



MONTEBELLO

City of Montebello

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025



City Hall – Finance Department
1600 West Beverly Blvd
Montebello, CA 90640

City of Montebello

Montebello, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Prepared by:
Finance Department

City of Montebello
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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March 31, 2026

Honorable Mayor and Members of the City Council:

The Annual Comprehensive Financial Report (ACFR) of the City of Montebello for the fiscal year ended June 30, 2025 is submitted as prepared by the City's Finance Department. The report is published to provide the City Council, community and other interested parties detailed financial and operational information about the City for the previous fiscal year. The financial statements are audited by a third-party accounting firm, providing assurance to the public that the City's financial reporting and associated operations meet or exceed generally accepted accounting and auditing standards.

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

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

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

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

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

THE FINANCIAL REPORTING ENTITY

This report includes activity of all funds of the City, with presentation in the ACFR being done on a major vs. other funds basis. All funds have their appropriations approved by the governing body (i.e., City Council) through the annual budget development process. In addition to the General Fund, other governmental and enterprise funds are utilized to record financial activity. Each fund is appropriated annually, and includes the General Fund, Proposition A, Proposition C, Measure

M, Measure R, HOME, Community Development Block Grant (CDBG), Gas Tax, Grants (non-Transit), Asset Forfeiture, Grants (Transit), Debt Service, Retirement, Asset Forfeiture, etc. Revenue and expenditures are appropriated through the budget process, with the FY 2024-25 budget (all funds) adopted at a regular City Council meeting in June 2024 and amended as needed throughout the fiscal year.

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

Montebello also operates several enterprise funds, which include a municipal golf course, a transportation system (Montebello Bus Lines), and two hotels (i.e., Hilton Garden Inn and Home2Suites). Enterprise funds are financed from user charges (e.g., green fees, room charges, bus fares, etc.) and revenue from other governmental agencies (e.g., Los Angeles County Metropolitan Transportation Authority funding for fixed transit lines), as applicable.

ACCOUNTING SYSTEM

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

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

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

BUDGETARY CONTROL

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

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

IMPROVEMENTS TO INTERNAL CONTROLS

Over the span of the last six years the City has put into place numerous new procedures and policies aimed at improving internal controls governing procurement, invoice approval, purchase orders, contracts/agreements, requests for proposals/quotes, etc.. The City's municipal code chapters dealing with purchasing and procurement have been updated multiple times in order to update code language dealing with procurement: March 2019, February 2022, February 2023 and March 2025 – utilizing best practice language found in neighboring cities' municipal codes and aimed at improving and professionalizing Montebello's procurement practices.

In addition, citywide purchasing training has been conducted at least three times per year since 2020. Several new administrative policies have been developed that addressed identified areas of weakness: petty cash handling, credit card use, hotel financial reporting, issuance of RFPs/RFQs, etc., while other existing policies were updated. The updated purchasing training policy outlines each job classification that is required to attend at least one purchasing training course annually.

The improvements made in organizational management and internal controls indicate that Montebello is making positive strides in ensuring future financial stability, as well as putting into place policies and procedures that ensure public funds are managed and spent wisely.

ADOPTION OF FORMAL RESERVE POLICIES

In addition to improvements to internal controls, the City is demonstrating its commitment to fiscal sustainability by the adoption of General Fund reserve policies. The City Council first adopted comprehensive reserve policies in June 2020. These policies are incorporated into the adopted budget document and are presented annually for review and approval by the City Council, which has been done every June since 2020. The reserve policies in effect for FY 2024-25 were approved in June 2024.

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

- Economic Uncertainties
- Unfunded Liabilities
- Equipment/Technology Replacement and Upgrade
- Capital Improvement (Unfunded/Un-programmed)
- Deferred Maintenance

- Insurance – Risk Management
- Economic Sustainability

Each reserve category sets aside a specific amount – either a fixed dollar amount or an amount calculated as a percentage of prior year operating revenues. The policy, per GASB 54, makes “commitments” or “assignments,” and describes the method by which each reserve can be utilized. Furthermore, the policy includes the method for replenishing the various reserve buckets, should they be used and fall below the pre-scribed amounts. The FY 2024-25 adopted budget document contains the Reserve Policies.

Reserve balances in the General Fund as of June 30, 2025 are sufficient enough to provide for partial implementation of the Reserve Policies. General Fund reserves are \$25.080 million as of June 30, 2025, allowing for a Commitment for Economic Uncertainties (\$16.000 million) to be made. The June 30, 2025 fund balance is 32.83% of operating revenues. Should future fund balances grow, additional designations per the reserve policies will be made.

GENERAL INFORMATION AND ECONOMIC OUTLOOK

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

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

As of the date of this ACFR, the City’s S&P issuer credit rating (ICR) improved from “A+” to “AA-”, with the underlying credit rating on the City’s outstanding lease revenue bonds improving to “A+” (from “A”), with a “stable” outlook. These latest ratings were updated when S&P Global Ratings conducted a scheduled credit rating review in October, 2025.

The rating action reflects S&P Global Ratings view of the City’s strong General Fund performance over the past few years, driven by robust growth in both property tax and sales tax revenue, which is expected to continue. Operating surpluses during the past three years have also lead to a recovery in available General Fund reserves, which are now in compliance with the City’s GASB 54 reserve policy. Additional detail can be found in the October 1, 2025 S&P Global Ratings Report “Montebello, CA and Pension Obligation Bonds Upgraded to ‘AA-’ on Strong Performance; Lease Revenue Bonds raised to ‘A+’.”

The financial statements and commentary found in prior ACFR’s had been dominated by discussion of the impacts of the Coronavirus pandemic. For the results as of June 30, 2025, the economic and financial impacts of the pandemic have disappeared and there appears to be a return to “pre-pandemic” economic and financial activity – albeit tempered by continued lingering inflationary effects, which impact interest rates on home mortgages, vehicle financing, credit card

debt, etc. In addition, immigration raids, tariffs, freezing of Federal funds for various activities, passage of a major tax bill, firings of hundreds of thousands of Federal employees, expiration of health insurance incentives, continued security strife in the Middle East, Ukraine, Venezuela and elsewhere, and overall chaos and uncertainty over much of the Federal Governments' operations have impacted the economy – locally, regionally and nationally – and society at large.

Despite the litany of changes in the norms of Federal policy and operations – and the impacts these changes are having on communities – the local Montebello economy appears to be healthy, as evidenced by continued strong sales and transaction and use tax performance, as well as positive property tax revenue performance. Also, the City's two hotels are performing well, seeing occupancy rates at or above levels last seen pre-pandemic (i.e., 2019).

