Vasquez + Company LLP

**Los Angeles, California
March 28, 2016**

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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, 2015. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal, and financial statements.

Overview of the Financial Statements

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

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present information about the functions of the City that is principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City 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 Retirement Special Revenue Fund, the Public Financing Authority Debt Service Fund, and the Housing Special Revenue Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements elsewhere in this report. As a result of Assembly Bills 1X26 and 1484, Redevelopment Agency assets and liabilities are no longer a part of the 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 other units of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two types of proprietary funds.

- **Enterprise** funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of water, golf course, 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, workers' compensation, equipment 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.

Financial Highlights

Government-wide

- At June 30, 2015, the total assets and deferred outflows of the City exceeded its total liabilities and deferred inflows by \$8.7 million.
- The City's total long term debt increased by \$90.5 million as a result of the recognition of the net pension liability in compliance with the GASB Statement No. 68 implementation.
- At the close of FY 2014-15, the City's governmental activities reported combined ending net position deficit of \$14.1 million, a decrease of 120% over FY 2013-14 balance prior to restatement due to the recognition of the net pension liability.
- Primary government program revenues totaled \$61.4 million, while general revenues totaled \$36.8 million, net of transfers.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2015

- The City's Hilton Hotel Fund ended the fiscal year with \$1.7 million in net income before transfers and its net position increased by \$4.6 million during fiscal year 2014-2015 mainly due to the \$2.9 million net transfer from the City's Hotel debt service fund which partially settled the City's long outstanding hotel management fee obligation.

Fund Accounting

- The City's General Fund revenue, other financing sources (uses), and special items exceeded expenditures by \$468 thousand in the fiscal year 2015.

These Financial Highlights, as well as other points, are discussed in greater detail in the body of this discussion and analysis.

Government-wide Financial Analysis

The government-wide financial statements provide both long-term and short-term information about the City's overall financial position. This analysis addresses the financial statements of the City as a whole. The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The City's net position is a useful measurement of its financial health. Net position can be tracked over time to assess whether the City's financial health is improving or deteriorating.

City of Montebello
Statement of Net Position
June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 49,355	\$ 56,143	\$ 6,689	\$ 5,678	\$ 56,044	\$ 61,821
Capital assets	77,827	77,227	57,061	59,428	134,888	136,655
Total assets	127,182	133,370	63,750	65,106	190,932	198,476
Deferred outflows of resources	6,411	117	2,126	-	8,537	117
Liabilities:						
Long-term liabilities	126,488	58,763	29,763	6,947	156,251	65,710
Other liabilities	7,673	4,027	7,608	12,338	15,281	16,365
Total liabilities	134,161	62,790	37,371	19,285	171,532	82,075
Deferred outflows of resources	13,548	-	5,731	-	19,279	-
Net Position:						
Net investment in capital assets	56,943	55,213	51,645	53,562	108,588	108,775
Restricted	22,556	29,141	496	1,018	23,052	30,159
Unrestricted	(93,615)	(13,657)	(29,367)	(8,759)	(122,982)	(22,416)
Total net position	\$ (14,116)	\$ 70,697	\$ 22,774	\$ 45,821	\$ 8,658	\$ 116,518

As mentioned in the financial highlights, the City's net position was \$8.7 million as of June 30, 2015. This is a \$108 million (93%) decrease compared to fiscal year 2014 due to restatement of the net position as of June 30, 2014 to recognize the effect of recording a \$107 million pension liability pursuant to implementation of GASB Statement No. 68 in fiscal year 2015.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2015

Included in the City's net position is \$108.6 million representing its net investment 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 remain outstanding. Capital assets, net of accumulated depreciation, decreased by \$1.8 million, primarily due to depreciation on capital assets. This increase in depreciation also resulted in a corresponding decrease in Net Investment in Capital Assets, hence decreasing the total net position.

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. Capital assets are discussed in greater details under Capital Assets section of MD&A, and under Note 3 of the Financial Statements.

City of Montebello Summary of Changes in Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 12,284	\$ 12,803	\$ 16,926	\$ 16,015	\$ 29,210	\$ 28,818
Operating grants and contributions	9,523	8,045	20,914	19,726	30,437	27,771
Capital grants and contributions	-	-	1,781	2,765	1,781	2,765
General revenues:						
Sales taxes	12,564	11,726	-	-	12,564	11,726
Property taxes	13,759	14,932	-	-	13,759	14,932
Other taxes	7,515	7,172	-	-	7,515	7,172
Other revenues	2,898	2,036	7	-	2,905	2,036
Investment earnings	54	50	-	10	54	60
Total revenues	<u>58,597</u>	<u>56,764</u>	<u>39,628</u>	<u>38,516</u>	<u>98,225</u>	<u>95,280</u>
Expenses						
General government	8,214	3,869	-	-	8,214	3,869
Public safety	33,234	33,377	-	-	33,234	33,377
Public works	7,146	7,064	-	-	7,146	7,064
Parks, culture, and recreation	4,434	4,943	-	-	4,434	4,943
Housing and community development	3,662	4,046	-	-	3,662	4,046
Transit	-	-	29,557	30,850	29,557	30,850
Golf course	-	-	3,095	2,965	3,095	2,965
Montebello Hilton	-	-	4,601	4,302	4,601	4,302
Water utility	-	-	2,519	2,364	2,519	2,364
Detention facility	-	-	427	442	427	442
Interest on long-term debt	1,908	1,254	-	-	1,908	1,254
Unallocated infrastructure depreciation	705	705	-	-	705	705
Total expenses	<u>59,303</u>	<u>55,258</u>	<u>40,199</u>	<u>40,923</u>	<u>99,502</u>	<u>96,181</u>
Change in net position before transfers	(706)	1,506	(571)	(2,407)	(1,277)	(901)
Transfers						
Change in net position after transfers and before extraordinary items	(4,948)	(792)	4,948	792	-	-
Change in net position after extraordinary items	(5,654)	714	4,377	(1,615)	(1,277)	(901)
Extraordinary item						
Change in net position after extraordinary items	(5,654)	212	4,377	(1,615)	(1,277)	(1,403)
Net position - beginning of year, as restated	<u>(8,462) *</u>	<u>70,485</u>	<u>18,397 *</u>	<u>47,436</u>	<u>9,935 *</u>	<u>117,921</u>
Net position - end of year	<u>\$ (14,116)</u>	<u>\$ 70,697</u>	<u>\$ 22,774</u>	<u>\$ 45,821</u>	<u>\$ 8,658</u>	<u>\$ 116,518</u>

*Reflects restatement to implement GASB No. 68; see Note 17

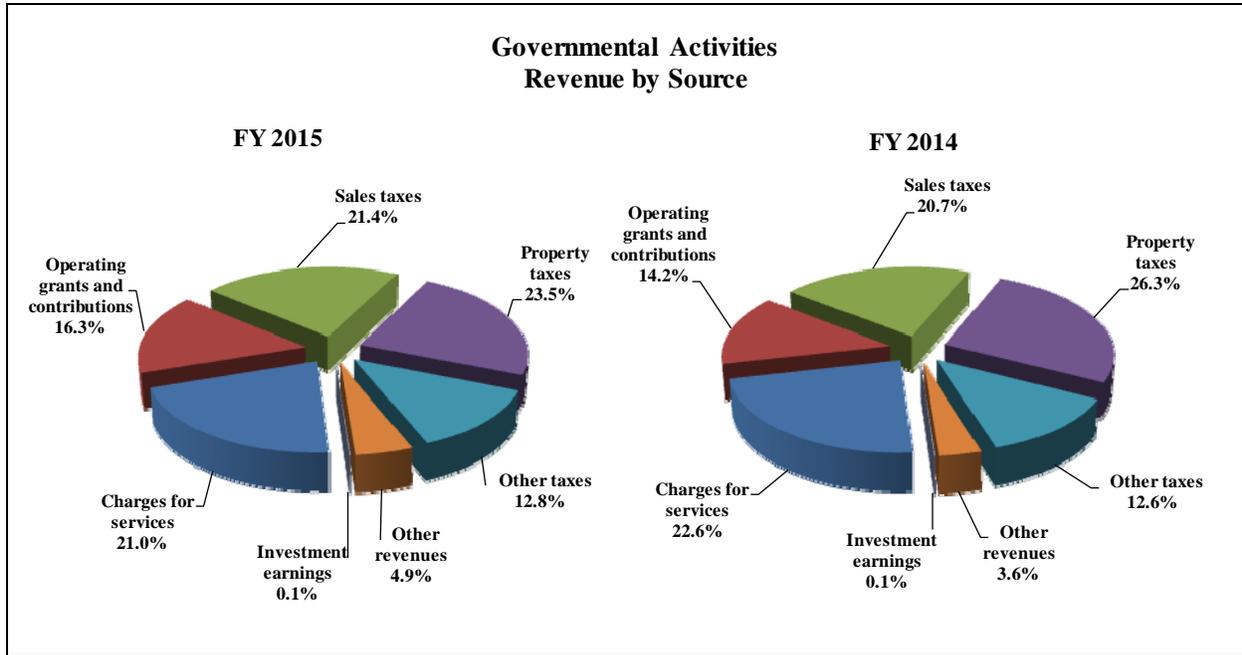
The key elements impacting the City's net position for the fiscal year ended June 30, 2015 are as follows:

- Total revenues from the City's governmental and business-type activities were \$98.2 million, an increase of \$2.9 million (3.1%) compared to the preceding fiscal year. Total citywide expenses before transfer increased by \$3.3 million (3.5%) from \$96.2 million in 2014 to \$99.5 million in 2015.
- Revenues are classified into program and general revenues. Program revenues, which are used to offset program expenses under each functional activity, made up 62.5% of total citywide revenues for the current fiscal year. General revenues, which are used to offset the additional expenses net of program revenues, made up the remaining 37.5% of total revenues.
- Governmental activities net position decreased by \$5.7 million, mainly due to the \$5.4 million fund transfer to the Hilton Enterprise Fund to partially settle its obligation to the hotel management firm. Business-type activities net position increased by \$4.4 million, primarily due to the fund transfer to the Hilton Enterprise Fund as stated above.
- The overall increase of 3.1% in total revenues for the City was mainly due to the increase of \$2.7 million (9.6%) in operating grants and contributions.
- The largest City-wide revenues came from 4 sources: charges for services (e.g. business license fees, building permits, hotel charges and bus fares) at \$29.2 million (29.7%), 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 \$30.4 million (31.0%), property taxes at \$13.8 million (14.0%), and sales taxes at \$12.6 million (12.8%). Property taxes include the property taxes derived from the 1946 voter approved initiative to provide for the retirement benefit costs of City employees.
- Revenue from charges for services increased by \$392 thousand (1.4%), operating grants and contributions increased by \$2.7 million (9.6%) and sales taxes increased by \$838 thousand (7.1%). Capital grants and contributions decreased by \$984 thousand (35.6%) and property taxes decreased by \$1.2 million (7.9%).
- The City's total expenses for the year increased by \$3.3 million (3.5%), primarily due to increase in General Government expenses (\$4.3 million) as a result of the accrual of the \$1.9 million settlement payment to the State of California Department of Finance and increase in retirement expenses.
- Of the total citywide expenses, Public Safety accounted for 33.4%, Transit's was 29.7%, General Government was 8.3%, and Public Works was 7.2%.

Governmental Activities

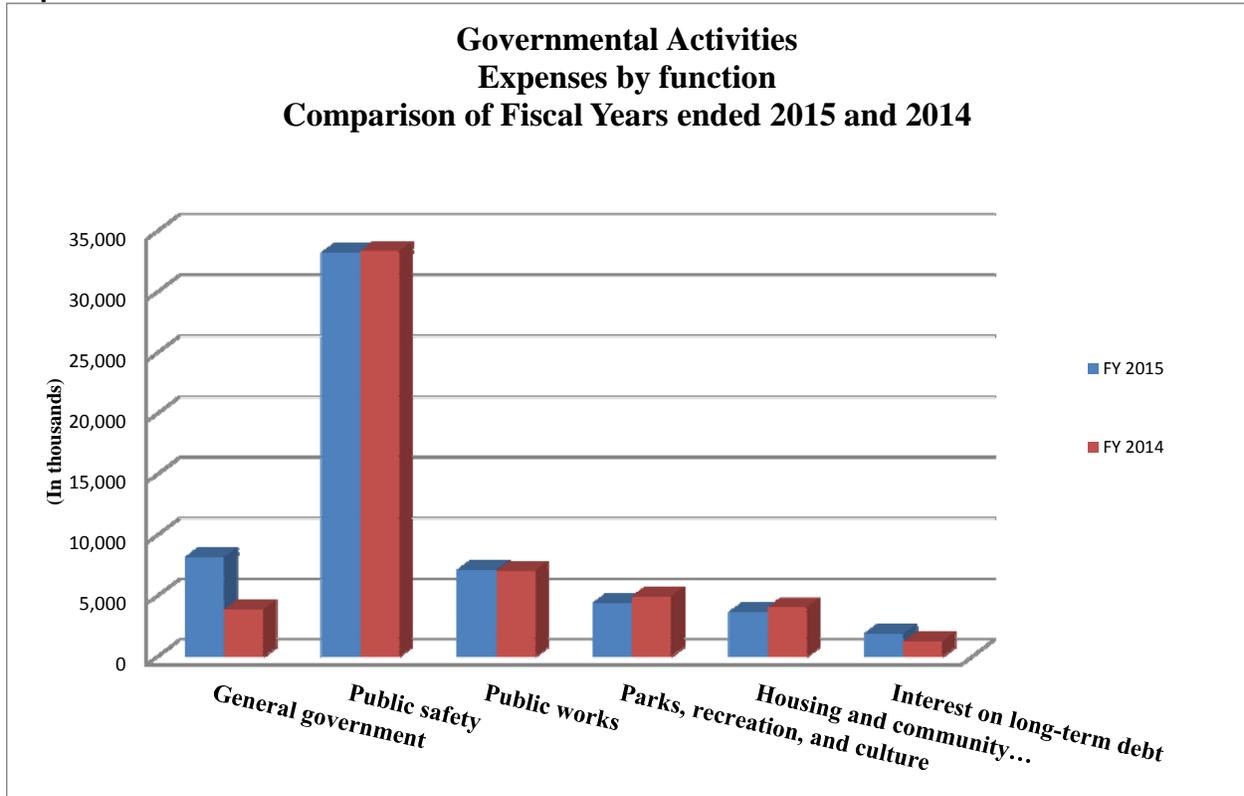
As reflected in the Summary of Changes in Net Position schedule above, Governmental activities decreased the City's net position by \$5.7 million. Key factors of this change in governmental activities include the following based on the government-wide statement of activities.

Revenues:



- Total governmental activities revenues increased by \$1.8 million (3.2%), 65.9% of which derived from property taxes, charges for services, and sales taxes.
- Property tax revenues made up the largest portion of total governmental activities revenues (23.5%). This includes the 1946 voter-approved retirement portion of property tax revenue. Property tax revenues decreased by \$1.2 million (7.9%) from 2014 because debt service payment for one of the City's long-term debt, which used to be paid by the Successor Agency, is now paid by the General Fund.
- Sales taxes were the second largest source of revenue for governmental activities (21.4%). Sales taxes increased by \$838 thousand (7.1%), compared to a 3.2% increase in 2014. This was mainly due to increased retail sales.
- Charges for services were the third largest revenue source (21.0%) for governmental activities. Charges for services in governmental funds include: licenses and permits, fines and forfeitures, waste collection, etc. Compared to prior fiscal year, this program revenue decreased by \$519 thousand (4.1%), primarily a result of lower collection in plan check fees, oil well tax, and parking fines.

Expenses:



Governmental activities expenses increased by approximately \$4.0 million (7.3%) from FY 2014

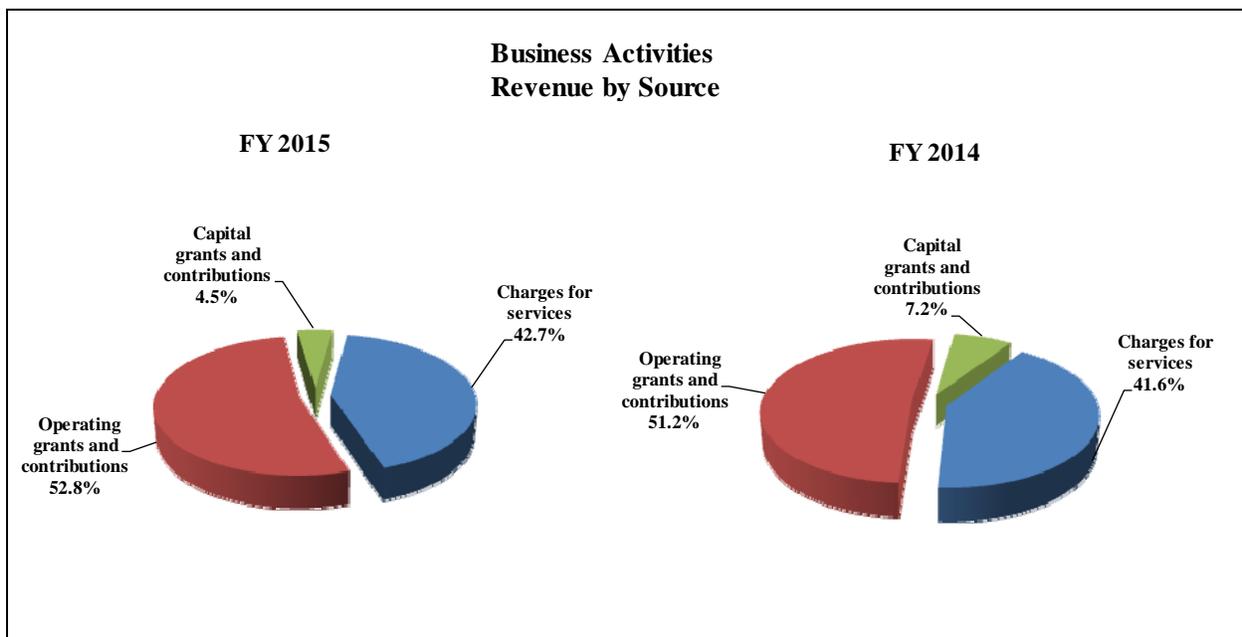
- Increase in General Government expenses primarily due to the accrual of the \$1.9 million settlement payment to the State of California Department of Finance as a result of the expense reimbursements by the dissolved redevelopment agency that were denied by the Department of Finance as well as increase in retirement expenses.

Business-type Activities

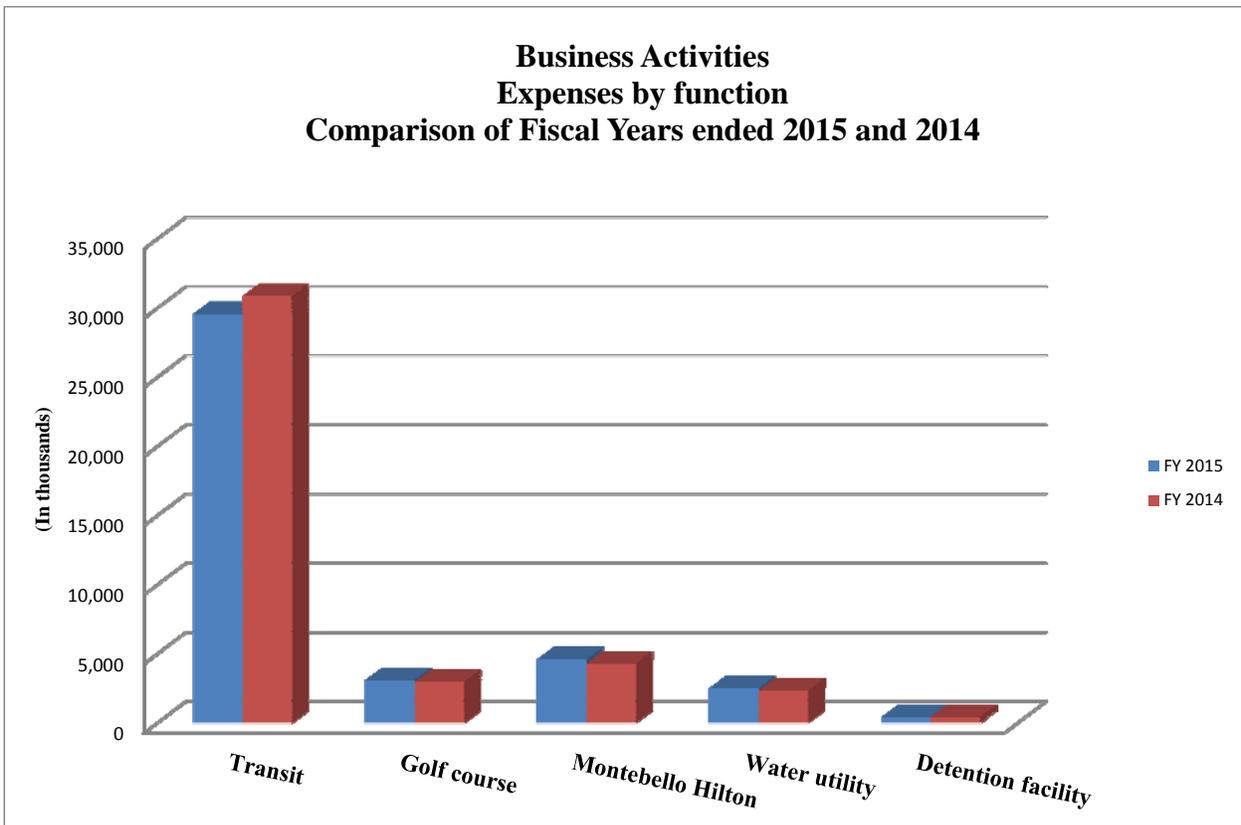
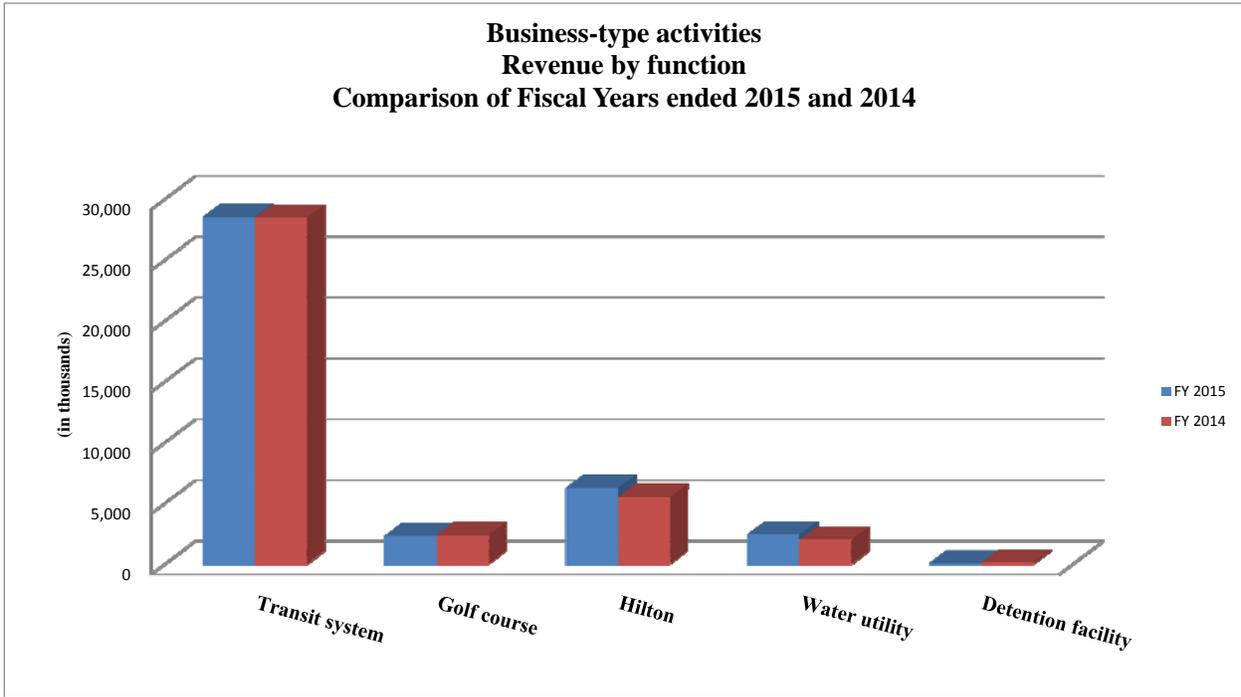
The City operates 5 business-type activities: Transit System, Golf Course, Montebello Hilton Hotel, Water Utility, and Detention Facility. The City's Transit System is the largest business-type operation, followed by the Montebello Hilton Hotel and the Golf Course.

Business-type activities decreased the City's net position before transfers by \$571 thousand. The following key elements impacted business-type activities for the current fiscal year. Activities under separate business operations are discussed in further detail under fund financial analysis.

Total revenues for business-type activities were \$39.6 million, compared to \$38.5 million in the previous fiscal year, constituting a 2.9% increase. The increase is primarily a result of the increased state transit assistance provided to the Transit Fund.



Approximately 42.7% of revenue came from Charges for Services, which was generated from bus fares, special contracts, revenue from hotel fees and golf course green fee charges, while the remaining 57.3% comes from State and Federal subsidies. Revenue generated from services was \$911 thousand (5.7%) higher than fiscal year ended 2014, while the State and Federal subsidies increased by \$204 thousand (0.9%) for fiscal year ended June 30, 2015. Transit expenses decreased by \$1.3 million (4.2%) due to lower fuel costs and vehicle maintenance expenses.



- The Transit System reported operating revenues of \$5.8 million, \$147 thousand (2.5%) lower than in 2014. Nonoperating revenues and capital grants received in 2015 were \$22.7 million compared to \$22.5 million in 2014. Operating expenses in 2015 were \$29.6 million, \$1.3 million (4.2%) lower than in 2014. Net position decreased by \$845 thousand in 2015 compared to the decrease in net position of \$2.2 million in 2014.
- The City's Golf Course generated \$73 thousand less in revenues for the fiscal year ended June 30, 2015 compared to the prior year. Operating expenses increased by \$130 thousand for the year. Overall, Golf Course net position increased by \$739 thousand for the year as a result of the \$1.5 million operating transfer from the City, as compared to \$180 thousand decrease for fiscal year ended 2014.
- The Montebello Hilton reflected net income before net transfers for debt service and equipment reserve obligations of \$1.7 million for fiscal year 2015, a 36.8% increase compared to last year. Operating revenues increased by \$748 thousand, while operating expenses increased by \$299 thousand over the same period last year. The 13.5% increase in operating revenue is mainly due to higher room rates and occupancy rates. Occupancy rates increased as a result of the improving economy and the hotel operators efforts in attracting new clients, as well as the renovations made to the hotel's lobby.

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 \$31.6 million, a decrease of \$6.1 million (16.1%) 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) finance Special Revenue Fund expenditures, 2) pay debt service, or 3) finance ongoing capital projects. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City has no assigned fund balances. *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, 2015

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

	2015	2014	Change	
			Amount	%
Operating revenues	\$ 40,150	\$ 39,387	\$ 763	2%
Operating expenditures	47,832	46,591	1,241	3%
Excess of revenues over (under) expenditures	(7,682)	(7,204)	(478)	7%
Net operating transfers	8,150	7,668	482	6%
Surplus	468	464	4	1%
Beginning fund balance	8,530	8,066	464	6%
Ending fund balance	\$ 8,998	\$ 8,530	\$ 468	5%

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 2015, the General Fund ended the year with a surplus of \$468 thousand compared to a surplus of \$464 thousand in fiscal year 2013-2014. General Fund revenues increased by \$763 thousand (2%), as well as exceeded the final budget by \$2.6 million.

	City of Montebello General Fund As of June 30 (in thousands)		2015 Actual	Variance with Final Budget Positive (Negative)	2014 Actual	Variance with Prior Year
	Budgeted Amounts					
	Original	Final				
Revenues						
Sales taxes	\$ 12,000	\$ 12,000	\$ 12,564	\$ 564	\$ 11,726	\$ 838
Property taxes	5,311	5,311	6,285	974	6,362	(77)
Other taxes	430	430	490	60	474	16
Franchise taxes	1,299	1,299	1,411	112	1,304	107
Licenses and permits	4,723	4,723	4,640	(83)	4,618	22
Fines and forfeitures	1,735	1,735	1,590	(145)	1,775	(185)
Investment income	25	25	31	6	18	13
Intergovernmental	5,337	5,337	5,616	279	5,397	219
Charges for services	5,716	5,716	6,054	338	6,411	(357)
Other revenue	1,010	1,010	1,469	459	1,302	167
Total revenues	\$ 37,586	\$ 37,586	\$ 40,150	\$ 2,564	\$ 39,387	\$ 763

The key factor affecting General Fund's fund balance for the fiscal year 14-15 is as follows:

- Sales tax revenue increased by approximately \$838 thousand (7%), which is primarily due to increased retail sales.

Total General Fund expenditures increased by \$1.2 million (2.7%) because of two main reasons: increased retirement expenditures for safety personnel and debt service in the form of lease payment which was previously funded by the Successor Agency. Of the total general fund expenses, Public Safety accounted for 66.7%, Public Works was 14.6% and General Government was 18.7%.

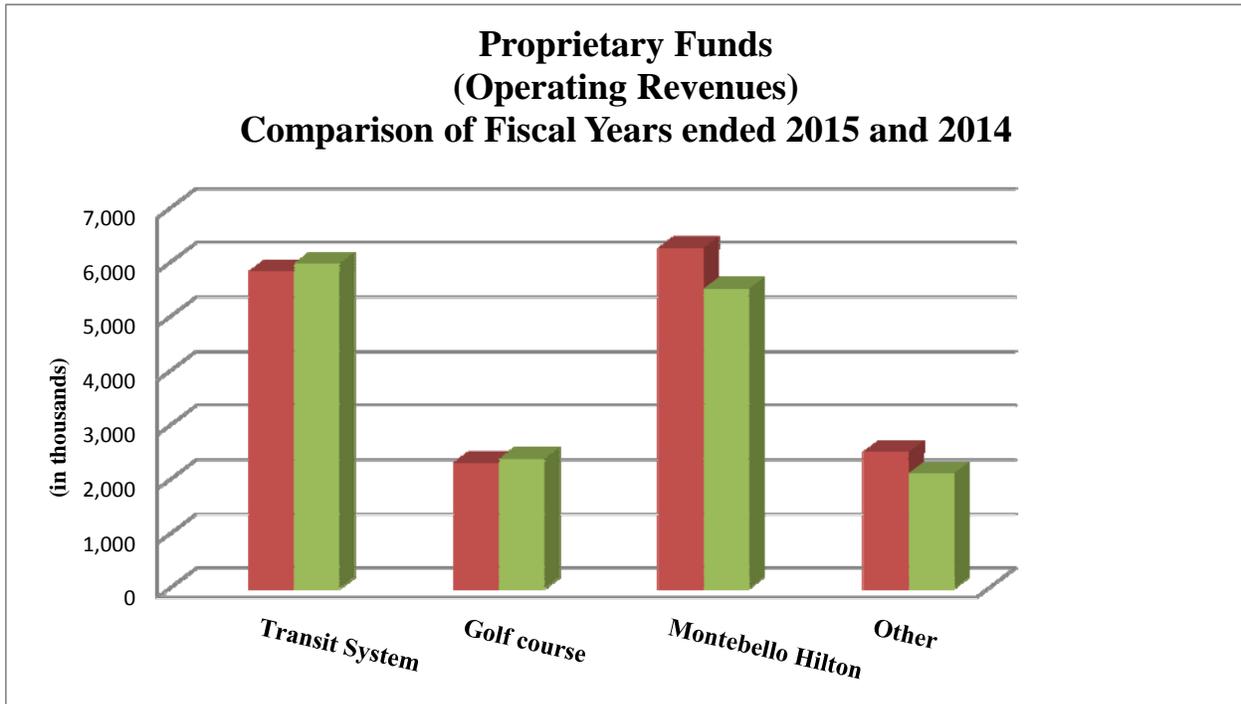
Retirement Fund is reserved for the payment of retirement expenses for the employees of the City. The Retirement Fund is financed by the retirement portion of the property tax revenue pursuant to a 1946 voter approved initiative to provide for the retirement benefit costs of City employees. The City's Retirement Fund decreased its net position by \$828 thousand in fiscal year 2015.

Public Financing Authority Debt Service Fund is used to account for the accumulation of resources required for payment of interest and principal on all revenue bonds issued by the Public Financing Authority. During the year ended June 30, 2015, the Public Financing Authority issued 2014A, 2014B and 2014C Lease Revenue Refunding Bonds totaling \$18,190,000 to defease the 1999, 2000 and 2001 Certificate of Participation debts and remarketed and converted \$12,575,000 of the 2004 Variable Lease Revenue Refunding Bonds Series A to Fixed Rate Lease Revenue Refunding Bonds. See Note 9 for additional information.

Self Insurance Fund is the City's Internal Service Fund which is used to set aside funding to cover workers' compensation, liability claims, and potential future claims. The Self Insurance fund ended the year with deficit net position of \$937 thousand, compared to a deficit of \$1.4 million in the prior fiscal year. The City has been proactively trying to mitigate this deficit by building up cash reserves through future revenues and transfers. The cash balance in the insurance fund for fiscal year 14-15 is 95% of its total claims liability. This percentage has been lower in the past 7 years. The reduction in deficit net position shows that the City is managing its plan to eventually eliminate this deficit.

Proprietary Funds

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



Transit:

The Transit System incurred an operating loss of \$23.7 million, compared to \$24.9 million in the prior fiscal year. The variance between the two fiscal years' operating losses was due to the decrease in operating expenses in 2015 by \$1.3 million which includes depreciation expense.

Operating revenues include bus fares and special contracts which totaled \$5.8 million, which was slightly lower than the prior year total of \$6.0 million. Operating expenses for Transit amounted to \$29.6 million in 2015, a decrease of \$1.3 million (4%) due to lower fuel costs and vehicle maintenance expenses. Operating expenses included \$3.8 million in depreciation expense.

This operating loss was offset by nonoperating revenues and capital contributions of \$22.7 million, which was \$200 thousand less than the prior fiscal year, resulting in a decrease in net position before transfer of \$1.0 million. Nonoperating revenues include operating subsidies provided through the Transportation Development Act (TDA) and allocations from discretionary Proposition A, C and Measure R. The increase in nonoperating revenues was due to the increase in state transit assistance funding received during fiscal year 2014-15.

Golf:

The Municipal Golf Course incurred an operating loss of \$681 thousand, which was \$318 thousand (88%) more than prior year. Its operating revenues for the fiscal year 2015 were \$2.3 million and operating expenses were \$3.0 million. Operating revenues were lower by \$73 thousand (3%) than in the prior year, while operating expenses increased by \$245 thousand (9%) primarily due to increase in utility costs. Operating expenses also include depreciation expense of \$296 thousand.

During fiscal year 14-15, \$392 thousand was spent in renovating the Quiet Cannon Clubhouse Facility through a Maintenance funding agreement. The construction was still in progress as of June 30, 2015. This agreement is discussed further in Note 7.

Hilton:

The Montebello Hilton reflected operating revenues of \$6.3 million, \$748 thousand (14%) higher than the prior fiscal year. This is primarily due to better room sales and higher room rates during the fiscal year. Operating expenses increased by \$149 thousand (4%). Operating expenses include \$156 thousand in depreciation expense.

The Hotel generated \$1.7 million in net income before \$2.9 million of net transfer of funds to partially settle its obligation to the hotel management firm. Annual debt service payments related to the hotel are 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, 2015 amounted to \$135 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 decreased by 1.3% over the prior year net of accumulated depreciation.

City of Montebello
Management's Discussion and Analysis
Year ended June 30, 2015

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
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	37,642	35,736	21,053	17,546	58,695	53,282
Machinery and equipment	5,704	5,342	24,513	30,995	30,217	36,337
Construction in progress	1,150	2,113	5,188	4,581	6,338	6,694
Infrastructure	16,885	17,590	-	-	16,885	17,590
	<u>\$ 77,827</u>	<u>\$ 77,227</u>	<u>\$ 57,061</u>	<u>\$ 59,429</u>	<u>\$ 134,888</u>	<u>\$ 136,656</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 Improvements are the biggest capital assets of the City, making up 44% of the total capital assets. Building and Improvements additions and renovations totaled approximately \$2.6 million. Major ongoing capital improvements include: Passenger Information system, Garfield Avenue Phase II, Beverly Boulevard street improvements and the Clubhouse facility at the Quiet Cannon. Major completed improvements projects included State Safe Routes to School (La Merced and Wilcox), and Citywide Sidewalk and pothole repairs.
- Machinery, Equipment, and Automotive Equipment additions totaled approximately \$2 million which includes Fire department communication upgrade of approximately \$847,000, approximately \$500,000 for a new fire truck as well as equipment for the Transportation department

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 2014-2015, the City had total debt outstanding of \$156.3 million. The outstanding debt includes \$31.6 million of revenue bonds and \$93.9 million of net pension liability. The remaining \$30.8 million relates to the postemployment benefit obligation, notes payable, loans payable and compensated absences. Total long-term claims payable as of June 30, 2015 was \$12.5 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	
	2015	2014	2015	2014	2015	2014
Revenue bonds, net	\$ 27,764	\$ 14,282	\$ 3,868	\$ -	\$ 31,632	\$ 14,282
Certificates of participation	-	16,503	-	4,197	-	20,700
Claims payable	12,457	13,116	-	-	12,457	13,116
Notes payable	5,335	5,335	1,333	1,669	6,668	7,004
Capital lease obligation	422	-	215	-	637	-
Compensated absences	2,101	3,030	1,054	1,082	3,155	4,112
Net pension liability	70,587	-	23,294	-	93,881	-
Other postemployment benefit obligation	7,822	6,497	-	-	7,822	6,497
Sub total	126,488	58,763	29,764	6,948	156,252	65,711
Less current portion	5,937	5,866	1,457	612	7,394	6,478
Noncurrent portion	\$ 120,551	\$ 52,897	\$ 28,307	\$ 6,336	\$ 148,858	\$ 59,233

In September 2014, the City defeased the 1999 Certificates of Participation, 2000 Certificates of Participation and 2001 Certificates of Participation by issuing Lease Revenue Refunding Bonds Series 2014A, 2014B and 2014C.

Standard and Poor's Ratings Services, in a letter dated August 14, 2014, has assigned a rating of "A-" for the 3 new Lease Revenue Refunding Bonds referenced above. Additional information on the defeasance, as well as other information with regards to the City's long-term debt can be found in Note 8 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:

Credit rating: On November 12, 2015, Moody's Investors Service upgraded City of Montebello's issuer credit rating (ICR) to A3. The rating is based on the City's improved financial performance, "with four consecutive years of operating surpluses eliminating deficit fund balances in the City's General Fund". It is also based on continued growth in "sizeable tax base", and defeasance of Variable Rate Certificate of Participation 1999, 2000 and 2001 which reduces uncertainty.

Employment trends: The City's unemployment rate continued to fall from 11% to 6.7% during the fiscal year, a 4.3% decrease from prior year. The 4.3% rate of decrease is significantly higher than the decrease experienced during fiscal year 2013-14 indicating steady gains in employment. This trend is consistent with the UCLA Anderson Forecast published December 2015, which predicts overall State unemployment rate to continue to fall to 4.9% by the end of 2017.

Economic growth: The UCLA Anderson forecast also anticipated an average 3.0 percent growth in real GDP all through 2016. The overall economic outlook for California as a whole looks positive as the weak growth rates start to pick up. This means more sales tax revenues are expected to be generated. The report also emphasizes oncoming strengthening of the "housing and commercial construction" and "automobile" markets, potentially bringing in more revenues to the City.

Triple Flip Unwind: In March 2004, Prop 57 – California Economic Recovery Bond Act was enacted, enabling the State to shift 0.25% of local sales tax (from the original 1% Bradley-Burns rate) to pay for the bonds it issued to cover State's budget deficit. To make the local governments whole, the State shifts back property tax revenue from the County Education Revenue Augmentation fund (ERAF). Any shortfall from ERAF is covered by the State General Fund. This series of revenue swapping is better known as the "Triple Flip". The Triple Flip is scheduled to end in January 1, 2016, which will cause a one-time small increase of approximately 6% in net sales tax revenues the City will receive in 2015-2016, according to California Local Government Finance Almanac's report in February, 2015.

Real Estate Market: According to California Budget 16-17 published in in November 2015, California assessed values are expected to increase by 6% all through 2016 & 2017. This trend is consistent with the trend the City is seeing. Taxable assessed values for properties within the City have increased steadily since 2011-12. These increases will continue to boost the City's property tax growth rates over the next several years.

Affordable Health Care Act (ACA): The 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 (ACA) of 2010. The new reporting and compliance requirements by the ACA during 2014, 2015, and 2016 are summarized as follows:

- The City will be required to start tracking employee hours and other data on a monthly and annual basis.
- The City then will have to compile and transmit these data to the IRS as well as full-time employees.
- The City will have to provide group health insurance to those who qualify under ACA.

These reporting and compliance requirements are expected to increase the City's overall burden costs, and will have an effect on the City's budget.

Other

The dissolution of the former RDAs via AB 1x26 and AB 1484 (jointly the "Dissolution Act") has created hardship for the City of Montebello ("City"); an experience shared by many cities in California.

The City was in litigation with the California Department of Finance ("DOF") concerning the legality of approximately \$4.3 million in payments made by the RDA to the City in the months prior to the former's dissolution. In connection with an audit of RDA assets (known as the "due diligence review"), DOF determined these payments were unlawful and must be returned by the City for allocation to County taxing entities. The City challenged this determination on a number of constitutional and statutory grounds.

In September 2014, the Sacramento Superior Court issued an interim ruling in the case, ordering DOF to reconsider its determination in light of evidence presented and arguments made by the City in the litigation. In November 2014, DOF issued a revised determination approving of \$251,785 of the payments at issue, but disapproving of the remaining \$4,046,760. In December 2015, so as not to forfeit the benefits of Senate Bill 107, the City entered into an installment payment plan with the DOF for the disputed \$4 million. The City made the first installment payment of \$1,011,690 to DOF on December 21, 2015. In January 2016, the DOF agreed to a settlement amount totaling \$1,859,967, (which includes the amount paid on December 21, 2015) The City will remit \$848,277 to the Los Angeles County Auditor-Controller and dismiss legal actions related to this issue within ten days from full execution of the settlement (see Note 14).