For the second half of Fiscal Year 2024-25 the discussion surrounding the economy focused on tariffs, and the near-constant changes in amounts and to which countries and products the tariffs applied. The uncertainty which the blitz of tariff changes brought to the economy dominated talk about the impacts the ever-changing tariff policies will have on the average consumer – and what this could mean for the economy at large. Tariffs are a tax on the consumer, and while it appears many major businesses have not fully passed on the tariff impact to the consumer, the question lingers about how long that can last. At some point, businesses will be forced to pass along the increased costs associated with higher tariffs, which could result in even higher prices across a broad range of goods and services.

Because there is so much in the larger economy out of the City's control, it is imperative that Montebello's economic development activities promote projects that expand the City's sales tax and property tax base. Looking ahead, there is much to be excited about in Montebello in these arenas, with several projects begun prior to FY 2024-25 that will contribute to the City's long-term economic health and viability once completed in the near future. In 2026, the following business are expected to open operations in Montebello: Dutch Brothers Coffee, Round 1, Hobby Lobby, Yard House Brewery, and many more retail operations that will further strengthen the City's sales tax base.

The issuance of \$15.140 million in lease revenue bonds in September, 2022 (LRB Series 2022A) has ushered in a new era for the City's public golf course, with re-opening of the golf course occurring in April, 2024, followed by the clubhouse opening in October, 2024. These bond proceeds have been used to completely reconstruct the existing golf course and constructing a new and modern clubhouse, creating a championship 9-hole course, a 6-hole "executive" course, and adding lights for the ability to play golf during evening hours.

Fiscal Year 2024-25 was the first full fiscal year of operations for the new Golf Course, and expenses related to the clubhouse construction are recorded in the Golf Course fund for this fiscal year. Staff are closely monitoring operations and adjusting green fees accordingly to match ongoing revenue with ongoing expenses.

Connected to the Golf Course Renovation Project is the Topgolf facility, constructed on 15 acres of the existing golf course property. Topgolf opened to the public in May, 2024. This project is funded with \$55.4 million in lease revenue bonds issued in December, 2022 (LRB Series 2022B). In a unique financing arrangement, the Public Financing Authority issued the bonds, with a sub-lease and guaranty tied to the issuance that requires Topgolf to pay the annual debt service (i.e., improvement rent). The completed Topgolf facility is a three-story entertainment and event center, featuring 102 hitting bays, a restaurant, meeting space and a pro shop. In addition to the commitment to pay annual debt service, Topgolf pays an annual lease for the use of City property

(\$1.150 million for the first five years, with increases every five years thereafter). In addition, the facility generates sales tax revenue, which helps boost overall General Fund revenue.

As noted in the preceding pages, the General Fund's fund balance is \$25.082 million as of June 30, 2025. The fiscal year ending June 30, 2025 again allowed for partial implementation of the reserve policies approved by the City Council in June 2020. One Commitment – Economic Uncertainties – has been reserved in fund balance (\$16.000 million). The fund balance represents 32.83% of General Fund operating revenue. Details on General Fund reserve classifications can be found in Note 13.

ACCOMPLISHMENTS AND ACHIEVEMENTS

Montebello has made tremendous strides by improving its financial standing and overall operations in recent years, and this progress continued in Fiscal Year 2024-25. Some of the many positive accomplishments this past year include:

- Designation as a “Most Business Friendly City 2025” by the Los Angeles Economic Development Council
- Completion of a portion of the “Paving the Way” projects that improved residential street and road conditions
- Major repairs to the City's aging sewer system, utilizing a portion of the City's Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) allocation
- Expansion of the Montebello Community Assistance Program (MCAP) aimed at helping the City's unhoused population
- Update of the City's General Plan, the first in over forty years, with adoption by the City Council in April, 2024
- Completion of a park and facilities needs assessment study and master plan
- Completion of significant facility repair and upgrade projects, eliminating years of deferred maintenance on key City facilities
- Renovation of the City Park baseball field
- Creation of a Community Resource Center at Chet Holifield Park
- Introduction of improved purchasing and procurement guidelines
- Receiving the Government Finance Officers Association (GFOA) award for budget preparation for the sixth time in the history of the City
- Approval to finance installation of solar panels at City facilities

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

These and other accomplishments have helped set Montebello on the right path towards fiscal sustainability and operational stability. The following pages provide technical information related to the City's accounting system, budgetary control, cash and investments, etc. Greater detail is

available in the MD&A, the various notes to the financial statements, required supplementary information (RSI) and statistical sections.

ACKNOWLEDGEMENTS

The preparation of the City's Annual Comprehensive Financial Report (ACFR) could not have been accomplished without the dedicated services of the entire Finance Department, as well as assistance from each of the operating departments. I want to specifically thank the entire Finance Department, and especially the Accounting Division, for their commitment to ensuring the ACFR was completed accurately. The City's independent auditor – The Pun Group – provided invaluable assistance and expert advice in completing the ACFR.