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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 30,342,295	\$ 5,698,721	\$ 36,041,016
Cash and investments with fiscal agent	567,104	496,628	1,063,732
Receivables:			
Interest	17,887	-	17,887
Accounts	3,708,472	1,791,117	5,499,589
Property tax	2,068,707	-	2,068,707
Property held for resale	2,040,830	-	2,040,830
Inventory	15,965	238,724	254,689
Prepaid items and deposits	304,515	217,333	521,848
Due from Successor Agency Trust Fund	8,536,222	-	8,536,222
Internal balances	1,753,087	(1,753,087)	-
Capital assets, not being depreciated	17,595,294	11,494,501	29,089,795
Capital assets, being depreciated	60,231,939	45,566,127	105,798,066
Total assets	<u>127,182,317</u>	<u>63,750,064</u>	<u>190,932,381</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	5,990,895	2,043,751	8,034,646
Unamortized loss on defeasance of debt	419,700	82,177	501,877
	<u>6,410,595</u>	<u>2,125,928</u>	<u>8,536,523</u>
LIABILITIES			
Accounts payable and accrued liabilities	6,108,309	5,123,292	11,231,601
Interest payable	238,239	42,966	281,205
Deposits payable	5,000	38,832	43,832
Unearned revenue	1,321,177	2,402,194	3,723,371
Noncurrent liabilities:			
Due within one year	5,936,826	1,456,943	7,393,769
Due in more than one year	120,551,652	28,306,479	148,858,131
Total liabilities	<u>134,161,203</u>	<u>37,370,706</u>	<u>171,531,909</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on pension plan investments	13,547,964	5,731,151	19,279,115
NET POSITION			
Net investment in capital assets	56,943,195	51,644,871	108,588,066
Restricted for:			
Community development	16,420,175	-	16,420,175
Public safety	1,971,727	-	1,971,727
Capital projects	1,093,640	-	1,093,640
Debt service	3,070,688	496,628	3,567,316
Unrestricted	(93,615,680)	(29,367,364)	(122,983,044)
Total net position	<u>\$ (14,116,255)</u>	<u>\$ 22,774,135</u>	<u>\$ 8,657,880</u>

See notes to financial statements.

City of Montebello
Statement of Activities
Year ended June 30, 2015

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	\$ 8,214,000	\$ 3,720,526	\$ 2,683,253	\$ -	\$ (1,810,221)	\$ -	\$ (1,810,221)
Public safety	33,233,838	2,644,432	1,407,263	-	(29,182,143)	-	(29,182,143)
Public works	7,145,909	5,391,630	3,136,992	-	1,382,713	-	1,382,713
Parks, recreation, and culture	4,433,420	527,346	-	-	(3,906,074)	-	(3,906,074)
Housing and community development	3,662,170	-	2,295,313	-	(1,366,857)	-	(1,366,857)
Unallocated infrastructure depreciation	704,807	-	-	-	(704,807)	-	(704,807)
Interest on long-term debt	1,908,319	-	-	-	(1,908,319)	-	(1,908,319)
Total governmental activities	59,302,463	12,283,934	9,522,821	-	(37,495,708)	-	(37,495,708)
Business-type activities							
Transit system	29,557,024	5,838,678	20,914,063	1,780,967	-	(1,023,316)	(1,023,316)
Golf course	3,095,101	2,312,095	-	-	-	(783,006)	(783,006)
Hilton	4,600,977	6,270,196	-	-	-	1,669,219	1,669,219
Water utility	2,518,775	2,448,434	-	-	-	(70,341)	(70,341)
Detention facility	426,737	56,800	-	-	-	(369,937)	(369,937)
Total business-type activities	40,198,614	16,926,203	20,914,063	1,780,967	-	(577,381)	(577,381)
Total primary government	\$ 99,501,077	\$ 29,210,137	\$ 30,436,884	\$ 1,780,967	(37,495,708)	(577,381)	(38,073,089)
General revenues							
Taxes							
Property taxes, levied for general purposes					13,759,217	-	13,759,217
Sales tax					12,563,805	-	12,563,805
Franchise taxes					1,410,918	-	1,410,918
Motor vehicle license fees					5,613,991	-	5,613,991
Other taxes					489,996	-	489,996
Other revenues					2,897,684	-	2,897,684
Investment earnings					54,391	6,433	60,824
Transfers							
Transfers - net					(4,948,058)	4,948,058	-
Total general revenues					31,841,944	4,954,491	36,796,435
Change in net position					(5,653,764)	4,377,110	(1,276,654)
Net position, beginning of year, as previously reported					70,697,464	45,820,963	116,518,427
Prior period adjustment - GASB No. 68 implementation					(79,159,955)	(27,423,938)	(106,583,893)
Net position, beginning of year, as restated					(8,462,491)	18,397,025	9,934,534
Net position, end of year					\$ (14,116,255)	\$ 22,774,135	\$ 8,657,880

See notes to financial statements.

**City of Montebello
Governmental Funds
Balance Sheet
June 30, 2015**

	General	Special Revenue Fund Retirement Fund	Debt Service Fund Public Financing Authority	Housing Fund	Other Governmental Funds	Total
ASSETS						
Cash and investments	\$ 7,799,804	\$ 1,414,464	\$ 2,131,201	\$ 67,636	\$ 6,274,211	\$ 17,687,316
Cash and investments with fiscal agents	-	-	563,452	3,652	-	567,104
Receivables						
Interest	17,887	-	-	-	-	17,887
Accounts	1,089,097	-	-	-	2,595,346	3,684,443
Taxes	1,932,653	136,054	-	-	-	2,068,707
Due from other funds	1,377,027	-	376,060	-	63,770	1,816,857
Due from Successor Agency Trust Fund	2,847	-	-	8,536,625	-	8,539,472
Prepaid expenses	52,620	-	-	-	141,740	194,360
Inventory	11,418	-	-	-	-	11,418
Investment in land held for resale	-	-	-	2,040,830	-	2,040,830
Total assets	12,283,353	1,550,518	3,070,713	10,648,743	9,075,067	36,628,394
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 12,283,353	\$ 1,550,518	\$ 3,070,713	\$ 10,648,743	\$ 9,075,067	\$ 36,628,394
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 2,306,104	\$ 63,606	\$ 25	\$ -	\$ 1,280,991	\$ 3,650,726
Deposits payable	5,000	-	-	-	-	5,000
Due to Successor Agency Trust Fund	3,250	-	-	-	-	3,250
Due to other funds	-	-	-	63,770	-	63,770
Unearned revenue	970,867	-	-	-	350,310	1,321,177
Total liabilities	3,285,221	63,606	25	63,770	1,631,301	5,043,923
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	-
FUND BALANCES						
Nonspendable						
Inventory	11,418	-	-	-	-	11,418
Prepaid expenses	52,620	-	-	-	141,740	194,360
Due from Successor Agency Trust Fund	-	-	-	8,536,625	-	8,536,625
Investment in land held for resale	-	-	-	2,040,830	-	2,040,830
Restricted for						
Debt service	-	-	3,070,688	-	-	3,070,688
Special revenue funds	-	1,486,912	-	7,518	6,320,017	7,814,447
Capital projects	-	-	-	-	1,093,640	1,093,640
Unassigned	8,934,094	-	-	-	(111,631)	8,822,463
Total fund balances	8,998,132	1,486,912	3,070,688	10,584,973	7,443,766	31,584,471
Total liabilities, deferred inflows of resources and fund balances	\$ 12,283,353	\$ 1,550,518	\$ 3,070,713	\$ 10,648,743	\$ 9,075,067	\$ 36,628,394

See notes to financial statements.

City of Montebello
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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

Total governmental fund balances	\$	31,584,471
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet.		77,707,509
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, 2015 are:		
Revenue bonds	\$	(25,728,200)
Bond issuance premium		(2,040,166)
Bond issuance discount		4,843
Deferred amount on refunding		419,700
Accounts payable		(1,859,967)
Notes payable		(5,334,974)
Capital lease obligation		(422,278)
Compensated absences		(2,097,547)
Other postemployment benefit obligation		(7,822,341)
Net pension liability		(70,540,121)
Deferred outflows of resources - pension-related changes		5,986,791
Deferred inflows of resources - pension-related changes		<u>(13,536,456)</u>
		(122,970,716)
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		(199,280)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(238,239)</u>
Net position of governmental activities	\$	<u><u>(14,116,255)</u></u>

See notes to financial statements.

City of Montebello
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2015

	General	Special Revenue Fund Retirement Fund	Debt Service Fund Public Financing Authority	Housing Fund	Other Governmental Funds	Total
Revenues						
Sales taxes	\$ 12,563,805	\$ -	\$ -	\$ -	\$ -	\$ 12,563,805
Property taxes	6,284,615	7,474,602	-	-	-	13,759,217
Other taxes	489,996	-	-	-	-	489,996
Franchise taxes	1,410,918	-	-	-	-	1,410,918
Licenses and permits	4,640,365	-	-	-	-	4,640,365
Fines and forfeitures	1,589,536	-	-	-	-	1,589,536
Investment income	31,302	4,775	862	-	17,452	54,391
Intergovernmental	5,616,198	-	-	-	9,845,305	15,461,503
Charges for services	6,054,033	-	-	-	-	6,054,033
Other revenue	1,469,321	-	1,368,200	18,261	41,902	2,897,684
Total revenues	40,150,089	7,479,377	1,369,062	18,261	9,904,659	58,921,448
Expenditures						
Current:						
General government	5,352,286	746,040	24,851	-	1,880,761	8,003,938
Public safety	30,011,618	-	-	-	1,832,747	31,844,365
Public works	6,551,707	-	-	-	-	6,551,707
Parks and recreation	4,026,983	-	-	-	-	4,026,983
Housing and community development	2,187,980	-	-	-	1,437,787	3,625,767
Sub-total	<u>48,130,574</u>	<u>746,040</u>	<u>24,851</u>	<u>-</u>	<u>5,151,295</u>	<u>54,052,760</u>
Capital outlay	348,118	-	-	-	3,841,369	4,189,487
Debt service:						
Principal retirement	-	-	1,493,580	-	356,415	1,849,995
Interest and fiscal charges	-	-	1,759,848	-	235,504	1,995,352
Sub-total	<u>-</u>	<u>-</u>	<u>3,253,428</u>	<u>-</u>	<u>591,919</u>	<u>3,845,347</u>
Interfund charges	(646,790)	-	-	-	-	(646,790)
Total expenditures	47,831,902	746,040	3,278,279	-	9,584,583	61,440,804
Excess (deficiency) of revenues over expenditures	(7,681,813)	6,733,337	(1,909,217)	18,261	320,076	(2,519,356)
Other financing sources (uses)						
Transfers in	10,012,328	-	4,167,907	-	416,377	14,596,612
Transfers out	(1,862,758)	(7,561,606)	(5,382,842)	-	(2,037,464)	(16,844,670)
Proceeds from issuance of bonds	-	-	28,916,923	-	-	28,916,923
Defeasance of debts	-	-	(30,387,860)	-	-	(30,387,860)
Other financing uses	-	-	(295,155)	-	-	(295,155)
Other financing sources	-	-	-	-	477,693	477,693
Net other financing sources (uses)	8,149,570	(7,561,606)	(2,981,027)	-	(1,143,394)	(3,536,457)
Change in fund balances	467,757	(828,269)	(4,890,244)	18,261	(823,318)	(6,055,813)
Fund balances, beginning of year	8,530,375	2,315,181	7,960,932	10,566,712	8,267,084	37,640,284
Fund balances, end of year	\$ 8,998,132	\$ 1,486,912	\$ 3,070,688	\$ 10,584,973	\$ 7,443,766	\$ 31,584,471

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, 2015

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

Change in fund balance - governmental funds \$ (6,055,813)

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	\$ (3,588,678)	
Capital outlay	<u>4,189,487</u>	600,809

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.

Proceeds from issuance of bonds	(28,916,923)	
Proceeds from issuance of notes and capital lease obligation	(778,561)	
Defeasance of debts	30,387,860	
Principal payments on bonds and notes	<u>1,849,995</u>	2,542,371

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.

(324,691)

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.

Accounts payable	(1,859,967)	
Net change in compensated absences	928,610	
Net change in accrued interest	23,293	
Net change in deferred amount on refunding	302,218	
Net change in bond discount	(88,627)	
Net change in bond premium	145,304	
Net change in other postemployment benefits	<u>(1,325,377)</u>	(1,874,546)

Contribution to pension plans made after the measurement date are reported as expense in the governmental funds but are deferred in the government-wide financial statements

5,986,791

Pension expense reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported in the governmental funds

(4,971,690)

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.

(1,556,995)

Change in net position of governmental activities

\$ (5,653,764)

See notes to financial statements.

City of Montebello
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit System Fund	Golf Course	Montebello Hilton	Others	Total	
ASSETS						
Current assets						
Cash and investments	\$ 5,232,795	\$ 102,791	\$ 356,296	\$ 6,839	\$ 5,698,721	\$ 12,654,979
Cash and investments with fiscal agent	-	32,848	463,780	-	496,628	-
Accounts receivable	1,507,678	38,764	103,662	141,013	1,791,117	24,029
Inventory	185,734	51,622	1,368	-	238,724	4,547
Prepaid expense and other current assets	190,683	130	26,504	16	217,333	110,155
Total current assets	<u>7,116,890</u>	<u>226,155</u>	<u>951,610</u>	<u>147,868</u>	<u>8,442,523</u>	<u>12,793,710</u>
Noncurrent assets						
Capital assets						
Land	3,901,596	2,370,000	-	35,000	6,306,596	108,369
Buildings and improvements	25,505,936	9,683,363	2,851,214	141,284	38,181,797	428,794
Machinery and equipment	57,337,289	2,474,333	-	2,204,819	62,016,441	643,651
Construction in progress	3,479,522	958,081	750,302	-	5,187,905	-
Accumulated depreciation	(43,550,648)	(8,007,580)	(843,390)	(2,230,493)	(54,632,111)	(1,061,090)
Total noncurrent assets	<u>46,673,695</u>	<u>7,478,197</u>	<u>2,758,126</u>	<u>150,610</u>	<u>57,060,628</u>	<u>119,724</u>
Total assets	<u>53,790,585</u>	<u>7,704,352</u>	<u>3,709,736</u>	<u>298,478</u>	<u>65,503,151</u>	<u>12,913,434</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions	1,893,800	149,004	-	947	2,043,751	4,104
Unamortized loss on defeasance of debt	-	82,177	-	-	82,177	-
Total deferred outflows of resources	<u>1,893,800</u>	<u>231,181</u>	<u>-</u>	<u>947</u>	<u>2,125,928</u>	<u>4,104</u>
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	1,449,442	133,296	3,333,129	207,425	5,123,292	597,616
Due to other funds	-	1,613,087	-	140,000	1,753,087	-
Deposits payable	-	400	6,757	31,675	38,832	-
Unearned revenue	2,402,194	-	-	-	2,402,194	-
Interest payable	-	26,309	16,657	-	42,966	-
Current portion of long-term liabilities:						
Claims payable	-	-	-	-	-	4,632,000
Compensated absences	795,515	64,894	-	691	861,100	3,777
Capital lease obligation	-	38,654	-	-	38,654	-
Notes payable	-	331,949	-	-	331,949	-
Bonds payable	-	225,240	-	-	225,240	-
Total current liabilities	<u>4,647,151</u>	<u>2,433,829</u>	<u>3,356,543</u>	<u>379,791</u>	<u>10,817,314</u>	<u>5,233,393</u>
Noncurrent liabilities						
Claims payable	-	-	-	-	-	7,825,142
Compensated absences	153,516	39,017	-	-	192,533	-
Net pension liability	21,584,940	1,698,298	-	10,794	23,294,032	46,775
Capital lease obligation	-	176,037	-	-	176,037	-
Notes payable	-	1,001,582	-	-	1,001,582	-
Bonds payable	-	3,642,295	-	-	3,642,295	-
Total noncurrent liabilities	<u>21,738,456</u>	<u>6,557,229</u>	<u>-</u>	<u>10,794</u>	<u>28,306,479</u>	<u>7,871,917</u>
Total liabilities	<u>26,385,607</u>	<u>8,991,058</u>	<u>3,356,543</u>	<u>390,585</u>	<u>39,123,793</u>	<u>13,105,310</u>
DEFERRED INFLOWS OF RESOURCES						
Net difference between projected and actual earnings on pension plan investments	5,310,654	417,841	-	2,656	5,731,151	11,508
NET POSITION						
Net investment in capital assets	46,673,695	2,062,440	2,758,126	150,610	51,644,871	119,724
Restricted for						
Debt service	-	32,848	463,780	-	496,628	-
Unrestricted	(22,685,571)	(3,568,654)	(2,868,713)	(244,426)	(29,367,364)	(319,004)
Total net position	<u>\$ 23,988,124</u>	<u>\$ (1,473,366)</u>	<u>\$ 353,193</u>	<u>\$ (93,816)</u>	<u>\$ 22,774,135</u>	<u>\$ (199,280)</u>

See notes to financial statements.

City of Montebello
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year ended June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit System	Golf	Montebello	Others	Total	
	Fund	Course	Hilton			
Operating revenues						
Charges for services	\$ 5,670,177	\$ 2,312,095	\$ 6,221,112	\$ 2,505,234	\$ 16,708,618	\$ 8,167,968
Other	168,501	-	49,084	-	217,585	3,076
Total operating revenues	5,838,678	2,312,095	6,270,196	2,505,234	16,926,203	8,171,044
Operating expenses						
Labor and fringe benefits	16,281,033	1,162,200	1,500,302	3,955	18,947,490	33,579
Materials and supplies	2,328,922	91,118	-	2,806	2,422,846	366,464
Food and beverage	-	-	290,040	-	290,040	-
Repairs and maintenance	981,882	43,694	160,597	-	1,186,173	277,836
Utilities	384,874	522,391	171,143	123,880	1,202,288	-
Insurance claims and premiums	1,666,200	52,044	81,214	-	1,799,458	5,418,632
Contract services	2,187,838	432,583	435,337	2,706,117	5,761,875	850,055
Franchise fee	-	-	278,047	-	278,047	-
Depreciation expense	3,801,305	296,052	156,234	12,596	4,266,187	370
Administrative expense	1,500,000	235,100	1,144,954	96,158	2,976,212	81,103
Other expenses	424,970	157,458	-	-	582,428	-
Total operating expenses	29,557,024	2,992,640	4,217,868	2,945,512	39,713,044	7,028,039
Operating income (loss)	(23,718,346)	(680,545)	2,052,328	(440,278)	(22,786,841)	1,143,005
Nonoperating revenues (expenses)						
Operating subsidies:						
Proposition "A" discretionary	5,084,565	-	-	-	5,084,565	-
Proposition "C" discretionary	3,516,300	-	-	-	3,516,300	-
Measure R	3,268,292	-	-	-	3,268,292	-
State transit assistance	9,044,906	-	-	-	9,044,906	-
Subtotal - operating subsidies	20,914,063	-	-	-	20,914,063	-
Interest income (expense)	6,433	(102,461)	(383,109)	-	(479,137)	-
Total nonoperating revenues (expenses)	20,920,496	(102,461)	(383,109)	-	20,434,926	-
Income (loss) before capital grants	(2,797,850)	(783,006)	1,669,219	(440,278)	(2,351,915)	1,143,005
Federal and State capital grants	1,780,967	-	-	-	1,780,967	-
Income (loss) before transfers	(1,016,883)	(783,006)	1,669,219	(440,278)	(570,948)	1,143,005
Transfers in	172,123	1,522,172	5,351,670	370,000	7,415,965	-
Transfers out	-	-	(2,467,907)	-	(2,467,907)	(2,700,000)
Net transfers in (out)	172,123	1,522,172	2,883,763	370,000	4,948,058	(2,700,000)
Change in net position	(844,760)	739,166	4,552,982	(70,278)	4,377,110	(1,556,995)
Net position, beginning of year, as previously reported	50,244,717	(213,135)	(4,199,789)	(10,830)	45,820,963	1,412,783
Prior period adjustment - GASB No. 68 implementation	(25,411,833)	(1,999,397)	-	(12,708)	(27,423,938)	(55,068)
Net position, beginning of year, as restated	24,832,884	(2,212,532)	(4,199,789)	(23,538)	18,397,025	1,357,715
Net position - end of year	\$ 23,988,124	\$ (1,473,366)	\$ 353,193	\$ (93,816)	\$ 22,774,135	\$ (199,280)

See notes to financial statements.

City of Montebello
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit System	Golf	Montebello	Others	Total	
	Fund	Course	Hilton			
Cash flows from operating activities						
Receipts from customers	\$ 5,559,735	\$ 2,339,406	\$ 6,212,928	\$ 2,457,058	\$ 16,569,127	\$ 8,144,950
Other receipts	168,501	-	49,084	-	217,585	3,076
Payments to suppliers	(9,843,946)	(1,618,293)	(5,266,052)	(2,983,082)	(19,711,373)	(7,110,346)
Payments to employees	(16,304,635)	(1,199,037)	(1,500,302)	(3,816)	(19,007,790)	(34,468)
Net cash provided by (used in) operating activities	(20,420,345)	(477,924)	(504,342)	(529,840)	(21,932,451)	1,003,212
Cash flows from non-capital financing activities						
Operating subsidies received from Federal and State	20,674,109	-	-	-	20,674,109	-
Cash received from other funds	172,123	1,457,672	5,351,670	510,000	7,491,465	-
Cash paid to other funds	-	-	(2,467,907)	-	(2,467,907)	(2,700,000)
Net cash provided by (used in) non-capital financing activities	20,846,232	1,457,672	2,883,763	510,000	25,697,667	(2,700,000)
Cash flows from capital and related financing activities						
Interest received	6,433	-	-	-	6,433	-
Interest paid	-	(118,887)	(1,921,772)	-	(2,040,659)	-
Bond and loan proceeds	-	4,257,387	-	-	4,257,387	-
Principal payments	-	(4,788,763)	-	-	(4,788,763)	-
Acquisition of capital assets	(703,303)	(656,689)	(686,907)	-	(2,046,899)	-
Proceeds from sale of capital assets	56,717	-	-	-	56,717	-
Federal and State capital grants	1,780,967	-	-	-	1,780,967	-
Net cash provided by (used in) capital and related financing activities	1,140,814	(1,306,952)	(2,608,679)	-	(2,774,817)	-
Change in cash and cash equivalents	1,566,701	(327,204)	(229,258)	(19,840)	990,399	(1,696,788)
Cash and cash equivalents - beginning	3,666,094	462,843	1,049,334	26,679	5,204,950	14,351,767
Cash and cash equivalents - ending	\$ 5,232,795	\$ 135,639	\$ 820,076	\$ 6,839	\$ 6,195,349	\$ 12,654,979
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (23,718,346)	\$ (680,545)	\$ 2,052,328	\$ (440,278)	\$ (22,786,841)	\$ 1,143,005
Depreciation and amortization	3,801,305	296,052	156,234	12,596	4,266,187	370
Loss from disposal of capital assets	91,456	-	-	-	91,456	-
Changes in assets and liabilities						
Accounts receivable	-	27,311	(8,184)	(48,176)	(29,049)	(23,018)
Inventories	125,907	2,363	(371)	-	127,899	-
Prepaid expenses	(189,784)	235	(8,589)	(16)	(198,154)	(55)
Deferred outflows of resources	6,700	527	-	3	7,230	(10,850)
Accounts payable and accrued liabilities	(97,242)	(86,503)	(2,695,629)	(53,900)	(2,933,274)	553,964
Deposits payable	-	-	(131)	-	(131)	-
Compensated absences	(23,602)	(4,575)	-	139	(28,038)	-
Claims payable	-	-	-	-	-	(659,301)
Net pension liability	5,310,654	(450,630)	-	(2,864)	4,857,160	(12,411)
Deferred inflows of resources	(5,727,393)	417,841	-	2,656	(5,306,896)	11,508
Net cash provided by (used in) operating activities	\$ (20,420,345)	\$ (477,924)	\$ (504,342)	\$ (529,840)	\$ (21,932,451)	\$ 1,003,212

See notes to financial statements.

City of Montebello
Statement of Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2015

	Successor Agency	Agency Fund
ASSETS		
Cash and investments	\$ 11,354,604	\$ 2,331,400
Cash and investments with fiscal agent	4,847,266	-
Receivables:		
Interest	4,323	-
Notes, net	3,909,100	-
Prepaid expenses	84,445	-
Land held for resale	5,983,486	-
Capital assets, net of accumulated depreciation	12,684,364	-
Total assets	38,867,588	2,331,400
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on defeasance of debt	165,534	-
LIABILITIES		
Accounts payable and accrued liabilities	31,419	-
Deposits payable	-	2,331,400
Unearned revenues	58,666	-
Interest payable	833,726	-
Due to City of Montebello	8,536,222	-
Noncurrent liabilities		
Due within one year	4,957,725	-
Due in more than one year	49,974,944	-
Total liabilities	64,392,702	2,331,400
NET POSITION		
Unrestricted fiduciary net position	(25,359,580)	-
Total net position (deficit)	\$ (25,359,580)	\$ -

See notes to financial statements.

City of Montebello
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2015

		Successor Agency Private-purpose Trust Fund
Revenues		
Property taxes	\$	8,559,834
Investment income		73,776
Other revenue		789,800
Total revenues		<u>9,423,410</u>
 Expenditures		
Current:		
Housing and community development		1,892,052
Debt service:		
Interest and fiscal charges		3,356,179
Total expenditures		<u>5,248,231</u>
Change in net position		4,175,179
 Net position, beginning of year		<u>(29,534,759)</u>
Net position, end of year	\$	<u><u>(25,359,580)</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/Manager 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 operational and financial 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, 2015, 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 former Redevelopment Agency for the purpose, among others, of issuing bonds to be used to provide financial assistance to its members. The activities of the Authority are reported in the Debt Service and Capital Projects Funds. In August, 2014, the Montebello Parking Authority replaced the Successor Agency as one of the principals in the Montebello Public Financing Authority.

Water System Improvement Corporation

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. Accordingly, all of the assets, liabilities and obligations of the former redevelopment agency were transferred to the Successor Agency and the Housing Special Revenue Fund (Housing Fund) of the City on February 1, 2012.

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

Financial information for the Successor Agency is presented as a Private-purpose Trust fund. See also Note 16.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

The Housing 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 guaranteed from tax revenues of the Successor Agency, subsequently reimbursed either from operations of the Hilton or from the General Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 as necessary.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2015

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 12 for the deferred outflows and deferred inflows of resources the City has recognized as of June 30, 2015.

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 \$2,101,324 reported in the governmental activities includes \$2,097,547 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 \$1,053,633.

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.

Pensions

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

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2015, the City adopted the following new GASB Statements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statements No. 27 and 50*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures of pensions that are provided by local governmental employers through pension plans that are administered through trusts that meet certain conditions. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2015 consisted of the following:

	Government-wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 36,041,016	\$ 13,686,004	\$ 49,727,020
Restricted assets:			
Cash and investments with fiscal agents	1,063,732	4,847,266	5,910,998
Total cash and investments	\$ 37,104,748	\$ 18,533,270	\$ 55,638,018

Cash and investments at June 30, 2015 consisted of the following:

Cash on hand	\$	7,146
Deposits with financial institutions		9,118,985
Investments		46,511,887
Total cash and investments	\$	55,638,018

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)	\$ 39,347,277	\$ 39,347,277
Certificates of Time Deposits	1,253,612	1,253,612
Cash and investments with fiscal agents:		
Money market mutual funds	5,910,998	5,910,998
Total	\$ 46,511,887	\$ 46,511,887

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, 2015	Minimum Legal Rating	AAA	Unrated
Local Agency Investment Fund (LAIF)	\$ 39,347,277	NA	\$ -	\$ 39,347,277
Certificates of Time Deposits	1,253,612	NA	-	1,253,612
Cash and investments with fiscal agents:				
Money market mutual funds	5,910,998	A	5,910,998	-
Total	\$ 46,511,887		\$ 5,910,998	\$ 40,600,889

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, 2015, 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, 2015, the City had a contractual withdrawal value of \$39,347,277.

City of Montebello
Notes to Financial Statements
Year ended June 30, 2015

NOTE 3 CAPITAL ASSETS

A summary of changes in the governmental activities capital assets for the year ended June 30, 2015 is as follows:

	Balance at July 1, 2014	Additions	Reclassifications / Deletions	Balance at June 30, 2015
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	2,113,029	961,797	(1,924,952)	1,149,874
Total capital assets, not being depreciated	<u>18,558,449</u>	<u>961,797</u>	<u>(1,924,952)</u>	<u>17,595,294</u>
Capital assets, being depreciated				
Buildings and improvements	52,982,588	1,680,624	1,804,635	56,467,847
Machinery and equipment	45,375,145	1,671,925	(770,042)	46,277,028
Infrastructure	48,409,657	-	-	48,409,657
Total capital assets, being depreciated	<u>146,767,390</u>	<u>3,352,549</u>	<u>1,034,593</u>	<u>151,154,532</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,247,022)	(1,578,298)	-	(18,825,320)
Machinery and equipment	(40,032,739)	(1,305,943)	765,500	(40,573,182)
Infrastructure	(30,819,284)	(704,807)	-	(31,524,091)
Total accumulated depreciation	<u>(88,099,045)</u>	<u>(3,589,048)</u>	<u>765,500</u>	<u>(90,922,593)</u>
Total capital assets, being depreciated, net	<u>58,668,345</u>	<u>(236,499)</u>	<u>1,800,093</u>	<u>60,231,939</u>
Governmental activities capital assets, net	<u>\$ 77,226,794</u>	<u>\$ 725,298</u>	<u>\$ (124,859)</u>	<u>\$ 77,827,233</u>

A summary of changes in the business-type activities capital assets for the year ended June 30, 2015 is as follows:

	Balance at July 1, 2014	Additions	Reclassifications/ Deletions	Balance at June 30, 2015
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 6,306,596	\$ -	\$ -	\$ 6,306,596
Construction in progress	4,580,693	664,871	(57,659)	5,187,905
Total capital assets, not being depreciated	<u>10,887,289</u>	<u>664,871</u>	<u>(57,659)</u>	<u>11,494,501</u>
Capital assets, being depreciated				
Buildings and improvements	37,162,917	1,018,880	-	38,181,797
Machinery and equipment	65,996,796	420,806	(4,401,161)	62,016,441
Total capital assets, being depreciated	<u>103,159,713</u>	<u>1,439,686</u>	<u>(4,401,161)</u>	<u>100,198,238</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,617,396)	(1,056,878)	3,479,691	(17,194,583)
Machinery and equipment	(35,001,517)	(3,209,309)	773,298	(37,437,528)
Total accumulated depreciation	<u>(54,618,913)</u>	<u>(4,266,187)</u>	<u>4,252,989</u>	<u>(54,632,111)</u>
Total capital assets, being depreciated, net	<u>48,540,800</u>	<u>(2,826,501)</u>	<u>(148,172)</u>	<u>45,566,127</u>
Business-type activities capital assets, net	<u>\$ 59,428,089</u>	<u>\$ (2,161,630)</u>	<u>\$ (205,831)</u>	<u>\$ 57,060,628</u>

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation Expense

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

	Amount
General government	\$ 704,174
Public safety	1,221,489
Public works	547,537
Parks, recreation, and culture	383,589
Housing and community development	27,082
Internal service funds depreciation charged to programs based on asset usage	370
Allocated depreciation	2,884,241
Unallocated infrastructure depreciation	704,807
Total depreciation expense - governmental activities	\$ 3,589,048

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

	Amount
Transit	\$ 3,801,305
Golf Course	296,052
Montebello Hilton	156,234
Other business units	12,596
Total depreciation expense -business-type activities	\$ 4,266,187

NOTE 4 NOTES RECEIVABLE

Notes receivable at June 30, 2015 include the following:

	Amount
Low and Moderate Housing loans	\$ 5,905,908
Community Development Block Grant loans	970,099
HOME Program loan	145,000
	\$ 7,021,007

The City provided a 100% allowance for doubtful accounts for the above amount.

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, 2015 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, 2015 was \$629,600.

Community Development Block Grant Loans

At June 30, 2015, 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.

HOME Program Loan

On July 23, 2014, the City entered into a HOME program loan agreement with the Montebello Housing Development Corporation (Developer), whereby the City provided financial assistance of \$145,000 in the form of a forgivable loan in exchange for developing single-family homes for sale to low and moderate income individuals and families. This financial assistance shall be forgiven over a period of 20 years provided the Developer causes all housing units to adhere to affordability requirements. The loan receivable balance is offset by a similar amount in the deferred inflows of resources account.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General fund	Golf course enterprise fund	\$ 1,237,027
	Other enterprise funds	140,000
Debt service fund	Golf course enterprise fund	376,060
Other governmental funds	Housing fund	63,770
		<u>\$ 1,816,857</u>

The receivable of the General Fund and Debt Service Fund 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.

Interfund Transfers

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

	Transfers In							Total
	General Fund	Other Governmental Funds	Debt Service Fund	Transit Enterprise Fund	Golf Course Enterprise Fund	Montebello Hilton Enterprise Fund	Other Enterprise Funds	
Transfers out								
(A) General fund	\$ -	\$ 42,468	\$ -	\$ 172,123	\$ 1,278,167	\$ -	\$ 370,000	\$ 1,862,758
(B) Retirement special revenue fund	7,348,773	-	-	-	212,833	-	-	7,561,606
(C) Other governmental funds	1,663,555	373,909	-	-	-	-	-	2,037,464
(D) Internal service funds	1,000,000	-	1,700,000	-	-	-	-	2,700,000
(E) Debt service fund	-	-	-	-	31,172	5,351,670	-	5,382,842
(F) Montebello Hilton	-	-	2,467,907	-	-	-	-	2,467,907
Total governmental activities	<u>\$ 10,012,328</u>	<u>\$ 416,377</u>	<u>\$ 4,167,907</u>	<u>\$ 172,123</u>	<u>\$ 1,522,172</u>	<u>\$ 5,351,670</u>	<u>\$ 370,000</u>	<u>\$ 22,012,577</u>

(A) Transfers from the General Fund of \$42,468 to Other Governmental Funds for expense reimbursement and \$172,123 to Transit Enterprise Fund for reimbursement of software purchase; and, \$1,278,167 and \$370,000 to the Golf Course and Other Enterprise funds, respectively, to subsidize the enterprise funds' operating expenses.

(B) Transfers from the Retirement Fund of \$7,348,773 to the General Fund and \$212,833 to the Golf Course Enterprise Fund to pay the annual retirement contributions.

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

- (C) Transfers from the Other Governmental Funds of: \$1,663,555 to the General Fund to reimburse street maintenance expenses paid by the General Fund; \$373,909 to Other Governmental Funds to fund operating expenses.
- (D) Transfers from the Internal Service Funds of: \$1,000,000 to the General Fund to reimburse the General Fund for corporate shop supplies and services; \$1,700,000 to the Debt Service Fund to fund debt service requirements.
- (E) Transfers from the Debt Service Fund of: \$5,351,670 to the Montebello Hilton Enterprise Fund to partially settle long outstanding debt to the hotel's management firm; \$31,172 to the Golf Course Enterprise Fund for its debt service payments.
- (F) Transfer of \$2,467,907 from the Montebello Hilton Enterprise Fund to the Debt Service Fund 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

At June 30, 2015, the Successor Agency has a net liability to the City of \$8,536,222, which is reported in the Statement of Net Position as Due from Successor Agency. This amount includes \$8,536,625 due to the Housing Fund pertaining to advances made by the former Low and Moderate Income Housing Fund to the former redevelopment agency. These advances were for payment of the Supplemental Educational Revenue Augmentation Fund (SERAF) and finance the project expenses of one of the project areas of the former redevelopment agency.

NOTE 7 HOTEL MANAGEMENT AGREEMENT

Pursuant to a Hotel Management Agreement dated November 29, 2001, the Montebello Hilton Hotel (Hotel) is charged by Hotel Adventures LLC (HALLC) an annual management fee which includes an operational amount and a projected franchise fee assessed by Hilton Hotels. The actual franchise fee amount is paid directly to Hilton Hotels from the City's Montebello Hilton (Enterprise) Fund. The obligation of the City to pay the management fee is subordinated to the payment of operating expenses and debt service on the Bonds issued to finance Hotel construction. Unpaid fees, consisting of the management fee and any franchise fee differential between projected franchise fees and actual franchise fees paid to Hilton Hotels, accrue interest at a prime lending rate established by Citibank, N.A. All unpaid fees are to be paid when sufficient revenues are available but no later than the termination date of the hotel management agreement in 2017.

During fiscal year 2015, the Hotel recorded expense for management fees (including the franchise fee differential) and interest on management fees of \$805,230, and \$197,921, respectively. Accrued unpaid expenses for management fees and interest at June 30, 2015 amounted to \$2,911,880 and \$16,657, respectively, for a total of \$2,928,537 after partial payments totaling \$5,069,104 in 2015. The accrued liability includes amounts due on September 2, 2015, and for fees incurred from January 1 to June 30, 2015 of \$264,513.

NOTE 8 LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2015:

Governmental Activities

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount Due Within One Year
Bonds payable					
Revenue bonds	\$ 14,370,000	\$ 26,736,780	\$ (15,378,580)	\$ 25,728,200	\$ 989,760
Certificates of participation	16,502,860	-	(16,502,860)	-	-
Subtotal	<u>30,872,860</u>	<u>26,736,780</u>	<u>(31,881,440)</u>	<u>25,728,200</u>	<u>989,760</u>
Add (Less): bond premium	-	2,185,470	(145,304)	2,040,166	-
bond discount	(88,143)	(5,327)	88,627	(4,843)	-
Total bonds payable	<u>30,784,717</u>	<u>28,916,923</u>	<u>(31,938,117)</u>	<u>27,763,523</u>	<u>989,760</u>
Claims payable	13,116,443	4,714,038	(5,373,339)	12,457,142	4,527,000
Notes payable	5,335,106	300,868	(301,000)	5,334,974	416,289
Capital lease obligation	-	477,693	(55,415)	422,278	-
Compensated absences	3,029,934	-	(928,610)	2,101,324	3,777
Net pension liability	86,714,999 *	9,699,678	(25,827,781)	70,586,896	-
Other post-employment benefit obligation	<u>6,496,964</u>	<u>1,747,187</u>	<u>(421,810)</u>	<u>7,822,341</u>	<u>-</u>
Total governmental activities	<u>\$ 145,478,163</u>	<u>\$ 45,856,387</u>	<u>\$ (64,846,072)</u>	<u>\$ 126,488,478</u>	<u>\$ 5,936,826</u>

*Prior period adjustment to implement GASB Statement No. 68

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities

	Balances			Balance		Amount
	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within	One Year
Golf enterprise fund						
Revenue bonds	\$ -	\$ 4,028,220	\$ (256,420)	\$ 3,771,800	\$	225,240
Certificates of participation	4,197,140	-	(4,197,140)	-	-	-
Subtotal	4,197,140	4,028,220	(4,453,560)	3,771,800	-	225,240
Add (Less): bond premium	-	104,175	(6,945)	97,230	-	-
bond discount	-	(1,645)	150	(1,495)	-	-
Total bonds payable	4,197,140	4,130,750	(4,460,355)	3,867,535	-	225,240
Notes payable	1,668,734	-	(335,203)	1,333,531	-	331,949
Capital lease obligation	-	214,691	-	214,691	-	38,654
Compensated absences	1,081,671	-	(28,038)	1,053,633	-	861,100
Net pension liability	29,474,919 *	3,001,366	(9,182,253)	23,294,032	-	-
Total business-type activities	\$ 36,422,464	\$ 7,346,807	\$ (14,005,849)	\$ 29,763,422	\$	1,456,943

*Prior period adjustment to implement GASB Statement No. 68

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 8 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 reacquisition price exceeded the net carrying amount by \$604,199 which is now being presented as deferred outflows of resources and amortized over the remaining life of the refunded 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.

On March 26, 2015, the City remarketed and converted the Variable Rate Lease Revenue Refunding Bonds to Fixed Rate Lease Revenue Refunding Bonds. As a result of the remarketing and conversion, the City received a bond premium of \$847,197 and reduced the outstanding debt to \$12,575,000. These fixed rate bonds have interest rates ranging from 3.625% to 5% payable on June 1 and December 1 of each year until 2033. The outstanding balance at June 30, 2015 was \$12,575,000. The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 135,000	\$ 601,644	\$ 736,644
2017	515,000	586,069	1,101,069
2018	535,000	559,819	1,094,819
2019	550,000	532,694	1,082,694
2020	570,000	504,694	1,074,694
2021-2025	3,145,000	2,069,594	5,214,594
2026-2030	3,700,000	1,221,894	4,921,894
2031-2034	3,425,000	344,020	3,769,020
Totals	<u>\$ 12,575,000</u>	<u>\$ 6,420,428</u>	<u>\$ 18,995,428</u>

NOTE 8 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 (COPs) 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 were 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 2000 COPs were fully repaid in fiscal year 2015.

2014B Lease Revenue Refunding Bonds (2014B LRRBs)

On September 10, 2014, the City issued the 2014 Lease Revenue Refunding Bonds (LRRBs), Series B, of \$10,040,000 which defeased the \$12,595,000 of principal due on the 2000 COPs. The City received a premium on the bond issue in the amount of \$1,338,273 and incurred a loss of \$294,258 in the bond defeasance. The bond premium and loss on defeasance are amortized over the life of the refunded bonds. The Bonds are payable from lease payments to be made by the City to the Montebello Public Finance Authority (MPFA) as rental for certain public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual installments of \$1,018,375 to \$1,031,564 are due November 1, 2014 through November 1, 2026. Interest rates on the 2014 Series B LRRBs range from 0.30% to 5.0%. The outstanding balance at June 30, 2015 was \$9,295,000. The annual requirements to amortize the 2014 Series B LRRBs are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 595,000	\$ 434,200	\$ 1,029,200
2017	625,000	409,800	1,034,800
2018	645,000	384,400	1,029,400
2019	675,000	354,625	1,029,625
2020	705,000	320,125	1,025,125
2021-2025	4,110,000	1,018,750	5,128,750
2026-2027	1,940,000	98,250	2,038,250
Totals	\$ 9,295,000	\$ 3,020,150	\$ 12,315,150

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

2001 Certificates of Participation

In December 2001, the MPIC issued \$8,570,000 2001 Variable Rate Demand Taxable Certificates of Participation to provide funds to refund in advance the remaining 1997 and 1995 Certificates of Participation. The Certificates are payable from the revenues pledged under a Trust agreement, consisting primarily of lease payments to be made by the City to the MPIC as rental of the golf course pursuant to a lease agreement.

Debt service is shared between the City (76.4%) and the Golf Course Enterprise Fund (23.6%). The 2001 COPs were fully repaid in fiscal year 2015.

2014C Lease Revenue Refunding Bonds (2014C LRRBs)

On September 10, 2014, the City issued 2014 Lease Revenue Refunding Bonds Series C of \$5,395,000 which defeased the principal due on the 2001 COPs. The Bonds are payable from lease payments to be made by the City to the Montebello Public Finance Authority (MPFA) as rental for certain public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Interest rates on the 2014 Series C LRRBs range from 0.40% to 4.07%. Annual installments of \$440,623 to \$647,922 are due November 1, 2014 through November 1, 2024.