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

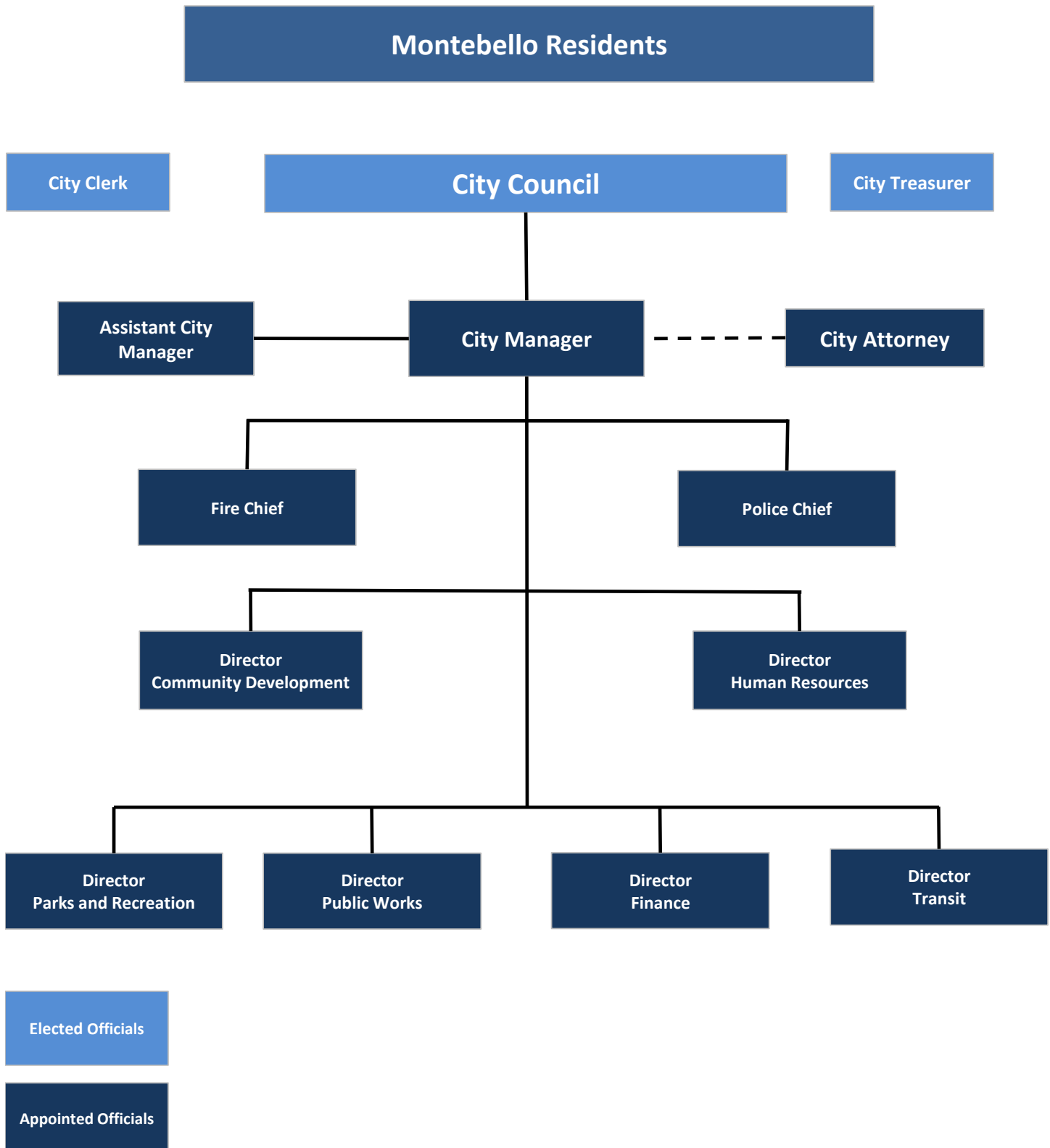
Respectfully submitted,



Michael Solorza
Director of Finance



City of Montebello
Citywide Organizational Chart
FY 2024-25





City of Montebello
Fiscal Year 2024-25
Annual Comprehensive Financial Report (ACFR)

CITY COUNCIL

Salvador Melendez, Mayor
Georgina Tamayo, Mayor Pro Tem
Scarlet Peralta, Councilmember
Ric Alonzo, Councilmember
Danielle Romero, Councilmember

ELECTED OFFICIALS

Christopher Jimenez, City Clerk
David Matanga, City Treasurer

Raul Alvarez
City Manager

Angelica Palmeros
Acting Assistant City Manager

Louis Lopez
Chief of Police

Fernando Pelaez
Fire Chief

Cesar Roldan
Director of Public Works

John Soria
Director of Transit

Joseph Palombi
Director of Community Development

Ramon Figueroa
Director of Human Resources

David Sosnowski
Director of Parks and Recreation

Michael Solorza
Director of Finance

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**INDEPENDENT AUDITOR'S REPORT**www.pungroup.cpa

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

Report on the Audit of the Financial Statements***Qualified and Unmodified Opinions***

We have audited the 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Qualified Opinion on Hilton Garden Inn Enterprise Fund and Home2Suites Enterprise Fund

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, 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, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unqualified Opinion on Governmental Activities, Business-type Activities, General Fund, Retirement Special Revenue Fund, Transportation and Street Improvement Special Revenue Fund, Public Financing Authority Debt Service Fund, Transit System Enterprise Fund, Golf Course Enterprise Fund, and Aggregate Remaining Fund Information

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, General Fund, Retirement Special Revenue Fund, Transportation and Street Improvement Special Revenue Fund, Public Financing Authority Debt Service Fund, Transit System Enterprise Fund, Golf Course Enterprise Fund, and Aggregate Remaining Fund Information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matter Giving rise to Qualified Opinions on Hilton Garden Inn Enterprise Fund and Home2Suites Enterprise Fund

During our audit of the Hilton Garden Inn Enterprise Fund and Home2Suites Enterprise Funds (collectively, the “Hotels”), we identified deficiencies in accounting records and internal controls over cash, accounts receivable, accounts payable, and disbursements.

Cash accounts were not formally reconciled, and the sweep account was not reconciled monthly, resulting in accounting records that did not reflect actual cash positions. As of June 30, 2025, unreconciled variances of approximately \$555,111 for Hilton Garden Inn Enterprise Fund and \$446,512 for Home2Suites Enterprise Fund were noted.

Accounts receivable lacked adequate supporting documentation, including aging schedules, and included long-outstanding balances. Accounts payable reflected unexplained negative balances. In addition, weaknesses in disbursement controls were identified, including untimely approvals, payments exceeding contractual amounts without adequate support, and instances where a single individual initiated, approved, and signed disbursements.

Due to these matters, we were unable to obtain sufficient appropriate audit evidence regarding certain balances and transactions. Accordingly, we were unable to determine whether adjustments might have been necessary to cash, accounts receivable, accounts payable, revenues, expenses, and related disclosures for the Hotels.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Pw Group, LLP

Santa Ana, California
March 31, 2026

City of Montebello
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025

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, 2025. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal and financial statements.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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

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

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

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

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

- **Enterprise** funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the golf course, transit system, Hilton Garden Inn and Home2suites Hotels.
- **Internal service** funds are used to report activities that provide internal services for the City. The City uses an internal service fund to account for workers' compensation and general liability expenses, including insurance premiums. 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.

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 preceding the Required Supplementary Information.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Other information

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

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

Financial Highlights

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

- On June 30, 2025, the City's total net position was approximately \$54.728 million dollars, an increase of \$2.688 million compared to the \$52.040 million total net position as of June 30, 2024. The City's unrestricted net position, at a negative \$163.700 million, increased by \$13.195 million dollars versus the prior fiscal year.
- Total revenues from all sources were \$186.461 million while total expenses were \$183.769 million (both excluding transfers). Of the total revenues, program revenues totaled \$126.676 million while general revenues totaled \$59.785 million, excluding transfers.
- The City's General Fund operating expenses (including Capital Outlay and Debt Service) exceeded operating revenue by \$12.333 million in Fiscal Year 2024-25. The General Fund fund balance totaled \$24.499 million, reflecting a net decrease of \$7.258 million (including the net impact of other financing sources and uses such as transfers and proceeds from the issuance of debt).
- The fund balance of the General Fund was large enough to allow for partial implementation of the City Council approved reserve policies, funding the Economic Uncertainties Commitment (\$16.000 million).
- General Fund total revenues, including transfers in and proceeds from issuance of debt as of June 30, 2025 was \$81.464 million. Excluding non-operating transfers in, General Fund operating revenue was \$76.389 million.
- The General Fund operating expenditures as of June 30, 2025 were \$88.722 million.
- The Transit Enterprise Fund ended Fiscal Year 2024-25 with a total net position of \$55.787 million, a slight decrease of \$0.575 million from the prior fiscal year.
- The City's Hilton Garden Inn Enterprise Fund ended the fiscal year with a net position of \$1.546 million, an improvement of \$0.179 million from FY 2024-25. The operating income (revenues exceeding expenses, surplus) was \$0.279 million as of June 30, 2025.
- The Home2Suites Enterprise Fund ended the fiscal year with a net position of negative \$2.037 million, a decrease of \$2.433 million versus FY 2023-24. The operating income (revenues exceeding expenses, surplus) was \$1.335 million as of June 30, 2025.