The City's share (76.4%) from the 2014C LRRBs is \$4,121,780 and the Golf Course Enterprise Fund's share (23.6%) is \$1,273,220. The outstanding balance at June 30, 2015 was \$3,858,200. The annual requirements to amortize the 2014 Series C LRRBs are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 259,760	\$ 112,582	\$ 372,342
2017	286,500	109,801	396,301
2018	332,340	105,143	437,483
2019	378,180	97,524	475,704
2020	389,640	87,099	476,739
2021-2025	2,211,780	220,039	2,431,819
Totals	\$ 3,858,200	\$ 732,188	\$ 4,590,388

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

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
2016	\$ 316,000	\$ 218,975	\$ 534,975
2017	331,000	202,475	533,475
2018	348,000	184,796	532,796
2019	366,000	165,729	531,729
2020	385,000	145,392	530,392
2021-2025	2,316,000	371,235	2,687,235
2026	83,000	2,382	85,382
Totals	\$ 4,145,000	\$ 1,290,984	\$ 5,435,984

(2) During the fiscal year ended June 30, 2011, the City was notified by 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, 2015, the remaining amount of \$889,106 remained unpaid. The City collected \$1,300,000 of these funds from a third party involved with the grant-funded project.

(3) During the fiscal year ended June 30, 2015, the City was notified by HUD requiring the City to repay \$300,868 in ineligible code enforcement expenditures. The City recorded this liability to HUD and proposed to settle the amount within 3 years.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

D. Claims Payable

Refer to Note 11 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 \$2,097,547, has no repayment schedule at June 30, 2015.

F. Other Postemployment Benefit Obligation

Refer to Note 10 for more information on these obligations.

Business-type Activities

G. 1999 Certificates of Participation

On March 30, 1999, the City issued \$4,275,000 of 1999 Refunding Certificates of Participation 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. The 1999 COPs were fully repaid in fiscal year 2015.

2014A Lease Revenue Refunding Bonds (2014A LRRBs)

On September 10, 2014, the City issued 2014 Lease Revenue Refunding Bonds Series A of \$2,755,000 which defeased the outstanding principal due on the 1999 COPs. The City received a premium on the bond issue in the amount of \$104,175 and incurred a loss of \$87,777 in the bond defeasance. The bond premium and loss on defeasance are amortized over the life of the refunded bonds. The Bonds are payable from lease payments to be made by the City to the Montebello Public Finance Authority (MPFA) as rental for certain public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual Installments of \$227,363 to \$234,538 are due from November 1, 2014 through November 1, 2028. Interest rates on the 2014 Series A LRRBs range from 0.30% to 3.5%.

The outstanding balance at June 30, 2015 was \$2,580,000. The annual requirements to amortize the 2014 LRRBs are as follows:

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Year Ending June 30,	Principal	Interest	Total
2016	\$ 145,000	\$ 86,713	\$ 231,713
2017	145,000	82,363	227,363
2018	155,000	77,863	232,863
2019	160,000	72,338	232,338
2020	165,000	65,838	230,838
2021-2025	940,000	225,213	1,165,213
2026-2029	870,000	60,981	930,981
Totals	<u>\$ 2,580,000</u>	<u>\$ 671,309</u>	<u>\$ 3,251,309</u>

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 were 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 2001 COPs were fully repaid in fiscal year 2015.

Debt service was shared between the City (76.4%) and the Golf Course Enterprise Fund (23.6%).

2014C Lease Revenue Refunding Bonds (2014C LRRBs)

In September 2014, the City issued 2014 Lease Revenue Refunding Bonds Series C of \$5,395,000 which defeased the principal due on the 2001 COPs. The Bonds are payable from lease payments to be made by the City to the Montebello Public Finance Authority (MPFA) as rental for certain public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Lease Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Interest rates on the 2014 Series C LRRBs range from 0.40% to 4.07%. Annual installments of \$440,623 to \$647,922 are due November 1, 2014 through November 1, 2024.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

The Golf Course Enterprise Fund's share of this new debt is \$1,273,220. The outstanding balance at June 30, 2015 was \$1,191,800. The annual requirements to amortize the 2014 LRRBs Series C are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 80,240	\$ 34,777	\$ 115,017
2017	88,500	33,918	122,418
2018	102,660	32,479	135,139
2019	116,820	30,125	146,945
2020	120,360	26,905	147,265
2021-2025	683,220	67,970	751,190
Totals	<u>\$ 1,191,800</u>	<u>\$ 226,174</u>	<u>\$ 1,417,974</u>

Notes Payable

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

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

In July 2013, the City entered into a zero percent On-Bill Financing Agreement with the Southern California Edison Company for the installation of certain energy efficient equipment at the Golf Course premises for a total amount of \$327,213 payable over a period of 116 months.

At June 30, 2015, the total outstanding loans payable amounted to \$1,333,531.

NOTE 9 DEFINED BENEFIT PENSION PLAN

Plan Description

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Safety	
	Prior to 1-Jan-13	On or after 1-Jan-13
Hire date	3.0% @ 50	2.7% @ 57
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50 - 55	50 - 57
Retirement age	2.0% to 3.0%	2.0% to 2.7%
Monthly benefits , as a % of eligible compensation	9%	12%
Required employee contribution rates	40.567%	12.20%
Required employer contribution rates		

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Miscellaneous	
	Prior to 1-Jan-13	On or after 1-Jan-13
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits , as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	20.131%	6.25%

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	262	360
Inactive employees entitled to but not yet receiving benefits	86	364
Active employees	118	324
Total	466	1,048

Contributions

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

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Safety	Miscellaneous
Valuation Date	30-Jun-13	30-Jun-13
Measurement Date	30-Jun-14	30-Jun-14
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

(1) Varies by entry age and service

(2) Net of pension plan investment and administrative expenses, including inflation

(3) Derived using CalPERS' Membership Data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New		
	Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infras tructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	<u>100%</u>		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability over the measurement period:

	Safety	Miscellaneous
Balance, June 30, 2013	\$ 70,661,775	\$ 45,528,143
Changes recognized for the following:		
Service cost	3,199,355	2,802,157
Interest on the total pension liability	15,059,257	11,639,094
Contributions from the employer	(6,437,996)	(3,168,029)
Contributions from the employee	(1,627,017)	(1,468,002)
Net investment income	(22,955,341)	(19,352,468)
Net changes during 2013-2014	(12,761,742)	(9,547,248)
Balance, June 30, 2014	\$ 57,900,033	\$ 35,980,895

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

The following presents the net pension liability of the City, calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Safety	Miscellaneous
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 85,497,194	\$ 57,663,722
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 57,900,033	\$ 35,980,896
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 35,148,038	\$ 18,017,676

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$1,458,495. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety		Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,877,786	\$ -	\$ 3,156,860	\$ -
Net differences between projected and actual earnings on plan investments	-	(10,426,549)	-	(8,852,566)
Total	\$ 4,877,786	\$ (10,426,549)	\$ 3,156,860	\$ (8,852,566)

Pension contributions made subsequent to measurement date amounting to \$4,877,786 and \$3,156,860 for Safety and Miscellaneous plans, respectively, were reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Year Ended June 30	Amount
2016	\$ (4,819,778)
2017	(4,819,778)
2018	(4,819,778)
2019	(4,819,781)
Thereafter	-

Payable to the Pension Plan

At June 30, 2015, the City did not have any outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Allocation to Proprietary Funds

The City allocated net pension liability and related costs to Transit Fund, Golf Course Fund, and Water Fund and internal service funds based upon the enterprise and internal service funds' proportionate share of the total pension contribution during the fiscal year ended June 30, 2015.

NOTE 10 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 (\$122 per month in 2015 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, 2015, the City paid \$421,810 in healthcare costs for its retirees and their covered dependents.

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	\$	1,903,030
Interest on net OPEB obligation		292,363
Adjustment to ARC		(448,206)
Annual OPEB cost (expense)		1,747,187
Contributions made		(421,810)
Increase in net OPEB obligation		1,325,377
Net OPEB obligation- beginning of year		6,496,964
Net OPEB obligation - end of year	\$	7,822,341

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2015, as well as for the preceding two years, were as follows:

<u>Fiscal Years Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 1,482,814	33.9%	\$ 5,422,064
June 30, 2014	1,486,520	27.7%	6,496,964
June 30, 2015	1,747,187	24.1%	7,822,341

Funded Status and Funding Progress

The UAAL as of July 1, 2014, the most current actuarial valuation date, amounted to \$18,814,978.

	<u>Amount</u>
Actuarial accrued liability (AAL)	\$ 18,814,978
Actuarial value of Plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 18,814,978</u>
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll	\$ 19,242,000
UAAL as a percentage of covered payroll	98%

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.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2014 actuarial valuation (the most recent 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 3.00% per annum, and a general inflation rate of 2.80% per year. The UAAL is being amortized over an initial 30 years using a level-dollar amortization method.

NOTE 11 SELF INSURANCE

The City is partially self-insured for general liability and workers' compensation claims. The City pays up to \$1 million per occurrence for general liability claims, and has excess insurance up to \$10 million per occurrence. For workers' compensation, the City provides self-insurance up to a \$1,000,000 retention level and has acquired excess insurance coverage of \$5 million for each claim. The City also purchases commercial insurance for other risks of loss, including property loss and vehicle physical damage. There have been no significant changes in insurance coverage as compared to last year. At June 30, 2015, the present value of the estimated liability for claims payable, discounted at a 2% rate, is \$12,457,142, 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.

	Amount
Insurance Claims Payable:	
Claims payable at July 1	\$ 13,116,443
Claims incurred during the fiscal year	4,714,038
Payments on claims during the fiscal year	<u>(5,373,339)</u>
Claims Payable at June 30	<u>\$ 12,457,142</u>

NOTE 12 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 and inflows of resources in the City’s financial statements aside from the pension-related deferred outflows and inflows of resources stated in Note 9. The deferred outflow of resources, amounting to \$501,877, 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.

NOTE 13 ENCUMBRANCES

At June 30, 2015, there were outstanding encumbrances, which represent commitments on open purchase orders or contracts, of \$1.8 million in the governmental funds and \$0.9 million 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.

Expense Reimbursement Payments

In connection with an audit of Redevelopment Agency (RDA) assets (known as the "due diligence review"), on April 22, 2013, California Department of Finance (DOF) determined that approximately \$7.3 million in payments by the RDA to the City prior to the RDA’s dissolution were unlawful and must be returned by the City for allocation to County taxing entities. The City challenged this decision through an administrative appeals process, and on May 29, 2013, DOF reduced the denied payment amount to approximately \$4.3 million. The City filed suit challenging this determination on a number of constitutional and statutory grounds.

NOTE 14 CONTINGENCIES (CONTINUED)

In September 2014, the Sacramento Superior Court issued an interim ruling in the case, ordering DOF to reconsider its determination in light of evidence presented and arguments made by the City in the litigation. In November 2014, DOF issued a revised determination approving of \$251,785 of the payments at issue, but disapproving of the remaining \$4,046,760.

In September 2015, Senate Bill 107 ("SB 107") was signed into law and made significant changes to the Dissolution Act. Most notably, SB 107 requires communities with outstanding monetary disputes with Department of Finance to repay, or enter into an installment payment plan to pay, disputed amounts before December 31, 2015. SB 107 provides that a community's failure to meet this deadline results in their disqualification from receiving a "finding of completion" ("FOC"). Under the Dissolution Law, a FOC entitles communities to significant benefits, including use of unexpended RDA bond proceeds and approval of a "long range property management plan" addressing the disposition and use of former RDA-owned real properties.

In December 2015, so as not to forfeit the benefits of SB 107, the City entered into an installment payment plan with the DOF for the disputed \$4 million. This plan requires the City to make four (4) payments of approximately \$1 million each in six (6) month increments between December 2015 and June 2017. These payments may be made from any legally available source of City monies. On December 21, 2015, the City remitted the first installment payment of \$1,011,690.

In January 2016, the DOF agreed to a settlement amount totaling \$1,859,967 (which includes the amount paid on December 21, 2015). The City will remit \$848,277 to the Los Angeles County Auditor-Controller and dismiss legal actions related to this issue within ten days from full execution of the settlement.

**NOTE 15 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the City.

GASB No. 72 - Fair Value Measurement and Application. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015.

GASB No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017.

GASB No. 77 - Tax Abatement Disclosures. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015.

NOTE 16 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, 2015 include the following:

	Amount
Quiet Cannon	\$ 2,182,178
Casa La Merced	666,308
Business assistance program	623,220
Home improvement loans	437,394
Total \$	3,909,100

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, 2015, \$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, 2015. The interest receivable is covered by a 100% provision for bad debts.

**NOTE 16 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
 MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

Business Assistance Program

Business improvement loans were made in the prior years between the Agency and local merchants. The loans are secured by the real estate property and personal guaranty of the borrowers. As of June 30, 2015, \$623,220 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, 2015 was \$437,394.

Disclosure of Successor Agency Debts

Details of the Successor Agency's long-term debt as of June 30, 2015 follow:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount Due Within One Year
Bonds payable					
Tax allocation bonds	\$ 55,309,519	\$ 532,409	\$ (4,470,000)	\$ 51,371,928	\$ 4,795,000
Notes payable	3,716,300	-	(155,559)	3,560,741	162,725
Total governmental activities	\$ 59,025,819	\$ 532,409	\$ (4,625,559)	\$ 54,932,669	\$ 4,957,725

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%	\$ 2,020,000
\$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%	3,110,000
\$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%	1,360,000
\$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%	770,000

**NOTE 16 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

	<u>Amount</u>
\$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%	7,618,156
\$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%	1,715,000
\$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%	2,565,000
\$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%	9,795,000
\$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%	4,365,000
\$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%	2,025,000
\$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%	4,440,000
Total Nonhousing Tax Allocation Bonds \$	39,783,156

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.

**NOTE 16 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

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.

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.

**NOTE 16 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

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.

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.

Housing Tax Allocation Bonds:

	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%	\$ 1,825,000

**NOTE 16 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

	Amount
\$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%.	\$ 6,203,772
\$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%	3,560,000
Total Housing Tax Allocation Bonds \$	11,588,772

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.

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.

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

**NOTE 16 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED
 MONTEBELLO REDEVELOPMENT AGENCY (CONTINUED)**

The annual requirements to amortize the existing tax allocation bonds outstanding as of June 30, 2015 and the 2015A and 2015B Refunding Bonds are as follows:

Existing Bonds

Year Ending June 30,	Principal	Interest	Total
2016	\$ 2,220,000	\$ 702,761	\$ 2,922,761
2017	2,365,000	589,417	2,954,417
2018	2,150,000	475,889	2,625,889
2019	2,245,000	364,690	2,609,690
2020	1,900,000	247,571	2,147,571
2021-2025	12,136,928	7,435,306	19,572,234
2026-2027	-	-	-
	<u>\$ 23,016,928</u>	<u>\$ 9,815,634</u>	<u>\$ 32,832,562</u>

Refunding Bonds 2015A and 2015B

Year Ending June 30,	Principal	Interest	Total
2016	\$ -	\$ 550,938	\$ 550,938
2017	1,845,000	1,078,594	2,923,594
2018	1,920,000	1,034,756	2,954,756
2019	2,000,000	971,394	2,971,394
2020	3,080,000	862,362	3,942,362
2021-2025	12,510,000	2,290,750	14,800,750
2026-2028	3,825,000	225,875	4,050,875
	<u>\$ 25,180,000</u>	<u>\$ 7,014,669</u>	<u>\$ 32,194,669</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, 2015, the principal amount outstanding is \$3,560,740.

**NOTE 16 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
2016	\$ 163,519	\$ 174,261	\$ 337,780
2017	171,885	165,895	337,780
2018	180,679	157,101	337,780
2019	189,921	147,859	337,780
2020	199,638	138,142	337,780
2021-2025	1,162,258	526,632	1,688,890
2026-2030	1,492,841	196,049	1,688,890
Totals	\$ 3,560,741	\$ 1,505,939	\$ 5,066,680

Due to City of Montebello

At June 30, 2015, the Successor Agency has a net liability to the City of \$8,536,222, which is reported in the Statement of Fiduciary Net Position as Due to City of Montebello. This amount includes \$8,536,625 due to the Housing Fund pertaining to advances made by the former Low and Moderate Income Housing Fund to the former redevelopment agency. These advances were for payment of the Supplemental Educational Revenue Augmentation Fund (SERAF) and finance the project expenses of one of the project areas of the former redevelopment agency.

Commitment

Pursuant to the agreement dated November 1, 2000 with the City in connection with the development and operation of the hotel facility, the former redevelopment agency agreed to pay, solely from tax revenues from the Project Areas, any shortfall of amounts in the Lease Payment Account of the Debt Service Fund to pay the City's lease payments which are the source of repayment of the 2004 Revenue Refunding Bonds, Series A (see Note 8). This commitment was previously recognized by the California Department of Finance as an enforceable obligation of the Successor Agency.

NOTE 17 RESTATEMENT AND IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Government-Wide Financial Statements

The beginning balance of net position of governmental and business-type activities in the government-wide Statement of Activities has been restated to retroactively report the net pension liability as of the beginning of the fiscal year as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The City made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. This resulted in a decrease in the beginning balance of net position by \$106,583,893.

	Governmental Activities	Business-type Activities	Total
Net position, beginning of year, as previously reported	\$ 70,697,464	\$ 45,820,963	\$ 116,518,427
Prior period adjustments:			
Net adjustments to reflect prior period costs related to implementation of GASB Statement No. 68	(79,159,955)	(27,423,938)	(106,583,893)
Net position, beginning of year, as restated	\$ (8,462,491)	\$ 18,397,025	\$ 9,934,534

NOTE 18 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2015 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 28, 2016, 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 except for the following:

In August 2015, the Successor Agency issued Subordinate Tax Allocation Refunding Bonds, Series 2015 A & B, totaling \$25,180,000 to refund the following bonds: 1997 Montebello Hills, 1998A Montebello Hills, 1999A Montebello Hills, 2009A Montebello Hills, 1999A South Montebello, 1999B South Montebello, 1998B Montebello Hills, and 2002 Housing (non-accretion bonds only) with total outstanding principal as of June 30, 2015 of \$28,355,000. Refer to Note 8 for additional information.

On January 6, 2016, the California DOF presented a proposal to settle the amount to be returned by the City with regards to the former redevelopment agency expenses that were denied for reimbursement by the DOF. Under the DOF proposal, the City will remit \$1,859,967 to the Los Angeles County Auditor-Controller and dismiss legal actions related to this issue within ten days from full execution of the settlement (see Note 14).

REQUIRED SUPPLEMENTARY INFORMATION

City of Montebello
Schedule of Changes in the Net Pension Liability and Related Ratios
June 30, 2015
Last Ten Years*

Measurement Period	Safety Plan 2013-14	Miscellaneous Plan 2013-14
Total Pension Liability		
Service Cost	\$ 3,199,355	\$ 2,802,157
Interest on total pension liability	15,059,257	11,639,094
Benefit payments, including refunds of employee contributions	<u>(10,199,284)</u>	<u>(7,364,542)</u>
Net change in total pension liability	8,059,328	7,076,709
Total pension liability - beginning	<u>204,290,062</u>	<u>157,469,110</u>
Total pension liability - ending (a)	<u>\$ 212,349,390</u>	<u>\$ 164,545,819</u>
 Plan Fiduciary Net Position		
Contributions - employer	\$ 6,437,996	\$ 3,168,029
Contributions - employee	1,627,017	1,468,002
Net investment income	22,955,341	19,352,467
Benefit payments	<u>(10,199,284)</u>	<u>(7,364,542)</u>
Net change in plan fiduciary net position	20,821,070	16,623,956
Plan fiduciary net position - beginning	<u>133,628,287</u>	<u>111,940,967</u>
Plan fiduciary net position - ending (b)	<u>\$ 154,449,357</u>	<u>\$ 128,564,923</u>
 Net pension liability - ending (a)-(b)	<u>\$ 57,900,033</u>	<u>\$ 35,980,896</u>
 Plan fiduciary net position as a percentage of the total pension liability	<u>72.73%</u>	<u>78.13%</u>
 Covered - employee payroll	<u>\$ 11,224,230</u>	<u>\$ 15,828,716</u>
 Net pension liability as percentage of covered-employee payroll	<u>515.85%</u>	<u>227.31%</u>

Notes to Schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

Changes in assumption - There were no changes in assumptions as of the measurement date, June 30, 2014.

* Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

City of Montebello
Schedule of Pension Contributions
June 30, 2015
Last Ten Years*

	FY 2013-2014	
	Safety Plan	Miscellaneous Plan
Actuarially determined contributions	\$ 6,437,996	\$ 3,168,029
Contributions in relation to the actuarially determined contributions	(6,437,996)	(3,168,029)
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-Employee Payroll	 <u>\$ 11,224,230</u>	 <u>\$ 15,828,716</u>
 Contributions as a percentage of Covered-Employee Payroll	 <u>57.36%</u>	 <u>20.01%</u>

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll
Asset valuation method	15 year Smoothed Market
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment expense and administrative expenses including inflation.
 Retirement age	 The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
 Mortality	 The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

City of Montebello
Schedules of Funding Progress - OPEB
June 30, 2015

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, 2010	\$ -	\$ 15,055	\$ 15,055	-	\$ 23,000	65.5%
July 1, 2012	-	15,690	15,690	-	22,398	70.1%
July 1, 2014*	-	18,815	18,815	-	19,242	97.8%

*latest available actuarial report

City of Montebello
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 12,000,000	\$ 12,000,000	\$ 12,563,805	\$ 563,805
Property taxes	5,311,000	5,311,000	6,284,615	973,615
Other taxes	430,000	430,000	489,996	59,996
Franchise taxes	1,299,000	1,299,000	1,410,918	111,918
Licenses and permits	4,722,722	4,722,722	4,640,365	(82,357)
Fines and forfeitures	1,735,000	1,735,000	1,589,536	(145,464)
Investment income	25,000	25,000	31,302	6,302
Intergovernmental	5,336,809	5,336,809	5,616,198	279,389
Charges for services	5,716,150	5,716,150	6,054,033	337,883
Other revenue	1,010,000	1,010,000	1,469,321	459,321
Total revenues	<u>37,585,681</u>	<u>37,585,681</u>	<u>40,150,089</u>	<u>2,564,408</u>
Expenditures				
Current:				
General government				
City Council	164,781	186,381	184,988	1,393
City Clerk	23,165	23,165	22,324	841
City Treasurer	21,011	21,011	19,272	1,739
City Attorney	648,600	602,200	601,094	1,106
City Administration	747,188	788,288	776,387	11,901
Employee relations	524,375	524,375	521,947	2,428
Community promotions	24,250	29,550	28,773	777
Finance	2,332,801	2,317,201	2,271,849	45,352
General services	345,567	361,167	357,378	3,789
Governmental building maintenance	558,249	572,189	568,274	3,915
Total general government	<u>5,389,987</u>	<u>5,425,527</u>	<u>5,352,286</u>	<u>73,241</u>
Public safety				
Police administration	464,395	464,395	521,456	(57,061)
Field services - police	10,059,429	10,059,429	10,727,498	(668,069)
Support services - police	3,195,481	3,195,481	3,008,627	186,854
Investigative services	3,604,774	3,604,774	4,098,838	(494,064)
Grant	240,000	240,000	240,021	(21)
Fire administration	887,864	983,210	970,554	12,656
Fire suppression	10,368,344	10,368,344	10,071,454	296,890
Fire prevention	268,998	268,998	267,472	1,526
Fire communications	224,097	128,751	105,698	23,053
Total public safety	<u>29,313,382</u>	<u>29,313,382</u>	<u>30,011,618</u>	<u>(698,236)</u>
Public works				
Administration	-	800	770	30
Streets	6,391,639	6,394,339	6,550,937	(156,598)
Total Public works	<u>6,391,639</u>	<u>6,395,139</u>	<u>6,551,707</u>	<u>(156,568)</u>

City of Montebello
Budgetary Comparison Schedule
General Fund (Continued)
Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Parks and recreation				
Parks and recreation administration	\$ 312,770	\$ 333,670	\$ 322,798	\$ 10,872
Recreation services	1,739,902	1,675,602	1,627,579	48,023
Parks maintenance	1,295,736	1,462,448	1,452,052	10,396
Trees	324,446	525,946	510,158	15,788
AB939	193,828	159,828	114,396	45,432
Total parks and recreation	<u>3,866,682</u>	<u>4,157,494</u>	<u>4,026,983</u>	<u>130,511</u>
Housing and community development				
Community development	321,544	393,144	338,895	54,249
Planning	463,271	492,381	462,307	30,074
Engineering	906,874	993,898	970,482	23,416
Building and maintenance	402,482	225,682	135,832	89,850
Code enforcement	224,916	284,216	280,464	3,752
Total housing and community development	<u>2,319,087</u>	<u>2,389,321</u>	<u>2,187,980</u>	<u>201,341</u>
Capital outlay	-	538,789	348,118	190,671
Interfund charges	(1,700,000)	(1,700,000)	(646,790)	(1,053,210)
Total expenditures	<u>45,580,777</u>	<u>46,519,652</u>	<u>47,831,902</u>	<u>(1,312,250)</u>
Deficiency of revenues over expenditures	<u>(7,995,096)</u>	<u>(8,933,971)</u>	<u>(7,681,813)</u>	<u>1,252,158</u>
Other financing sources (uses)				
Transfers in	-	8,724,946	10,012,328	1,287,382
Transfers out	-	(1,675,661)	(1,862,758)	(187,097)
Net, other financing sources (uses)	<u>-</u>	<u>7,049,285</u>	<u>8,149,570</u>	<u>1,100,285</u>
Change in fund balance	(7,995,096)	(1,884,686)	467,757	2,352,443
Fund balance - beginning of year	8,530,375	8,530,375	8,530,375	-
Fund balance - end of year	<u>\$ 535,279</u>	<u>\$ 6,645,689</u>	<u>\$ 8,998,132</u>	<u>\$ 2,352,443</u>

City of Montebello
Budgetary Comparison Schedule
Retirement Special Revenue Fund
Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 4,775	\$ 4,775
Property taxes	6,834,000	6,834,000	7,474,602	640,602
Total revenues	<u>6,834,000</u>	<u>6,834,000</u>	<u>7,479,377</u>	<u>645,377</u>
Expenditures				
Current				
General government	-	-	746,040	(746,040)
Total expenditures	<u>-</u>	<u>-</u>	<u>746,040</u>	<u>(746,040)</u>
Excess of revenues over expenditures	<u>6,834,000</u>	<u>6,834,000</u>	<u>6,733,337</u>	<u>(100,663)</u>
Other financing uses				
Transfers out	-	(7,074,946)	(7,561,606)	(486,660)
Total other financing uses	<u>-</u>	<u>(7,074,946)</u>	<u>(7,561,606)</u>	<u>(486,660)</u>
Change in fund balance	6,834,000	(240,946)	(828,269)	(587,323)
Fund balance - beginning of year	<u>2,315,181</u>	<u>2,315,181</u>	<u>2,315,181</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,149,181</u>	<u>\$ 2,074,235</u>	<u>\$ 1,486,912</u>	<u>\$ (587,323)</u>

**City of Montebello
 Budgetary Comparison Schedule
 Housing Special Revenue Fund
 Year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other revenue	\$ -	\$ -	\$ 18,261	\$ 18,261
Total revenues	-	-	18,261	18,261
Expenditures				
Housing and community development	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	18,261	18,261
Fund balance - beginning of year	10,566,712	10,566,712	10,566,712	-
Fund balance - end of year	\$ 10,566,712	\$ 10,566,712	\$ 10,584,973	\$ 18,261

City of Montebello
Budgetary Comparison Schedule
Public Financing Debt Service Fund
Year ended June 30, 2015

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 862	\$ 862
Other - lease payments	-	-	1,368,200	1,368,200
Total revenues	<u>-</u>	<u>-</u>	<u>1,369,062</u>	<u>1,369,062</u>
Expenditures				
General government	-	-	24,851	(24,851)
Debt service				
Principal payments	-	-	1,493,580	(1,493,580)
Interest and fees	-	-	1,759,848	(1,759,848)
Total expenditures	<u>-</u>	<u>-</u>	<u>3,278,279</u>	<u>(3,278,279)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,909,217)</u>	<u>(1,909,217)</u>
Other financing sources				
Transfers in	-	-	4,167,907	4,167,907
Transfers out	-	-	(5,382,842)	(5,382,842)
Other financing uses	-	-	(30,683,015)	(30,683,015)
Other financing sources	-	-	28,916,923	28,916,923
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,981,027)</u>	<u>(2,981,027)</u>
Change in fund balance	-	-	(4,890,244)	(4,890,244)
Fund balance - beginning of year	<u>7,960,932</u>	<u>7,960,932</u>	<u>7,960,932</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,960,932</u>	<u>\$ 7,960,932</u>	<u>\$ 3,070,688</u>	<u>\$ (4,890,244)</u>

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 Manager is authorized to transfer certain appropriations between activities within any department in accordance with the budget resolution.
- 3) The budget is formally integrated into the accounting system.
- 4) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The modified accrual basis of accounting is employed in the preparation of the budget.
- 5) At fiscal year-end, operating budget appropriations lapse. Incomplete capital improvements are rolled over to the new fiscal year. Projects that are not started during the budget year are 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, 2015**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds Capital Improvements</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Cash and investments	\$ 5,244,341	\$ 1,029,870	\$ 6,274,211
Accounts receivable	2,595,346	-	2,595,346
Prepaid expenses	141,740	-	141,740
Due from other funds	-	63,770	63,770
Total assets	<u>\$ 7,981,427</u>	<u>\$ 1,093,640</u>	<u>\$ 9,075,067</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 1,280,991	\$ -	\$ 1,280,991
Unearned revenue	350,310	-	350,310
Total liabilities	<u>1,631,301</u>	<u>-</u>	<u>1,631,301</u>
Fund balances			
Nonspendable			
Prepaid expenses	141,740	-	141,740
Restricted for			
Capital projects	-	1,093,640	1,093,640
Special revenue funds	6,320,017	-	6,320,017
Unassigned	(111,631)	-	(111,631)
Total fund balances	<u>6,350,126</u>	<u>1,093,640</u>	<u>7,443,766</u>
Total liabilities and fund balances	<u>\$ 7,981,427</u>	<u>\$ 1,093,640</u>	<u>\$ 9,075,067</u>

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
Year ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds Capital Improvements	Total Other Governmental Funds
Revenues			
Investment income	\$ 14,803	\$ 2,649	\$ 17,452
Intergovernmental	9,845,305	-	9,845,305
Other revenue	41,902	-	41,902
Total revenues	<u>9,902,010</u>	<u>2,649</u>	<u>9,904,659</u>
Expenditures			
Current			
General government	1,880,761	-	1,880,761
Housing and community development	1,437,787	-	1,437,787
Public safety	1,832,747	-	1,832,747
Capital outlay	3,841,369	-	3,841,369
Debt Service			
Principal payments	356,415	-	356,415
Interest and fiscal charges	235,504	-	235,504
Total expenditures	<u>9,584,583</u>	<u>-</u>	<u>9,584,583</u>
Excess of revenues over expenditures	<u>317,427</u>	<u>2,649</u>	<u>320,076</u>
Other financing sources (uses)			
Transfers in	416,377	-	416,377
Transfers out	(2,037,464)	-	(2,037,464)
Other financing sources	477,693	-	477,693
Net other financing sources (uses)	<u>(1,143,394)</u>	<u>-</u>	<u>(1,143,394)</u>
Change in fund balance	(825,967)	2,649	(823,318)
Fund balance - beginning of year	7,176,093	1,090,991	8,267,084
Fund balance - end of year	<u>\$ 6,350,126</u>	<u>\$ 1,093,640</u>	<u>\$ 7,443,766</u>

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 serves as a component of the regional Metrolink commuter rail network. Shared by the Cities of Montebello and Commerce, the station is located at the 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 improving air quality within the community.

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	\$ 425,778	\$ 231,638	\$ 148,955
Accounts receivable	-	14,665	-
Prepaid expenses	-	-	-
Total assets	<u>\$ 425,778</u>	<u>\$ 246,303</u>	<u>\$ 148,955</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 110	\$ 4,769	\$ -
Unearned revenue	-	-	-
Total liabilities	<u>110</u>	<u>4,769</u>	<u>-</u>
Fund balances			
Nonspendable:			
Prepaid expenses	-	-	-
Restricted for:			
Special revenues	425,668	241,534	148,955
Unassigned	-	-	-
Total fund balances	<u>425,668</u>	<u>241,534</u>	<u>148,955</u>
Total liabilities and fund balances	<u>\$ 425,778</u>	<u>\$ 246,303</u>	<u>\$ 148,955</u>

City of Montebello
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2015

Prop A	Drug Enforcement	Prop C	Measure R
\$ 696,994	\$ 1,090,666	\$ 1,497,511	\$ 656,564
-	606,187	-	-
-	141,740	-	-
\$ 696,994	\$ 1,838,593	\$ 1,497,511	\$ 656,564
\$ -	\$ 19,272	\$ -	\$ 8,023
-	-	-	-
-	19,272	-	8,023
-	141,740	-	-
696,994	1,677,581	1,497,511	648,541
-	-	-	-
696,994	1,819,321	1,497,511	648,541
\$ 696,994	\$ 1,838,593	\$ 1,497,511	\$ 656,564

	<u>Metro Station</u>	<u>Air Quality</u>	<u>Local Law Enforcement Block Grant</u>	<u>Justice Assistance Grants</u>
ASSETS				
Cash and investments	\$ 16,860	\$ 415,798	\$ 35	\$ 52,577
Accounts receivable	-	20,682	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ <u>16,860</u>	\$ <u>436,480</u>	\$ <u>35</u>	\$ <u>52,577</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 16,860	\$ 2,684	\$ -	\$ -
Unearned revenue	-	-	-	-
Total liabilities	<u>16,860</u>	<u>2,684</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable:				
Prepaid expenses	-	-	-	-
Restricted for:				
Special revenues	-	433,796	35	52,577
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>433,796</u>	<u>35</u>	<u>52,577</u>
Total liabilities and fund balances	\$ <u>16,860</u>	\$ <u>436,480</u>	\$ <u>35</u>	\$ <u>52,577</u>

**City of Montebello
Combining Balance Sheet
Other Special Revenue Funds (Continued)
June 30, 2015**

<u>Grants</u>	<u>CDBG</u>	<u>Home</u>	<u>TDA Article 3</u>	<u>Total Other Special Revenue Funds</u>
\$ -	\$ 10,909	\$ -	\$ 56	\$ 5,244,341
1,720,515	5,000	228,297	-	2,595,346
-	-	-	-	141,740
<u>\$ 1,720,515</u>	<u>\$ 15,909</u>	<u>\$ 228,297</u>	<u>\$ 56</u>	<u>\$ 7,981,427</u>
\$ 873,436	\$ 91,895	\$ 263,942	\$ -	\$ 1,280,991
350,310	-	-	-	350,310
<u>1,223,746</u>	<u>91,895</u>	<u>263,942</u>	<u>-</u>	<u>1,631,301</u>
-	-	-	-	141,740
496,769	-	-	56	6,320,017
-	(75,986)	(35,645)	-	(111,631)
<u>496,769</u>	<u>(75,986)</u>	<u>(35,645)</u>	<u>56</u>	<u>6,350,126</u>
<u>\$ 1,720,515</u>	<u>\$ 15,909</u>	<u>\$ 228,297</u>	<u>\$ 56</u>	<u>\$ 7,981,427</u>

	<u>Gas Tax</u>	<u>Supplemental Law Enforcement</u>	<u>Park Development</u>
Revenues			
Investment income	\$ 1,183	\$ 551	\$ 383
Intergovernmental	1,837,782	121,397	-
Other revenue	-	-	-
Total revenues	<u>1,838,965</u>	<u>121,948</u>	<u>383</u>
Expenditures			
Current:			
General government	34,872	-	-
Public safety	-	60,216	-
Community development	-	-	-
Capital outlay	14,946	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>49,818</u>	<u>60,216</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,789,147</u>	<u>61,732</u>	<u>383</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(1,650,000)	-	-
Other financing sources	-	-	-
Net other financing sources (uses)	<u>(1,650,000)</u>	<u>-</u>	<u>-</u>
Change in fund balances	139,147	61,732	383
Fund balances - beginning of year	<u>286,521</u>	<u>179,802</u>	<u>148,572</u>
Fund balances - end of year	<u>\$ 425,668</u>	<u>\$ 241,534</u>	<u>\$ 148,955</u>

City of Montebello
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds
Year ended June 30, 2015

<u>Prop A</u>	<u>Drug Enforcement</u>	<u>Prop C</u>	<u>Measure R</u>
\$ 2,830	\$ 3,216	\$ 3,948	\$ 1,684
1,117,427	1,250,383	928,586	695,315
-	17,904	-	-
<u>1,120,257</u>	<u>1,271,503</u>	<u>932,534</u>	<u>696,999</u>
1,546,411	-	216,782	82,696
-	1,136,447	-	-
-	-	-	-
-	112,480	1,246,035	525,815
-	-	-	-
-	-	-	-
<u>1,546,411</u>	<u>1,248,927</u>	<u>1,462,817</u>	<u>608,511</u>
<u>(426,154)</u>	<u>22,576</u>	<u>(530,283)</u>	<u>88,488</u>
-	-	-	-
(373,909)	-	-	-
-	-	-	-
<u>(373,909)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(800,063)	22,576	(530,283)	88,488
<u>1,497,057</u>	<u>1,796,745</u>	<u>2,027,794</u>	<u>560,053</u>
<u>\$ 696,994</u>	<u>\$ 1,819,321</u>	<u>\$ 1,497,511</u>	<u>\$ 648,541</u>

	Metro Station	Air Quality	Local Law Enforcement Block Grant	Justice Assistance Grants
Revenues				
Investment income	\$ -	\$ 1,008	\$ -	\$ -
Intergovernmental	-	78,819	-	-
Other revenue	-	-	-	23,998
Total revenues	<u>-</u>	<u>79,827</u>	<u>-</u>	<u>23,998</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	24,091
Community development	373,909	35,829	-	-
Capital Outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>373,909</u>	<u>35,829</u>	<u>-</u>	<u>24,091</u>
Excess (deficiency) of revenues over expenditures	<u>(373,909)</u>	<u>43,998</u>	<u>-</u>	<u>(93)</u>
Other financing sources (uses)				
Transfers in	373,909	-	-	-
Transfers out	(13,555)	-	-	-
Other financing sources	-	-	-	-
Net other financing sources (uses)	<u>360,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(13,555)	43,998	-	(93)
Fund balances - beginning of year	<u>13,555</u>	<u>389,798</u>	<u>35</u>	<u>52,670</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ 433,796</u>	<u>\$ 35</u>	<u>\$ 52,577</u>

City of Montebello
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Special Revenue Funds (Continued)
Year ended June 30, 2015