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

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Government-wide Financial Analysis

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

The table below is the "Statement of Net Position," and provides net position information broken out by Governmental and Business-type activities, with totals and a comparison to amounts as of June 30, 2025:

City of Montebello Statement of Net Position June 30 (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 191,706	\$ 202,184	\$ 41,840	\$ 50,100	\$ 233,546	\$ 252,284
Capital assets	157,705	150,159	142,921	141,082	300,626	291,241
Total assets	349,411	352,343	184,761	191,182	534,172	543,525
Deferred outflows of resources	21,333	33,837	4,226	8,483	25,559	42,320
Liabilities:						
Long-term liabilities	276,581	295,288	125,659	132,127	402,240	427,415
Other liabilities	11,377	15,057	10,737	11,309	22,114	26,366
Total liabilities	287,958	310,345	136,396	143,436	424,354	453,781
Deferred inflows of resources	79,442	80,787	1,207	1,390	80,649	82,177
Net Position:						
Net investment in capital assets	84,327	77,702	73,859	59,066	158,186	136,768
Restricted	50,158	49,619	10,084	14,007	60,242	63,626
Unrestricted	(131,141)	(132,273)	(32,559)	(18,232)	(163,700)	(150,505)
Total net position	\$ 3,344	\$ (4,952)	\$ 51,384	\$ 54,841	\$ 54,728	\$ 49,889

As mentioned in the "Financial Highlights" section above, the City's total net position was \$54.728 million as of June 30, 2025, an increase of \$2.688 million compared to the net position of \$52.040 million in FY 2023-24. Total assets decreased by \$9.353 million (\$534.172 million from \$543.525 million).

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

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Highlights of the key elements impacting the City's net position for the fiscal year ended June 30, 2025, are as follows:

- Governmental Activities total revenue (including transfers) exceeded expenses by \$6.085 million (\$122.124 million in revenue vs. \$116.857 million in expenses).
- Business-type Activities total expenses exceeded revenues excluding transfers by \$2.575 million (\$66.912 million in expenses vs. \$64.337 million in revenues).
- Total Citywide expenses before transfers were \$183.769 million, a reduction of approximately \$12.055 million compared to the preceding fiscal year; with \$0.036 million decrease in Public Safety (i.e., Police and Fire), \$2.174 million increase in Housing and Community Development, \$2.560 million increase in Parks, Culture and Recreation and an additional \$3.375 million in Hilton Garden Inn and Home2Suites operations (i.e., City-owned hotels).
- Total Citywide revenues as of June 30, 2025 (net of transfers) were \$186.461 million, an increase of \$8.713 million compared to June 30, 2024. Charges for Services increased \$6.509 million, Investment Earnings increased \$0.462 million, Other Revenues increased \$2.189 million, with decreases of \$1.556 million in Capital Grants compared to FY 2023-24.
- Revenues are classified into program and general revenues. Total program revenues (Governmental and Business-type activities combined) were approximately \$126.676 million, which are used to offset program expenses under each functional activity and are comprised of charges for services, operating and capital grants.
- Governmental Activities General revenues of approximately \$57.540 million are used to offset the additional expenses net of program revenues and are comprised primarily of taxes (i.e., property, sales, franchise, etc.), but also include investment income and transfers.
- The overall increase of 4.67% in total revenues (\$8.713 million) for the City was primarily due to increases in Charges for Services (\$6.509 million), Investment Earnings (\$0.462 million), Other Revenues (\$2.189 million) and Sales Tax (\$0.721 million).
- The largest City-wide revenues came from several sources: charges for services (e.g. business license fees, building permits, hotel charges and bus fares) at \$48.828 million, operating grants and contributions (e.g. allocations of funds derived from Los Angeles County Metropolitan Transportation Authority Local Return Funds Propositions A and C, and Measures R and M) at \$71.858 million, sales taxes at \$26.379 million and property taxes at \$8.468 million.
- Revenue from charges for services increased by \$6.509 million (13.33%), Other Revenues increased by \$2.189 million (74.71%), sales tax increased by \$0.721 million (2.73%) and Other Taxes increased 1.81% (\$0.234 million).
- Total citywide expenses decreased by \$12.055 million (6.56%), the net impact of increases in Parks, Culture, and Recreation (\$1.033 million), Housing and Community Development (\$3.702 million) and operations and both hotels: Hilton Garden Inn (\$0.644 million) and Home2Suites (\$2.731 million); with a reduction in Public Safety of \$0.036 million and Public Works of \$16.017 million.
- The cost of serving residents for the year (across Governmental and Business-type Activities) includes: \$59.653 million for public safety (police and fire); \$24.021 million for public works; \$40.544 million for transit (Montebello Bus Lines); \$10.278 million in general government; \$5.527 million for the Golf Course; and \$7.454 million for parks, recreation and culture.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The "Summary of Changes in Net Position" table below provides additional detail on changes to revenues, expenses and net position for the years ending June 30, 2025, and 2024.

City of Montebello Summary of Changes in Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 24,363	\$ 19,748	\$ 24,465	\$ 22,571	\$ 48,828	\$ 42,319
Operating grants and contributions	37,847	35,260	34,011	36,208	71,858	71,468
Capital grants and contributions	2,374	472	3,616	7,074	5,990	7,546
General revenues:						
Sales taxes	26,379	25,658	-	-	26,379	25,658
Property taxes	8,468	8,704	-	-	8,468	8,704
Other taxes	12,944	12,710	-	-	12,944	12,710
Other revenues	2,930	741	-	-	2,930	741
Investment earnings	6,819	6,539	2,245	2,063	9,064	8,602
Total revenues	122,124	109,832	64,337	67,916	186,461	177,748
Expenses						
General government	10,278	15,474	-	-	10,278	15,474
Public safety	59,656	59,689	-	-	59,656	59,689
Public works	24,021	40,038	-	-	24,021	40,038
Parks, culture, and recreation	5,927	4,894	-	-	5,927	4,894
Housing and community development	7,430	3,728	-	-	7,430	3,728
Transit	-	-	40,544	41,323	40,544	41,323
Golf course	-	-	5,527	4,041	5,527	4,041
Montebello Hilton	-	-	6,607	5,963	6,607	5,963
Home2suites	-	-	14,234	11,503	14,234	11,503
Water	-	-	-	-	-	-
Interest on long-term debt	8,848	8,470	-	-	8,848	8,470
Unallocated infrastructure depreciation	701	701	-	-	701	701
Total expenses	116,861	132,994	66,912	62,830	183,773	195,824
Change in net position before transfers	5,263	(23,162)	(2,575)	5,086	2,688	(18,076)
Transfers	818	2,000	(818)	(2,000)	-	-
Change in net position after transfers	6,081	(21,162)	(3,393)	3,086	2,688	(18,076)
Net position - beginning of year, as restated	(2,737)	16,210	54,777	51,753	52,040	67,963
Net position - end of year	\$ 3,344	\$ (4,952)	\$ 51,384	\$ 54,839	\$ 54,728	\$ 49,887

Governmental Activities

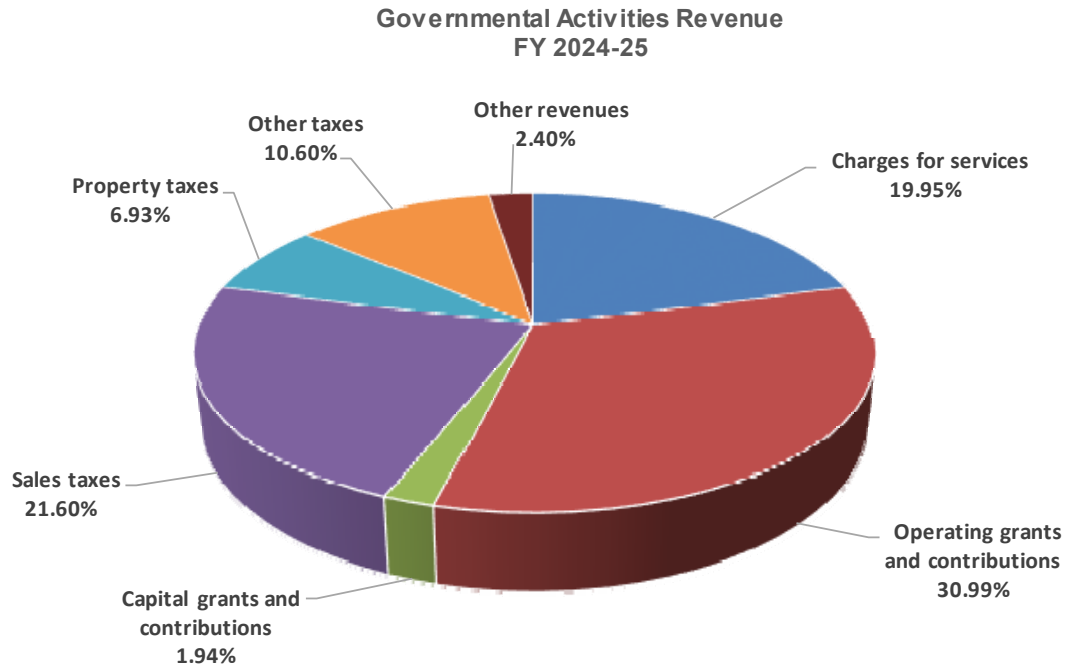
- As reflected in the Statement of Activities schedule above, Governmental activities increased the City's total net position (after transfers) by \$6.085 million, and Business-type activities decreased the net position by \$3.393 million, combining to increase total net position by \$2.688 million (\$54.728 million) vs. June 30, 2024.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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

Revenues:

The pie chart below shows the relative percentage each major category of revenue (program and general) comprises of the \$121.431 million in total Governmental Activities revenue.



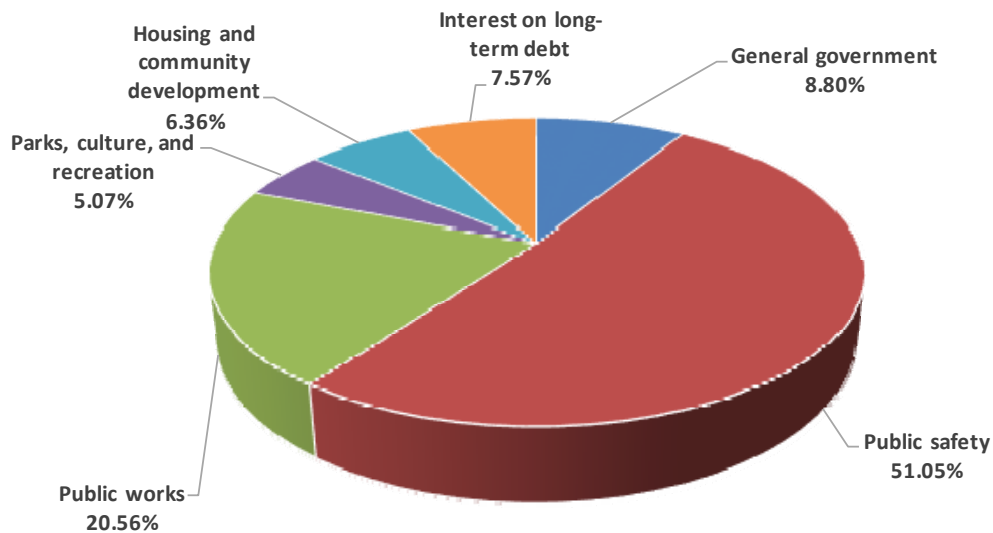
- Total governmental activities revenues increased by \$12.292 million (10.07%). This is mainly due to increases in these revenue categories: Charges for Services (\$4.615 million), Operating Grants and Contributions (\$2.587 million) and Capital Grants and Contributions (\$1.902 million).
- Operating Grants and Contributions (e.g. allocations of funds derived from Los Angeles County Metropolitan Transportation Authority Local Return Funds Propositions A and C, and Measures R and M) represent 30.99% of Governmental Activities revenue.
- Sales tax revenues were the second largest portion of total governmental activities revenues (21.60%). Sales tax revenues increased by \$0.721 million, to \$26.379 million as of June 30, 2025.
- Charges for services were the third largest source of revenue for governmental activities (19.95%). Charges for services in governmental funds include licenses and permits, fines and forfeitures, waste collection, etc. Compared to the prior fiscal year, this program revenue increased by approximately \$4.615 million, or 18.94%.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Expenses

The cost of providing all governmental activities in 2025 was \$116.857 million, a decrease in expenses of \$16.133 million (13.81%) when compared to June 30, 2024. There were increases and decreases to different categories, causing the overall reduction. Housing and Community Development increased the most (\$3.702 million, 49.83%), followed by an increase in Parks, Culture and Recreation (\$1.033 million, 17.43%); while Public Works decreased significantly by \$16.017 million, and General Government decreased by \$5.196 million. Public Safety remained relatively consistent, with a slight decrease of \$0.036 million (0.06%).