Grants	CDBG	Home	TDA Article 3	Total Other Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 14,803
2,737,407	563,245	514,944	-	9,845,305
-	-	-	-	41,902
<u>2,737,407</u>	<u>563,245</u>	<u>514,944</u>	<u>-</u>	<u>9,902,010</u>
-	-	-	-	1,880,761
611,993	-	-	-	1,832,747
245,829	263,193	519,027	-	1,437,787
1,942,093	-	-	-	3,841,369
55,415	301,000	-	-	356,415
857	234,647	-	-	235,504
<u>2,856,187</u>	<u>798,840</u>	<u>519,027</u>	<u>-</u>	<u>9,584,583</u>
<u>(118,780)</u>	<u>(235,595)</u>	<u>(4,083)</u>	<u>-</u>	<u>317,427</u>
42,468	-	-	-	416,377
-	-	-	-	(2,037,464)
477,693	-	-	-	477,693
<u>520,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,143,394)</u>
401,381	(235,595)	(4,083)	-	(825,967)
<u>95,388</u>	<u>159,609</u>	<u>(31,562)</u>	<u>56</u>	<u>7,176,093</u>
<u>\$ 496,769</u>	<u>\$ (75,986)</u>	<u>\$ (35,645)</u>	<u>\$ 56</u>	<u>\$ 6,350,126</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 6,000	\$ 6,000	\$ 1,183	\$ (4,817)
Intergovernmental	1,668,500	1,668,500	1,837,782	169,282
Total revenues	<u>1,674,500</u>	<u>1,674,500</u>	<u>1,838,965</u>	<u>164,465</u>
Expenditures				
Current				
General government	-	-	34,872	(34,872)
Capital Outlay	86,226	86,226	14,946	71,280
Total expenditures	<u>86,226</u>	<u>86,226</u>	<u>49,818</u>	<u>36,408</u>
Excess of revenues over expenditures	<u>1,588,274</u>	<u>1,588,274</u>	<u>1,789,147</u>	<u>200,873</u>
Other financing uses				
Transfers out	-	(1,650,000)	(1,650,000)	-
Total other financing uses	<u>-</u>	<u>(1,650,000)</u>	<u>(1,650,000)</u>	<u>-</u>
Change in fund balance	1,588,274	(61,726)	139,147	200,873
Fund balance - beginning of year	286,521	286,521	286,521	-
Fund balance - end of year	<u>\$ 1,874,795</u>	<u>\$ 224,795</u>	<u>\$ 425,668</u>	<u>\$ 200,873</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 551	\$ 551
Intergovernmental	<u>111,788</u>	<u>111,788</u>	<u>121,397</u>	<u>9,609</u>
Total revenues	<u>111,788</u>	<u>111,788</u>	<u>121,948</u>	<u>10,160</u>
Expenditures				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>60,216</u>	<u>(60,216)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>60,216</u>	<u>(60,216)</u>
Change in fund balance	111,788	111,788	61,732	(50,056)
Fund balance - beginning of year	<u>179,802</u>	<u>179,802</u>	<u>179,802</u>	<u>-</u>
Fund balance - end of year	<u>\$ 291,590</u>	<u>\$ 291,590</u>	<u>\$ 241,534</u>	<u>\$ (50,056)</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 383	\$ 383
Other revenues	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>383</u>	<u>(2,117)</u>
Expenditures				
Current				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	2,500	2,500	383	(2,117)
Fund balance - beginning of year	<u>148,572</u>	<u>148,572</u>	<u>148,572</u>	<u>-</u>
Fund balance - end of year	<u>\$ 151,072</u>	<u>\$ 151,072</u>	<u>\$ 148,955</u>	<u>\$ (2,117)</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop A Special Revenue Fund
Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 8,000	\$ 8,000	\$ 2,830	\$ (5,170)
Intergovernmental	1,106,392	1,106,392	1,117,427	11,035
Total revenues	<u>1,114,392</u>	<u>1,114,392</u>	<u>1,120,257</u>	<u>5,865</u>
Expenditures				
Current				
General government	380,000	506,000	1,546,411	(1,040,411)
Total expenditures	<u>380,000</u>	<u>506,000</u>	<u>1,546,411</u>	<u>(1,040,411)</u>
Excess of revenues over expenditures	<u>734,392</u>	<u>608,392</u>	<u>(426,154)</u>	<u>(1,034,546)</u>
Other financing sources (uses)				
Transfers out	-	-	(373,909)	(373,909)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(373,909)</u>	<u>(373,909)</u>
Change in fund balance	734,392	608,392	(800,063)	(1,408,455)
Fund balance - beginning of year	1,497,057	1,497,057	1,497,057	-
Fund balance - end of year	<u>\$ 2,231,449</u>	<u>\$ 2,105,449</u>	<u>\$ 696,994</u>	<u>\$ (1,408,455)</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 8,000	\$ 8,000	\$ 3,216	\$ (4,784)
Intergovernmental	1,500,000	1,500,000	1,250,383	(249,617)
Other revenues	-	-	17,904	17,904
Total revenues	<u>1,508,000</u>	<u>1,508,000</u>	<u>1,271,503</u>	<u>(236,497)</u>
Expenditures				
Current				
Public safety	525,575	866,449	1,136,447	(269,998)
Capital outlay	254,265	261,385	112,480	148,905
Total expenditures	<u>779,840</u>	<u>1,127,834</u>	<u>1,248,927</u>	<u>(121,093)</u>
Change in fund balance	728,160	380,166	22,576	(357,590)
Fund balance - beginning of year	1,796,745	1,796,745	1,796,745	-
Fund balance - end of year	<u>\$ 2,524,905</u>	<u>\$ 2,176,911</u>	<u>\$ 1,819,321</u>	<u>\$ (357,590)</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 5,000	\$ 5,000	\$ 3,948	\$ (1,052)
Intergovernmental	917,723	917,723	928,586	10,863
Total revenues	<u>922,723</u>	<u>922,723</u>	<u>932,534</u>	<u>9,811</u>
Expenditures				
Current				
General government	-	-	216,782	(216,782)
Capital outlay	3,099,134	3,149,134	1,246,035	1,903,099
Total expenditures	<u>3,099,134</u>	<u>3,149,134</u>	<u>1,462,817</u>	<u>1,686,317</u>
Change in fund balance	(2,176,411)	(2,226,411)	(530,283)	1,696,128
Fund balance - beginning of year	<u>2,027,794</u>	<u>2,027,794</u>	<u>2,027,794</u>	-
Fund balance - end of year	<u>\$ (148,617)</u>	<u>\$ (198,617)</u>	<u>\$ 1,497,511</u>	<u>\$ 1,696,128</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 1,500	\$ 1,500	\$ 1,684	\$ 184
Intergovernmental	688,301	688,301	695,315	7,014
Total revenues	<u>689,801</u>	<u>689,801</u>	<u>696,999</u>	<u>7,198</u>
Expenditures				
Current				
General government	-	-	82,696	(82,696)
Capital outlay	1,250,993	1,794,494	525,815	1,268,679
Total expenditures	<u>1,250,993</u>	<u>1,794,494</u>	<u>608,511</u>	<u>1,185,983</u>
Change in fund balance	(561,192)	(1,104,693)	88,488	1,193,181
Fund balance - beginning of year	<u>560,053</u>	<u>560,053</u>	<u>560,053</u>	<u>-</u>
Fund balance - end of year	<u>\$ (1,139)</u>	<u>\$ (544,640)</u>	<u>\$ 648,541</u>	<u>\$ 1,193,181</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Expenditures				
Current				
Community development	1,037,978	1,037,978	373,909	664,069
Total expenditures	<u>1,037,978</u>	<u>1,037,978</u>	<u>373,909</u>	<u>664,069</u>
Excess (deficiency) of revenues over expenditures	<u>(1,036,978)</u>	<u>(1,036,978)</u>	<u>(373,909)</u>	<u>663,069</u>
Other financing sources				
Transfers in	-	1,000,000	373,909	(626,091)
Transfers out	-	-	(13,555)	(13,555)
Total other financing sources	<u>-</u>	<u>1,000,000</u>	<u>360,354</u>	<u>(639,646)</u>
Change in fund balance	(1,036,978)	(36,978)	(13,555)	23,423
Fund balance - beginning of year	13,555	13,555	13,555	-
Fund balance - end of year	<u>\$ (1,023,423)</u>	<u>\$ (23,423)</u>	<u>\$ -</u>	<u>\$ 23,423</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 1,000	\$ 1,000	\$ 1,008	\$ 8
Intergovernmental	95,000	95,000	78,819	(16,181)
Total revenues	<u>96,000</u>	<u>96,000</u>	<u>79,827</u>	<u>(16,173)</u>
Expenditures				
Current				
Community development	-	-	35,829	(35,829)
Total expenditures	<u>-</u>	<u>-</u>	<u>35,829</u>	<u>(35,829)</u>
Change in fund balance	96,000	96,000	43,998	(52,002)
Fund balance - beginning of year	389,798	389,798	389,798	-
Fund balance - end of year	<u>\$ 485,798</u>	<u>\$ 485,798</u>	<u>\$ 433,796</u>	<u>\$ (52,002)</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Other revenues	\$ -	\$ -	\$ 23,998	\$ 23,998
Total revenues	<u>-</u>	<u>-</u>	<u>23,998</u>	<u>23,998</u>
Expenditures				
Current				
Public Safety	-	-	24,091	(24,091)
Total expenditures	<u>-</u>	<u>-</u>	<u>24,091</u>	<u>(24,091)</u>
Change in fund balance	-	-	(93)	(93)
Fund balance - beginning of year	<u>52,670</u>	<u>52,670</u>	<u>52,670</u>	<u>-</u>
Fund balance - end of year	<u>\$ 52,670</u>	<u>\$ 52,670</u>	<u>\$ 52,577</u>	<u>\$ (93)</u>

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Grants Special Revenue Fund
Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,391,224	\$ 408,000	\$ 2,737,407	\$ 2,329,407
Total revenues	<u>1,391,224</u>	<u>408,000</u>	<u>2,737,407</u>	<u>2,329,407</u>
Expenditures				
Current				
Public safety	2,906,991	3,141,507	611,993	2,529,514
Community development	-	-	245,829	(245,829)
Capital outlay	-	-	1,942,093	(1,942,093)
Debt service:				
Principal	-	-	55,415	(55,415)
Interest	-	-	857	(857)
Total expenditures	<u>2,906,991</u>	<u>3,141,507</u>	<u>2,856,187</u>	<u>285,320</u>
Other financing sources (uses)				
Transfers in	-	-	42,468	42,468
Other financing sources	-	-	477,693	477,693
Total other financing sources	<u>-</u>	<u>-</u>	<u>520,161</u>	<u>520,161</u>
Change in fund balance	(1,515,767)	(2,733,507)	401,381	3,134,888
Fund balance - beginning of year	95,388	95,388	95,388	-
Fund balance - end of year	<u>\$ (1,420,379)</u>	<u>\$ (2,638,119)</u>	<u>\$ 496,769</u>	<u>\$ 3,134,888</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 687,125	\$ 563,245	\$ (123,880)
Total revenues	-	687,125	563,245	(123,880)
Expenditures				
Current				
Community development	291,110	464,765	263,193	201,572
Debt service				
Principal	-	-	301,000	(301,000)
Interest	-	-	234,647	(234,647)
Total expenditures	291,110	464,765	798,840	(334,075)
Change in fund balance	(291,110)	222,360	(235,595)	(457,955)
Fund balance - beginning of year	159,609	159,609	159,609	-
Fund balance - end of year	\$ (131,501)	\$ 381,969	\$ (75,986)	\$ (457,955)

City of Montebello
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
HOME Special Revenue Fund
Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 296,099	\$ 514,944	\$ 218,845
Total revenues	-	296,099	514,944	218,845
Expenditures				
Current				
Community development	-	-	519,027	(519,027)
Total expenditures	-	-	519,027	(519,027)
Change in fund balance	-	296,099	(4,083)	(300,182)
Fund balance - beginning of year	(31,562)	(31,562)	(31,562)	-
Fund balance - end of year	\$ (31,562)	\$ 264,537	\$ (35,645)	\$ (300,182)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current				
Community development	41,703	41,703	-	41,703
Total expenditures	41,703	41,703	-	41,703
Change in fund balance	(41,703)	(41,703)	-	41,703
Fund balance - beginning of year	56	56	56	-
Fund balance - end of year	\$ (41,647)	\$ (41,647)	\$ 56	\$ 41,703

Capital Improvements Fund - To account for financial resources segregated for the acquisition of major general City capital outlay 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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ 100	\$ 2,649	\$ 2,549
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>100</u>	<u>2,649</u>	<u>2,549</u>
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>100</u>	<u>2,649</u>	<u>2,549</u>
Other financing sources				
Transfers in	-	1,165,661	-	(1,165,661)
Transfers out	-	(810,000)	-	810,000
Total other financing sources	<u>-</u>	<u>355,661</u>	<u>-</u>	<u>(355,661)</u>
Change in fund balance	-	355,761	2,649	(353,112)
Fund balance - beginning of year	<u>1,090,991</u>	<u>1,090,991</u>	<u>1,090,991</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,090,991</u>	<u>\$ 1,446,752</u>	<u>\$ 1,093,640</u>	<u>\$ (353,112)</u>

City of Montebello
Description of Other Enterprise Funds

Water Utility Fund - To account for the revenues and expenses of the Water Fund. 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 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, 2015

	Water Utility	Detention Facility	Total Other Enterprise Funds
ASSETS			
Current assets			
Cash and investments	\$ 1,386	\$ 5,453	\$ 6,839
Accounts receivable	136,613	4,400	141,013
Prepaid	-	16	16
Total current assets	137,999	9,869	147,868
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	(2,212,131)	(18,362)	(2,230,493)
Total noncurrent assets	150,080	530	150,610
Total assets	288,079	10,399	298,478
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	947	-	947
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	172,425	35,000	207,425
Due to other funds	140,000	-	140,000
Deposits payable	31,675	-	31,675
Compensated absences	691	-	691
Total current liabilities	344,791	35,000	379,791
Noncurrent liabilities			
Net pension liability	10,794	-	10,794
Total liabilities	355,585	35,000	390,585
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on pension plan investments	2,656	-	2,656
NET POSITION			
Net investment in capital assets	150,080	530	150,610
Unrestricted	(219,295)	(25,131)	(244,426)
Total net position	\$ (69,215)	\$ (24,601)	\$ (93,816)

City of Montebello
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Enterprise Funds
Year ended June 30, 2015

	Water Utility	Detention Facility	Total Other Enterprise Funds
Operating revenues			
Charges for services	\$ 2,448,434	\$ 56,800	\$ 2,505,234
Operating expenses			
Labor and fringe benefits	3,955	-	3,955
Materials and supplies	-	2,806	2,806
Utilities	123,880	-	123,880
Contract services	2,283,483	422,634	2,706,117
Depreciation expense	11,687	909	12,596
Administration expense	95,770	388	96,158
Total operating expenses	<u>2,518,775</u>	<u>426,737</u>	<u>2,945,512</u>
Income (loss) before transfers	(70,341)	(369,937)	(440,278)
Other financing sources			
Transfers in	-	370,000	370,000
Change in net position	<u>(70,341)</u>	<u>63</u>	<u>(70,278)</u>
Net position, beginning of year, as previously reported	13,834	(24,664)	(10,830)
Prior period adjustment - GASB No. 68 implementation	<u>(12,708)</u>	<u>-</u>	<u>(12,708)</u>
Net position, beginning of year, as restated	<u>1,126</u>	<u>(24,664)</u>	<u>(23,538)</u>
Net position, end of year	<u>\$ (69,215)</u>	<u>\$ (24,601)</u>	<u>\$ (93,816)</u>

City of Montebello
Combining Statement of Cash Flows
Other Enterprise Funds
Year ended June 30, 2015

	<u>Water Utility</u>	<u>Detention Facility</u>	<u>Total Other Enterprise Funds</u>
Cash flows from operating activities			
Receipts from customers	\$ 2,403,758	\$ 53,300	\$ 2,457,058
Payments to suppliers	(2,555,319)	(427,763)	(2,983,082)
Payments to employees	(3,816)	-	(3,816)
Net cash used in operating activities	<u>(155,377)</u>	<u>(374,463)</u>	<u>(529,840)</u>
Cash flows from non-capital financing activities			
Cash received from other funds	140,000	370,000	510,000
Net cash provided by non-capital financing activities	<u>140,000</u>	<u>370,000</u>	<u>510,000</u>
Change in cash and investments	(15,377)	(4,463)	(19,840)
Cash and investments - beginning of year	<u>16,763</u>	<u>9,916</u>	<u>26,679</u>
Cash and investments - end of year	<u>\$ 1,386</u>	<u>\$ 5,453</u>	<u>\$ 6,839</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (70,341)	\$ (369,937)	\$ (440,278)
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation and amortization	11,687	909	12,596
Changes in operating assets and liabilities			
Accounts receivable	(44,676)	(3,500)	(48,176)
Prepaid expense	-	(16)	(16)
Deferred outflows of resources	3	-	3
Accounts payable and accrued liabilities including compensated absences	(51,842)	(1,919)	(53,761)
Net pension liability	(2,864)	-	(2,864)
Deferred inflows of resources	2,656	-	2,656
Net cash used in operating activities	<u>\$ (155,377)</u>	<u>\$ (374,463)</u>	<u>\$ (529,840)</u>

City of Montebello
Description of Internal Service Funds

Corporate Shop Fund - To account for the resources and costs of automotive equipment used by City departments.

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

Equipment Fund – To account for the repair and replacement of the City's machinery and equipment.

City of Montebello
Combining Statement of Net Position
All Internal Service Funds
June 30, 2015

	Corporate Shop	Self-Insurance	Equipment	Total
ASSETS				
Current assets				
Cash and investments	\$ 392,285	\$ 11,881,476	\$ 381,218	\$ 12,654,979
Accounts receivable	-	24,029	-	24,029
Inventories	4,547	-	-	4,547
Prepaid expenses	55	110,100	-	110,155
Total current assets	<u>396,887</u>	<u>12,015,605</u>	<u>381,218</u>	<u>12,793,710</u>
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	(1,061,090)	-	-	(1,061,090)
Total noncurrent assets	<u>119,724</u>	<u>-</u>	<u>-</u>	<u>119,724</u>
Total assets	<u>516,611</u>	<u>12,015,605</u>	<u>381,218</u>	<u>12,913,434</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions	4,104	-	-	4,104
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	16,229	491,289	90,098	597,616
Claims payable - current portion	-	4,632,000	-	4,632,000
Compensated absences	-	3,777	-	3,777
Total current liabilities	<u>16,229</u>	<u>5,127,066</u>	<u>90,098</u>	<u>5,233,393</u>
Noncurrent liabilities				
Claims payable	-	7,825,142	-	7,825,142
Net pension liability	46,775	-	-	46,775
Total noncurrent liabilities	<u>46,775</u>	<u>7,825,142</u>	<u>-</u>	<u>7,871,917</u>
Total liabilities	<u>63,004</u>	<u>12,952,208</u>	<u>90,098</u>	<u>13,105,310</u>
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual earnings on pension plan investments	11,508	-	-	11,508
NET POSITION				
Net investment in capital assets	119,724	-	-	119,724
Unrestricted	326,479	(936,603)	291,120	(319,004)
Total net position	<u>\$ 446,203</u>	<u>\$ (936,603)</u>	<u>\$ 291,120</u>	<u>\$ (199,280)</u>

City of Montebello
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
Year ended June 30, 2015

	Corporate Shop	Self-Insurance	Equipment	Total
Operating revenues				
Charges for services	\$ 1,342,740	\$ 6,825,228	\$ -	\$ 8,167,968
Other	-	3,076	-	3,076
Total operating revenues	<u>1,342,740</u>	<u>6,828,304</u>	<u>-</u>	<u>8,171,044</u>
Operating expenses				
Labor and fringe benefits	29,739	3,840	-	33,579
Materials and supplies	366,464	-	-	366,464
Repairs and maintenance	149,067	-	128,769	277,836
Insurance claims and premiums	-	5,418,632	-	5,418,632
Contractual services	9,506	840,549	-	850,055
Depreciation expense	370	-	-	370
Administrative expense	7,268	73,835	-	81,103
Total operating expenses	<u>562,414</u>	<u>6,336,856</u>	<u>128,769</u>	<u>7,028,039</u>
Operating income (loss) before transfers	<u>780,326</u>	<u>491,448</u>	<u>(128,769)</u>	<u>1,143,005</u>
Other financing uses				
Transfers out	(2,700,000)	-	-	(2,700,000)
Change in net position	<u>(1,919,674)</u>	<u>491,448</u>	<u>(128,769)</u>	<u>(1,556,995)</u>
Net position, beginning of year, as previously reported	2,420,945	(1,428,051)	419,889	1,412,783
Prior period adjustment - GASB No. 68 implementation	(55,068)	-	-	(55,068)
Net position, beginning of year, as restated	<u>2,365,877</u>	<u>(1,428,051)</u>	<u>419,889</u>	<u>1,357,715</u>
Net position - end of year	<u>\$ 446,203</u>	<u>\$ (936,603)</u>	<u>\$ 291,120</u>	<u>\$ (199,280)</u>

City of Montebello
Combining Statement of Cash Flows
All Internal Service Funds
Year ended June 30, 2015

	Corporate Shop	Self-Insurance	Equipment	Total
Cash flows from operating activities				
Receipts from customers	\$ 1,343,567	\$ 6,804,459	\$ -	\$ 8,148,026
Payments to suppliers	(528,069)	(6,533,629)	(48,648)	(7,110,346)
Payments to employees	(30,628)	(3,840)	-	(34,468)
Net cash provided by (used in) operating activities	784,870	266,990	(48,648)	1,003,212
Cash flows from non-capital financing activities				
Cash remitted to other funds	(2,700,000)	-	-	(2,700,000)
Net cash used in non-capital financing activities	(2,700,000)	-	-	(2,700,000)
Change in cash and investments	(1,915,130)	266,990	(48,648)	(1,696,788)
Cash and investments - beginning	2,307,415	11,614,486	429,866	14,351,767
Cash and investments - ending	\$ 392,285	\$ 11,881,476	\$ 381,218	\$ 12,654,979
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 780,326	\$ 491,448	\$ (128,769)	\$ 1,143,005
Adjustments to reconcile operating income (loss) to net cash used by operating activities				
Depreciation and amortization	370	-	-	370
Changes in operating assets and liabilities:				
Accounts receivable	827	(23,845)	-	(23,018)
Prepaid expenses	(55)	-	-	(55)
Deferred outflows of resources	14	(10,864)	-	(10,850)
Accounts payable and accrued liabilities including compensated absences	4,291	469,552	80,121	553,964
Claims payable	-	(659,301)	-	(659,301)
Net pension liability	(12,411)	-	-	(12,411)
Deferred inflows of resources	11,508	-	-	11,508
Net cash provided by (used in) operating activities	\$ 784,870	\$ 266,990	\$ (48,648)	\$ 1,003,212

**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.	131-135
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	136-139
<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.	140-144
<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.	145-146
<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.	147-149

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

	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Government Activities										
Net investment in capital assets	\$16,757,420	\$16,757,420	\$16,757,420	\$ 28,992,463	\$ 51,377,564	\$50,154,445	\$ 53,911,210	\$ 54,636,719	\$ 55,212,827	\$ 56,943,195
Restricted	45,942,363	51,949,836	61,999,161	63,061,184	24,305,187	28,522,292	27,662,376	20,219,054	29,141,471	22,556,230
Unrestricted	<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>	<u>(13,656,834)</u>	<u>(93,615,680) *</u>
Total governmental activities net position	<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>	<u>70,697,464</u>	<u>(14,116,255)</u>
Business-Type Activities										
Net investment in capital assets	30,705,710	28,924,295	29,084,971	37,693,683	50,781,549	50,305,058	55,556,802	55,753,529	53,562,215	51,644,871
Restricted	-	-	-	-	-	-	302,086	302,120	1,017,411	496,628
Unrestricted	<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>(8,758,663)</u>	<u>(29,367,364) *</u>
Total business-type activities net position	<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>	<u>45,820,963</u>	<u>22,774,135</u>
Primary Government										
Net investment in capital assets	47,463,130	45,681,715	45,842,391	66,686,146	102,159,113	100,459,503	109,468,012	110,390,248	108,775,042	108,588,066
Restricted	45,942,363	51,949,836	61,999,161	63,061,184	24,305,187	28,522,292	27,964,462	20,521,174	30,158,882	23,052,858
Unrestricted	<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>(22,415,497)</u>	<u>(122,983,044) *</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>	<u>\$116,518,427</u>	<u>\$ 8,657,880</u>

*includes prior period adjustments totaling \$106,583,893 to implement GASB Statement No. 68