**Governmental Activities Expenses
FY 2024-25**



Program revenues of \$64.584 million offset a portion of the \$116.857 million in Governmental Activities expenses, with general revenues used to offset \$57.540 million of governmental activities expenses considered “public benefit.” This portion of expenses is funded by general revenues – which are primarily derived from taxes (i.e., sales, property, transient occupancy, etc.).

- Public Safety accounted for 51.05% of Governmental Activities expenses (\$59.653 million).
- Public Works activities of \$24.021 million comprised 20.56% of Governmental Activities expenses.

Business-type Activities

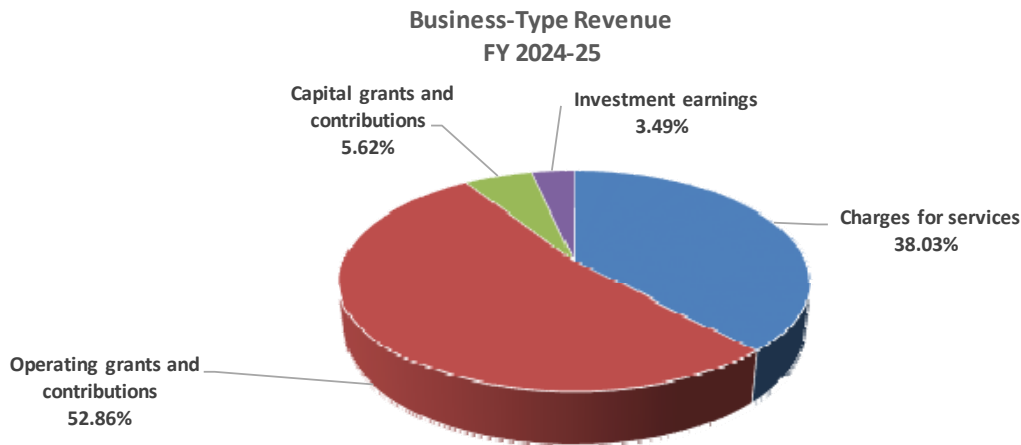
The City operates the following business-type activities: Transit System (i.e., Montebello Bus Lines), Golf Course, Hilton Garden Inn and Home2Suites. The City’s Transit System is the largest business-type operation (as defined by operating expenses), followed by Home2Suites, the Hilton Garden Inn and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

Business-type activities decreased the City’s net position after transfers by \$3.393 million, primarily a result of expenses exceeding revenue (excluding transfers) by \$2.575 million (\$66.912 million vs. \$64.337 million).

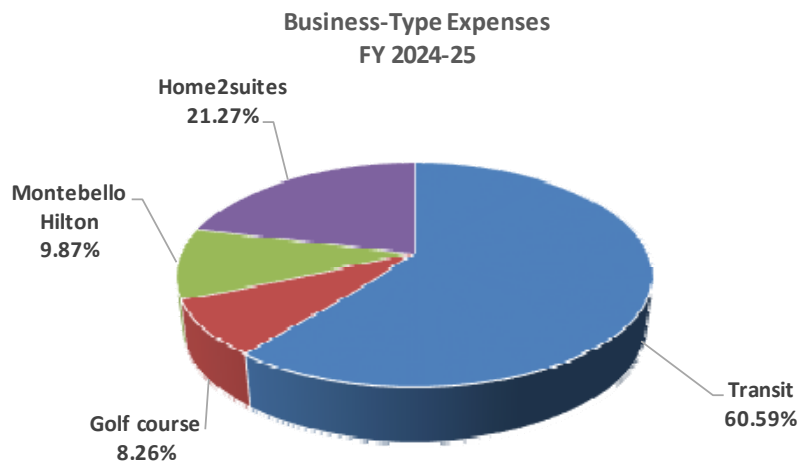
Total revenues for business-type activities were \$64.337 million, compared to \$67.916 million in the previous fiscal year, constituting a 5.56% decrease (\$3.578 million). The overall change is due to a \$3.458 million decrease in Capital Grants and Contributions and a \$2.197 million decrease in Operating Grants and Contributions, partially offset by an increase of \$1.894 million in Charges for Services.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The pie chart below shows the ratio that various program revenues comprise of the total amount of Business-type Activities revenue. Approximately 38.03% of revenue came from Charges for Services, which was generated from bus fares, special contracts, and revenue from hotel room fees, while the remaining 61.97% comes from State and Federal subsidies in the form primarily of Transit related grants and related revenue from Federal, State and local (i.e., Los Angeles County Metropolitan Transportation Authority) agencies.



Business-type Activities expenses increased \$4.082 million (6.10%) in FY 2024-25 when compared to the prior fiscal year (\$66.912 million versus \$62.830 million). The pie chart below shows the composition that each operation comprises of total Business-type expenses:



- The Transit System reported operating revenues of \$40.544 million, a \$0.779 million decrease (1.92%) when compared to FY 2023-24. There was a decrease in Federal and State transit assistance (\$1.148 million) and a total net decrease Local Return Funds (\$1.050 million) funding (i.e., Propositions A and C and Measures M and R). Operating expenses in FY 2024-25 were \$38.870 million, a \$0.225 million increase from the prior fiscal year. The majority of this increase (\$2.815 million) was in Salaries and Benefits. Net position decreases slightly by \$0.574 million, to \$55.788 million

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- The Hilton Garden Inn reflected operating net income of \$0.279 million slightly less than the \$0.812 million surplus in FY 2023-24. The net income (surplus) is attributable to the recovering economy and the return of leisure and business travelers, leading to a direct increase in total occupancy. Operating revenues were very little changed year over year at \$6.685 million (vs. \$6.546 million in FY 2023-24), and operating expenses were up slightly (\$0.672 million to \$6.406 million. Total change in net position was a positive \$0.179 million, contribution to ending net position of \$1.547 million as of June 30, 2025.
- The Montebello Home2Suites reflected operating net income of \$1.335 million. Operating revenue was \$13.417 million, an increase of \$0.716 million vs. the prior fiscal year. As the economy recovers from the pandemic, a return to leisure and business travel has positively impacted the hotel's operations. Operating expenses of \$12.083 million increased \$2.793 million vs. FY 2023-24. Total net position decreased by \$2.433 million, when taking into account a transfer out of \$2.157 million.
- The City's Golf Course was closed for renovation from September 2022 through April 2024. The complete re-imagining of the Golf Course resulted in a new layout with two courses: a 9-hole and 6-hole (lighted) course. For FY 2024-25, the first full year of operations after the renovations, the net operating loss was \$2.555 million. This was primarily due from final contractual expenses (net amount of \$3.109 million) related to construction of the clubhouse, which was completed in October 2024.