Source: City Finance Department

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

	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Expenses:										
Governmental Activities:										
General government	\$ 7,327,350	\$ 7,665,115	\$ 8,793,934	\$ 10,840,411	\$ 5,181,691	\$ 5,837,211	\$ 6,625,106	\$ 3,397,386	\$ 3,868,688	\$ 8,214,000
Public safety	25,635,372	26,246,104	29,893,922	33,131,797	34,440,947	30,196,363	29,927,417	31,736,790	33,376,844	33,233,838
Public works	8,349,482	4,454,728	5,375,202	5,098,404	5,383,610	5,916,177	5,871,891	6,222,809	7,063,899	7,145,909
Parks, recreation, and culture	6,932,418	4,628,107	5,014,204	4,994,538	6,194,042	4,955,587	5,092,219	5,183,532	4,943,297	4,433,420
Housing and community development	3,129,908	7,245,302	5,533,866	12,760,934	12,479,919	11,811,986	4,587,403	2,042,906	4,045,684	3,662,170
Unallocated infrastructure depreciation	506,840	582,928	612,202	659,156	698,249	704,807	704,807	704,807	704,807	704,807
Interest on long-term debt	5,725,349	5,987,723	6,425,606	5,837,489	5,072,065	5,142,772	3,329,205	1,954,908	1,254,337	1,908,319
Total governmental activities and expenses	<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>	<u>55,257,556</u>	<u>59,302,463</u>
Business-Type Activities:										
Transit	24,540,700	26,033,078	28,483,736	25,773,717	24,752,340	23,653,069	27,864,749	28,190,745	30,850,208	29,557,024
Golf Course	3,035,806	3,310,810	3,044,757	3,404,206	3,064,788	3,028,680	2,595,321	3,015,645	2,965,428	3,095,101
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	4,302,388	4,600,977
Other programs	1,644,374	1,630,225	2,245,349	1,895,974	2,125,401	2,133,751	2,143,480	2,515,604	2,806,018	2,945,512
Total business-type activities and expenses	<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>	<u>40,924,042</u>	<u>40,198,614</u>
Total primary government expenses	<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>	<u>\$ 96,181,598</u>	<u>\$ 99,501,077</u>
Program revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 2,892,218	\$ 3,135,760	\$ 3,230,738	\$ 3,293,527	\$ 3,854,697	\$ 4,171,044	\$ 2,787,309	\$ 3,071,973	\$ 4,074,735	\$ 3,720,526
Public safety	1,156,226	1,437,604	2,222,811	2,383,579	2,741,147	2,570,877	1,863,993	2,103,502	2,767,256	2,644,432
Public works	4,948,126	5,464,663	5,793,246	5,651,310	5,059,588	4,911,495	4,812,850	5,377,463	5,427,918	5,391,630
Parks, recreation, and culture	468,623	476,112	721,531	735,910	501,801	602,711	631,832	665,468	533,575	527,346
Housing and community development	-	107,737	-	-	-	-	-	-	-	-
Operating grants and contributions	6,006,905	9,040,588	9,074,067	7,256,003	9,829,694	8,283,190	7,155,005	8,519,753	8,292,687	9,522,821
Total governmental activities program revenues	<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>17,250,989</u>	<u>19,738,159</u>	<u>21,096,171</u>	<u>21,806,755</u>
Business-Type Activities:										
Charges for services:										
Transit	5,570,132	5,896,805	5,856,016	6,391,094	6,156,991	6,340,026	6,277,092	6,078,505	5,985,798	5,838,678
Golf Course	3,370,757	3,399,226	3,178,243	2,806,983	2,537,564	2,633,844	2,321,582	2,389,101	2,385,213	2,312,095
Montebello Hilton	4,157,197	4,391,536	4,590,851	3,994,972	3,846,393	4,027,805	4,124,516	4,316,746	5,522,384	6,270,196
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	2,121,732	2,505,234
Operating grants and contributions	16,944,255	15,746,472	19,462,038	17,243,596	15,487,526	16,398,554	16,868,344	18,834,317	19,726,264	20,914,063
Capital grants and contributions	3,357,984	122,409	938,311	9,578,566	16,253,784	3,226,572	5,024,417	7,777,911	2,764,857	1,780,967
Total business-type activities program revenues	<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>	<u>38,506,248</u>	<u>39,621,233</u>
Primary government program revenues	<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>\$ 53,311,803</u>	<u>\$ 60,460,573</u>	<u>\$ 59,602,419</u>	<u>\$ 61,427,988</u>
Net (Expense) Revenue:										
Governmental activities:	\$ (42,134,621)	\$ (37,147,543)	\$ (40,606,543)	\$ (54,002,400)	\$ (47,463,596)	\$ (44,025,586)	\$ (38,887,059)	\$ (31,504,979)	\$ (34,161,385)	\$ (37,495,708)
Business-type activities:	2,456,805	(3,126,347)	(1,800,104)	6,877,703	12,416,203	1,843,135	13,470	3,442,407	(2,417,794)	(577,381)
Total primary government net (expense) revenue	<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>\$ (38,873,589)</u>	<u>\$ (28,062,572)</u>	<u>\$ (36,579,179)</u>	<u>\$ (38,073,089)</u>

Source: City Finance Department

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

	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property taxes, levied for general purposes	\$ 21,695,458	\$ 22,851,037	\$ 25,324,813	\$ 26,981,166	\$ 26,991,825	\$ 26,319,201	\$ 20,245,594	\$ 15,449,858	\$ 14,683,907	\$ 13,759,217
Franchise taxes	1,059,921	1,228,866	1,220,316	1,088,537	1,254,753	1,311,388	1,221,311	1,158,219	1,303,603	1,410,918
Sales tax	12,119,985	12,620,273	11,390,099	10,509,273	8,048,518	10,446,061	10,847,400	11,363,067	11,725,818	12,563,805
Other taxes	299,819	263,457	288,514	234,980	243,276	255,705	297,679	364,425	473,645	489,996
Unrestricted intergovernmental revenue	4,611,374	4,768,533	5,037,324	5,288,610	5,252,095	5,291,513	5,156,500	5,205,958	5,394,777	5,613,991
Rental income	93,037	-	-	-	-	-	-	-	-	-
Other revenues	3,147,168	4,578,393	3,474,114	3,264,050	1,873,556	2,078,045	2,415,809	2,239,898	2,036,142	2,897,684
Investment earnings	2,591,235	3,052,086	4,446,085	2,671,569	341,815	260,297	72,750	54,393	49,705	54,391
Transfers	272,701	(1,070,821)	201,611	771,708	1,377,666	5,143,402	(164,266)	602,070	(792,325)	(4,948,058)
Total governmental activities	<u>45,890,698</u>	<u>48,291,824</u>	<u>51,382,876</u>	<u>50,809,893</u>	<u>45,383,504</u>	<u>51,105,612</u>	<u>40,092,777</u>	<u>36,437,888</u>	<u>34,875,272</u>	<u>31,841,944</u>
Business-Type Activities:										
Other revenues	-	-	-	-	-	-	-	-	-	-
Investment earnings	56,132	114,890	75,421	73,597	-	10,990	-	-	10,383	6,433
Transfers	(272,701)	1,070,821	(201,611)	(771,708)	(1,377,666)	(4,020,809)	164,266	(602,070)	792,325	4,948,058
Total business-type activities	<u>(216,569)</u>	<u>1,185,711</u>	<u>(126,190)</u>	<u>(698,111)</u>	<u>(1,377,666)</u>	<u>(4,009,819)</u>	<u>164,266</u>	<u>(602,070)</u>	<u>802,708</u>	<u>4,954,491</u>
Total primary government	<u>\$ 45,674,129</u>	<u>\$ 49,477,535</u>	<u>\$ 51,256,686</u>	<u>\$ 50,111,782</u>	<u>\$ 44,005,838</u>	<u>\$ 47,095,793</u>	<u>\$ 40,257,043</u>	<u>\$ 35,835,818</u>	<u>\$ 35,677,980</u>	<u>\$ 36,796,435</u>
Change in Net Position:										
Governmental Activities:	\$ 3,756,077	\$ 11,144,281	\$ 10,776,333	\$ (3,192,507)	\$ (2,080,092)	\$ 3,642,016	\$ 1,205,658	\$ 4,932,909	\$ 212,209	\$ (5,653,764)
Business-Type Activities:	2,240,236	(1,940,636)	(3,252,537)	(2,498,215)	11,038,537	8,406,384	177,736	2,840,337	(1,615,086)	4,377,110
Total primary government	<u>\$ 5,996,313</u>	<u>\$ 9,203,645</u>	<u>\$ 7,523,796</u>	<u>\$ (5,690,722)</u>	<u>\$ 8,958,445</u>	<u>\$ 12,048,400</u>	<u>\$ 1,383,394</u>	<u>\$ 7,773,246</u>	<u>\$ (1,402,877)</u>	<u>\$ (1,276,654)</u>

Source: City Finance Department

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

	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Fund										
Reserved	\$ 579,809	\$ 36,598	\$ 1,783,752	\$ 2,391,211	\$ 207,933					
Unreserved	(579,809)	(36,598)	(1,783,752)	(2,391,211)	(6,890,081)					
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,682,148)</u>					
All Other Governmental Funds:										
Reserved	\$ 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	6,419,209	3,068,370	(1,419,635)	(296,182)	2,916,347					
Capital projects funds	9,950,527	22,506,174	-	(1,262,713)	(1,164,517)					
Total all other governmental funds	<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	\$ 142,394	\$ 64,038
Restricted						-	-	-	-	-
Committed						-	-	-	-	-
Assigned						497,558	-	-	-	-
Unassigned						4,394,672	7,047,301	7,879,020	8,387,981	8,934,094
Total general fund						<u>\$ 4,975,576</u>	<u>\$ 7,155,057</u>	<u>\$ 8,066,750</u>	<u>\$ 8,530,375</u>	<u>\$ 8,998,132</u>
All Other Governmental Funds:										
Nonspendable						\$ 15,170,693	\$ 2,313,452	\$ 2,288,508	\$ 2,057,207	\$ 10,719,195
Restricted										
Debt service						19,520,813	5,918,851	6,116,124	7,960,932	3,070,688
Special revenue funds						7,219,900	20,478,029	22,034,631	18,000,779	7,814,447
Capital projects funds						24,991,784	1,464,215	1,445,551	1,090,991	1,093,640
Committed						-	-	-	-	-
Assigned						-	-	-	-	-
Unassigned						(14,421,751)	(159,133)	(80,230)	-	(111,631)
Total all other governmental funds						<u>\$ 52,481,439</u>	<u>\$ 30,015,414</u>	<u>\$ 31,804,584</u>	<u>\$ 29,109,909</u>	<u>\$ 22,586,339</u>

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	Occupancy Tax	Franchise Tax	Other Taxes	Total Taxes
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	23,636,827	10,847,400	297,679	1,221,311	1,765,267	37,768,484
2012-13	20,655,816	11,363,067	271,153	1,158,219	93,272	33,541,527
2013-14	20,078,684	11,725,818	355,404	1,303,603	118,241	33,581,750
2014-15	19,373,208	12,563,805	357,896	1,410,918	132,100	33,837,927

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	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
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
2013-14	3,161,641	87,462	40,982	3,208,122	1,630,661	133,268	5,901	1,758,028
2014-15	3,310,396	99,214	40,415	3,369,195	1,659,468	129,675	5,845	1,783,298

Source: Los Angeles County Assessor

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

	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
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
Retirement	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	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Montebello USD	0.07054	0.06731	0.06681	0.08063	0.09673	0.09792	0.10001	0.09630	0.09457	0.08750
L.A. County Flood Control	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
Community College	0.01429	0.02146	0.00879	0.02212	0.02311	0.04031	0.03530	0.03756	0.04454	0.04017
Totals	<u>1.28876</u>	<u>1.29206</u>	<u>1.27798</u>	<u>1.30493</u>	<u>1.32202</u>	<u>1.33981</u>	<u>1.33689</u>	<u>1.33524</u>	<u>1.34049</u>	<u>1.32905</u>

Source: Los Angeles County Assessor

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

Taxpayer	2014-15			2005-06		
	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	\$ 197,321,667	1	3.78%	\$ 91,180,860	1	2.44%
Freeport-McMoran Oil and Gas LLC	133,242,956	2	2.55%	-		0.00%
Brixmor Montebello Plaza LP	70,113,856	3	1.34%	-		0.00%
Bimbo Bakeries, USA Inc	60,927,369	4	1.17%	58,626,707	3	1.57%
K K 3A Corporation	45,103,432	5	0.86%	-		0.00%
Somerset Apartments LLC	42,933,861	6	0.82%	-		0.00%
Southern California Gas Company	41,281,568	7	0.79%	25,672,314	9	0.69%
Comref So CA Industrial Sub G LLC	41,252,660	8	0.79%	-		0.00%
RREEF America Reit II Corporation	36,414,815	9	0.70%	-		0.00%
Macys West Stores Inc	33,516,403	10	0.64%	-		0.00%
	<u>\$ 702,108,587</u>		<u>13.44%</u>	<u>\$ 175,479,881</u>		<u>4.70%</u>

Source: Los Angeles County Assessor 2014/15 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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
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)	8,945,848	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	9,296,787	92.09%
2011-12	7,869,020	10,379,033	131.90%	-	10,379,033	131.90%
2012-13	6,975,325	11,293,837	161.91%	-	11,293,837	161.91%
2013-14	7,279,631	7,275,179	99.94%	5,091	7,280,269	100.01%
2014-15	7,504,080	7,092,120	94.51%	8,748	7,100,868	94.63%

Note (1) Negative number not included

Source: Los Angeles County Auditor - AF91 Report and City Remittance Advise Summary

City of Montebello
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percent of Assessed Value ⁽¹⁾	Total Debt Per Capita
	Certificates of Participation	Tax Allocation Bonds	Revenue	Other			
2005-06	\$ 24,977,860	\$ 61,956,272	\$ 16,785,000	\$ 10,327,648	\$ 114,046,780	2.80%	\$ 1,741
2006-07	23,921,580	60,887,078	16,565,000	9,374,503	110,748,161	2.50%	1,696
2007-08	22,817,660	65,708,636	16,400,000	9,313,087	114,239,383	2.38%	1,751
2008-09	21,671,100	74,057,213	16,170,000	15,534,163	127,432,476	2.39%	1,941
2009-10	25,450,000	71,779,239	15,895,000	15,273,662	123,415,981	2.30%	1,886
2010-11	19,213,600	64,603,222	15,575,000	17,190,970	116,582,792	2.15%	1,772
2011-12	18,351,480	- **	15,210,000	-	33,561,480	0.74%	510
2012-13	17,447,900	-	14,800,000	-	32,247,900	0.65%	513
2013-14	16,502,860	-	14,370,000	-	30,872,860	0.62%	486
2014-15	-	-	25,728,200	-	25,728,200	0.50%	405

** 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

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

Source: City Financial Statements

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		
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	-	15,210	33,561	0.74%	510
2012-13	17,448	-	14,800	32,248	0.65%	513
2013-14	16,503	-	14,370	30,873	0.62%	486
2014-15	-	-	25,728	25,728	0.50%	405

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

Source: City Finance Department
(1) Los Angeles County Assessor and Auditor

City of Montebello
Direct and Overlapping Debt
June 30, 2015

2014-15 Assessed Valuation: \$5,198,752,417

	Total Outstanding Debt 6/30/15	Percentage Applicable (1)	City's Share of Overlapping Debt 6/30/15
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Los Angeles County Flood Control District	\$ 15,105,000	0.439%	\$ 66,311
Metropolitan Water District	110,420,000	0.225%	248,445
Los Angeles Community College District	3,882,265,000	0.787%	30,553,426
El Rancho Unified School District	54,966,453	0.003%	1,649
Los Angeles Unified School District	10,296,665,000	0.001%	102,967
Montebello Unified School District	124,144,454	36.780%	45,660,330
Los Angeles County Regional Park and Open Space Assessment District	82,880,000	0.433%	358,870
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 76,991,998
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Los Angeles County General Fund Obligation	\$1,885,330,518	0.433%	\$ 8,163,481
Los Angeles County Superintendent of Schools Certificates of Participation	8,719,113	0.433%	37,754
Los Angeles County Sanitation District No. 2 Authority	19,355,816	9.325%	1,804,930
Los Angeles County Sanitation District No. 15 Authority	19,813,040	0.787%	155,929
Los Angeles Unified School District Certificates of Participation	307,180,000	0.001%	3,072
Montebello Unified School District Certificates of Participation	10,880,000	36.780%	4,001,664
City of Montebello General Fund Obligation	30,810,000	100.000%	30,810,000
City of Montebello Equipment Lease Obligations	506,441	100.000%	506,441
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT:			45,483,270
Less: Los Angeles County General Fund Obligations supported by landfill revenues			19,679
Los Angeles Unified School District Qualified Zone Academic Bonds supported by building fund 51			171
City of Montebello Obligations supported from surplus tax increment and golf and hotel revenues			15,076,800
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$ 30,386,620
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 46,026,530	100%	\$ 46,026,530
TOTAL GROSS DIRECT DEBT			\$ 31,316,441
TOTAL NET DIRECT DEBT			16,239,641
TOTAL GROSS OVERLAPPING DEBT			137,185,358
TOTAL NET OVERLAPPING DEBT			137,165,508
GROSS COMBINED TOTAL DEBT			168,501,799
NET COMBINED TOTAL DEBT			153,405,149

- 1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- 2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage and non-bonded capital lease obligation.
- 3) Excludes accreted value

<u>Ratios to 2014-15 Assessed Valuation:</u>	
Overlapping Tax and Assessed Debt	1.48%
Gross Direct Debt (31,316,441)	0.60%
Net Direct Debt (16,239,641)	0.31%
Gross Combined Total Debt	3.24%
Net Combined Total Debt	2.95%

<u>Ratios to Redevelopment Incremental Valuation (\$1,650,579,677) :</u>	
Total Overlapping Tax Increment Debt	2.79%

Source: California Municipal Statistics

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

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
Assessed valuation	\$19,358,675,984	\$19,019,112,168	\$19,404,069,772	\$19,864,600,740	\$20,609,967,972
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation (1)	4,839,668,996	4,754,778,042	4,851,017,443	4,966,150,185	5,152,491,993
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	725,950,349	713,216,706	727,652,616	744,922,528	772,873,799
Legal debt margin	<u>\$ 725,950,349</u>	<u>\$ 713,216,706</u>	<u>\$ 727,652,616</u>	<u>\$ 744,922,528</u>	<u>\$ 772,873,799</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
(1) Los Angeles Auditor-Controller

**City of Montebello
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years**

Fiscal Year	Golf Revenue Bonds							Coverage
	Gross Revenue	Less Operating Expenses	Net Available Revenue	Debt Service				
				Principal	Interest	Total		
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%	
2013-14	2,385,213	(2,748,196)	(362,983)	209,960	175,667	385,627	-94.13%	
2014-15	2,312,095	(2,992,640)	(680,545)	256,420	67,650	324,070	-210.00%	

Source: City Finance Department

**City of Montebello
Demographic and Economic Statistics
Last Ten Fiscal Years**

Calendar Year	Population	Personal Income (in millions)	Capita Personal Income	Unemployment Rate
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%
2013-14	63,527	1,288	20,269	11.00%
2014-15	63,555	1,321	20,783	6.71%

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

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

Employer	2014-15		2003-2004 ^(a)	
	Employees	Percent of Total Employment *	Employees	Percent of Total Employment *
Wilbur Curtis Co., Inc.	272	0.9963%	N/A	N/A
Costco Wholesale #459	257	0.9414%	245	N/A
Katzkin Leather, Inc.	228	0.8352%	359	N/A
J.C. Penney Corporation, Inc. 2172-5	214	0.7839%	277	N/A
Monarch Litho Inc.	170	0.6227%	N/A	N/A
Forever 21	160	0.5861%	19	N/A
All Access Apparel Corp.	138	0.5055%	950	N/A
BJ's Restaurant & Brewhouse	137	0.5018%	N/A	N/A
Lifeline Ambulance	130	0.4762%	10	N/A
Minson Corporation	125	0.4579%	374	N/A
Total Top Ten	1,831	6.7070%	2,234	N/A
Total Employment *	27,300			

^(a) Data for fiscal year 2004/2005 is not available.

Source for Total Employment: 2014 Annual Average Labor Force Data (State Website)
Source for Number of Employees: HDL Prime and/or Employer

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

Function	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
General Government	38	28	33	53	42
Public Safety	202	180	201	197	182
Public Works	31	14	15	15	12
Parks and Recreation	60	119	138	115	123
Economic Development	14	17	7	6	7
Transit	250	236	254	215	217
Totals	595	594	648	601	583

Function	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
General Government	43	47	37	33	34
Public Safety	182	167	203	177	180
Public Works	12	14	17	38	39
Parks and Recreation	123	115	133	99	96
Economic Development	7	-	18	15	13
Transit	217	212	200	253	254
Totals	584	555	608	615	616

Source: City Finance Department

City of Montebello
Operating Indicators by Function
Last Ten Calendar Years

Function	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:	As of Sept.	As of June	As of June		As of June					
Arrests	1,974	1,205	2,630	2,598	2,702	2,621	2,093	2,093	1,896	1,642
Traffic violations	13,569	11,095	5,139	4,900	6,862	2,467	2,968	2,773	2,682	2,505
Parking violations	10,402	8,281	16,319	20,018	19,413	22,661	20,448	20,448	18,950	16,446
Fire:	As of Dec. 1	As of sept. 27	As of Dec. 19							
Number of calls answered	4,570	3,682	4,610	4,165	5,037	4,891	4,977	4,800	5,100	5,686
Inspections conducted	1,155	875	1,560	1,616	1,320	1,160	728	625	988	1,248
Public Works:										
Street resurfacing (miles)	3.43	1.60	1.10	4	14.16	15.15	1.60	0.51	2.28	1.42
Sidewalk repairs (sq ft)	N/A	N/A	N/A	N/A	31,930	32,281	25,997	11,100	35,435	29,632
Potholes repaired	N/A	N/A	N/A	N/A	N/A	5,352	3,010	3,325	3,876	3,774
Storm drains cleaned	N/A	N/A	N/A	N/A	N/A	1,702	0	0	N/A	N/A
Parks and Recreation:										
Number of recreation classes	214	139	290	167	68	190	210	137	153	160
Number of facility rentals	As of Dec. 1 202	As of Oct. 278	As of June 46	44	2,660	854	689	708	2,156	3,180

Source: City Finance Department

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

Function	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
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	3682	3682
Traffic Signals	79	80	80	80	81	81	81	81	81	81
Parks and Recreation:										
Parks	7	7	7	7	7	7	7	7	7	7
Community Centers	-	-	-	-	-	-	-	-	4	4

Source: HDL Coren Cone
Los Angeles County Assessor Auditor Combined