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

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

As of June 30, 2025, the City's governmental funds (i.e., major funds such as the General Fund, Retirement Fund, Local Return Funds, etc.) reported total combined ending fund balances of \$109.580 million, a decrease of \$1.999 million as compared with the prior fiscal year. All governmental fund balances are either non-spendable, restricted, committed, assigned, or unassigned pursuant to GASB 54.

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

Amounts in the *committed* fund balance are constrained for specific purposes that are internally imposed by the government through formal written action of the City Council. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. The City has designated committed or assigned fund balances as of June 30, 2025 per the City Council approved General Fund reserve policies (see next paragraph for further explanation). *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

It should be noted that updated comprehensive reserve policies were originally adopted by the City Council in June 2020 and have been presented for formal adoption as part of the budget process every fiscal year since. These reserve policies created commitments and assignments in line with GASB 54, detailing specific uses for the commitments or assignments such as "Economic Uncertainty" or "Capital Projects." These new policies, and the assignment of portions of the General Fund's fund balance, have been partially implemented as of June 30, 2025.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

A Commitment for Economic Uncertainties (\$16.000 million) has been made. Should future fund balances grow, additional designations per the reserve policies will be made per the City Council adopted policy.

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

The table below presents a comparison of General Fund revenues, expenditures, and fund balance. The General Fund saw a use of fund balance of \$7.258 million – from \$31.757 million to \$24.499 million as of June 30, 2025. Fund Balance is 32.07% of Operating Revenues.

City of Montebello General Fund As of June 30 (in thousands)				
			Change	
	2025	2024	Amount	%
Operating revenues	\$ 76,389	\$ 74,028	\$ 2,361	3.09%
Operating expenditures	88,722	88,459	263	0.30%
Excess of revenues over (under) expenditures	(12,333)	(14,431)	2,098	-17.01%
Net operating transfers	5,047	5,809	(762)	-15.10%
Proceeds from issuance of debt	28	11,911	(11,883)	-42439.29%
Surplus / (Deficit)	(7,258)	3,289	(10,547)	145.32%
Beginning fund balance	31,757	28,468	3,289	10.36%
Ending fund balance	\$ 24,499	\$ 31,757	\$ (7,258)	-29.63%

The key factors impacting major revenue and expenditure categories are highlighted below:

- General Fund operating revenues (i.e., taxes, charges for services, licenses and permits, etc.) increased by \$2.033 million (2.73%) from the prior year, which is primarily due to the overall increase in sales tax (\$0.721 million), property tax (\$0.134 million), Licenses and Permits (\$2.181 million) and Charges for Services (\$2.110 million), net of a decrease of \$3.814 million in Intergovernmental revenue.
- The increase to Property Tax reflects continued improvement in overall assessed value in the City, as well as additions to total assessed value with completed residential construction in Metro Heights and other smaller developments within the City. The Metro Heights development is also partially responsible for increases to License and Permits and Charges for Services revenue (totaling \$4.291 million) due to building permits and plan check fee revenue from this residential housing project.
- Other Revenue increased \$1.079 million from one-time insurance reimbursement payments related to water damage at the Police Headquarters (\$0.301 million), reimbursement from FEMA for a Federal Disaster Declaration from winters storms in 2022 (\$0.116 million), and continued reimbursement from the National Opioid Settlement.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- General Fund expenditures increased year-over-year by \$7.214 (8.85%). The largest year-over-year changes in operating expenses were Public Safety (increased by \$5.896 million), General Government (decrease of \$4.313 million), Capital Outlay (increase of \$2.554 million) and Housing and Community Development (increase of \$3.702 million).
- The majority of Capital Outlay expenses are related to the citywide solar project – \$3.112 million of the \$5.510 million total.
- Expenses related to salaries, benefits (including special pays) and overtime in Police and Fire contributed to the year-over-year increase, \$2.037 million in the Police Patrol Division and \$1.649 million in the Fire Suppression Division.
- The increase in Housing and Community Development is primarily from the movement of Building Services from Public Works when comparing FY 2024-25 to FY 2023-24 (\$2.212 million).
- The year-over-year decrease in General Government is from a drop in settlement related expenses of \$1.902 million and an increase of \$2.161 million in administrative overhead charged as part of the City's cost allocation plan –recorded as a credit to expenses for financial reporting purposes vs. recorded as revenue for budget presentation.
- Non-operating transfers in (i.e., revenue) related to reimbursement from the Retirement Fund increased \$0.863 million in FY 2024-25 (see paragraph which follows), with a one-time transfer in of \$.100 million from the George Miller fund to reimburse for Fire Department related training expenses.

The table below provides detail of General Fund revenue by major category for FY 2024-25:

City of Montebello General Fund As of June 30					
	Budgeted Amounts		2025 Actual	Variance with Final Budget	
	Original	Final		Positive	(Negative)
Revenues					
Sales taxes	\$ 26,625	\$ 26,625	\$ 26,379	\$	(246)
Property taxes	17,060	17,060	17,508		448
Other taxes	660	660	606		(54)
Franchise taxes	3,325	3,325	3,298		(27)
Licenses and permits	7,163	7,163	9,725		2,562
Fines and forfeitures	3,145	3,145	2,884		(261)
Investment income	520	520	1,609		1,089
Intergovernmental	15	15	1,042		1,027
Charges for services	9,252	9,252	11,209		1,957
Rents and Concessions	-	-	331		331
Other revenue	499	499	1,798		1,299
Total revenues	\$ 68,264	\$ 68,264	\$ 76,389	\$	8,125

Retirement Fund is reserved for the payment of retirement expenses (both Normal Cost and Unfunded Accrued Liability) for all employees of the City. The Retirement Fund is financed by the retirement portion of the property tax revenue (i.e., property tax override) pursuant to a 1946 voter approved initiative to provide for the retirement benefit costs of City employees. Property Tax is the single largest source of revenue for this fund, \$17.860 million for FY 2024-25. The City's Retirement Fund increased its fund balance by \$4.285 million as of June 30, 2025, to a total of \$34.711 million.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The largest expense is the \$12.922 million in Transfers Out related to the reimbursement of General Fund pension costs and payment of debt service on the \$153.4 million in Pension Obligation Bonds issued in June 2020. The expenses related to pension costs (General Fund) and debt service (Debt Service Fund) are recognized as non-Operating Expenses (i.e., Transfers Out). The \$0.890 million expense in General Government is the annual lump-sum payment to PERS for the unfunded liability as determined by the annual actuarial report.

Transportation and Street Improvement Funds category is used to account for the activity of Los Angeles County Metropolitan Transportation Authority (Metro) Local Return Funds and State of California Gas Tax funds. This is a relatively new presentation of these funds which began with the financial statements as of June 30, 2023, combining activity to better illustrate the revenue and expenses related to street and roads funds. During the year ended June 30, 2025, fund balance decreased by \$0.696 million. Total expenditures were \$8.506 million, an increase of \$5.302 million from FY 2023-24, reflecting the resumption of capital project work in FY 2024-25.

Public Financing Authority Debt Service Fund is used to account for the accumulation of resources required for the payment of interest and principal on all revenue bonds issued by the Public Financing Authority. As of June 30, 2025, fund balance increased by \$0.284 million – from \$6.035 million to \$6.320 million. This fund is designed to act as a conduit for payment of debt service: Debt Service expenses (principal and interest charges) generally equal Non-Operating Transfers In (revenue).

Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2025 amounted to \$300.626 million, net of accumulated depreciation, an \$8.616 million increase (2.87%) over the prior year. Capital assets include land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The table below provides a year-over-year comparison of capital assets (net of depreciation), broken out by Governmental Activities and Business-type Activities:

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

	Governmental Activities		Business-type Activities		Total	
	2024				2024	
	2025	As Restated	2025	2024	2025	As Restated
Land	\$ 3,413	\$ 3,413	\$ 6,272	\$ 6,272	\$ 9,685	\$ 9,685
Rights of way	14,392	14,392	-	-	14,392	14,392
Construction in progress	31,635	30,303	7,550	46,891	39,185	77,194
Buildings and improvements	99,027	95,653	108,549	65,791	207,576	161,444
Machinery and equipment	9,559	8,040	20,319	22,128	29,878	30,168
Infrastructure	(855)	(1,641)	-	-	(855)	(1,641)
Right-to-use subscription assets	534	768	231	-	765	768
	<u>\$ 157,705</u>	<u>\$ 150,928</u>	<u>\$ 142,921</u>	<u>\$ 141,082</u>	<u>\$ 300,626</u>	<u>\$ 292,010</u>

The capital asset classes include:

- Sewer system, including sewer pipes, pumping stations, manholes, and laterals;
- Storm drain system, including storm drainpipes, flood control channels, and catch basins;

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- 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.

Long-Term Liabilities

At the end of Fiscal Year 2024-25, the City had total debt outstanding of \$375.652 million, a decrease of \$17.471 million compared to the prior year. This decrease is from reductions in outstanding amounts across revenue and pension bonds, as well as a decrease in claims payable of \$2.891 million.

The outstanding debt includes \$156.593 million of revenue bonds and \$126.770 million of pension obligation bonds. Capital lease obligations decreased to \$1.084 million (from \$1.427 million), and Subscription liabilities increased to \$0.272 million (from \$0.043 million), reflecting the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. Compensated absences decreased by \$0.024 million, resulting in a total liability of \$10.920 million. The City's Other Postemployment Benefit Obligation (OPEB) liability – as determined by the updated GASB 75 actuarial valuation – decreased by \$1.543 million to \$28.437 million.

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

City of Montebello Summary of Long-term Debt As of June 30 (in thousands)							
	Governmental Activities		Business-type Activities		Total		
	2024				2024		
	2025	As Restated	2025	2024	2025	As Restated	
Revenue bonds, net	\$ 78,797	\$ 82,177	\$ 77,796	\$ 80,692	\$ 156,593	\$ 162,869	
Pension bonds, net	92,960	97,023	33,810	35,287	126,770	132,310	
Claims payable	31,804	34,695			31,804	34,695	
Notes payable	15,889	16,843	3,883	4,012	19,772	20,855	
Capital lease obligation	661	888	423	539	1,084	1,427	
Subscription liability	40	43	232	-	272	43	
Compensated absences	8,532	9,136	2,388	1,808	10,920	10,944	
Other postemployment benefits obligation	24,832	26,180	3,605	3,800	28,437	29,980	
Subtotal	253,515	266,985	122,137	126,138	375,652	393,123	
Less current portion	25,196	19,098	6,431	5,556	31,627	24,654	
Noncurrent portion	\$ 228,319	\$ 247,887	\$ 115,706	\$ 120,582	\$ 344,025	\$ 368,469	

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

Credit Rating

As of the date of this ACFR, the City's S&P issuer credit rating (ICR) improved from "A+" to "AA-", with the underlying credit rating on the City's outstanding lease revenue bonds improving to "A+" (from "A"), with a "stable" outlook. These latest ratings were updated when S&P Global Ratings conducted a scheduled credit rating review in October 2025.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The rating action reflects S&P Global Ratings view of the City's strong General Fund performance over the past few years, driven by robust growth in both property tax and sales tax revenue, which is expected to continue. Operating surpluses during the past three years have also lead to a recovery in available General Fund reserves, which are now in compliance with the City's GASB 54 reserve policy. Additional detail can be found in the October 1, 2025 S&P Global Ratings Report "Montebello, CA and Pension Obligation Bonds Upgraded to 'AA-' on Strong Performance; Lease Revenue Bonds raised to 'A+'."

Organizational and Economic Overview

The financial statements and commentary found in prior ACFR's had been dominated by discussion of the impacts of the Coronavirus pandemic. For the results as of June 30, 2025, the economic and financial impacts of the pandemic have disappeared and there appears to be a return to "pre-pandemic" economic and financial activity – albeit tempered by continued lingering inflationary effects, which impact interest rates on home mortgages, vehicle financing, credit card debt, etc. In addition, immigration raids, tariffs, freezing of Federal funds for various activities, passage of a major tax bill, firings of hundreds of thousands of Federal employees, expiration of health insurance incentives, continued security strife in the Middle East, Ukraine, Venezuela and elsewhere, and overall chaos and uncertainty over much of the Federal Governments' operations have impacted the economy – locally, regionally and nationally – and society at large.

Despite the litany of changes in the norms of Federal policy and operations – and the impacts these changes are having on communities – the local Montebello economy appears to be healthy, as evidenced by continued strong sales and transaction and use tax performance, as well as positive property tax revenue performance. Also, the City's two hotels are performing well, seeing occupancy rates at or above levels last seen pre-pandemic (i.e., 2019).

For the second half of Fiscal Year 2024-25 the discussion surrounding the economy focused on tariffs, and the near-constant changes in amounts and to which countries and products the tariffs applied. The uncertainty which the blitz of tariff changes brought to the economy dominated talk about the impacts the ever-changing tariff policies will have on the average consumer – and what this could mean for the economy at large. Tariffs are a tax on the consumer, and while it appears many major businesses have not fully passed on the tariff impact to the consumer, the question lingers about how long that can last. At some point, businesses will be forced to pass along the increased costs associated with higher tariffs, which could result in even higher prices across a broad range of goods and services.

Because there is so much in the larger economy out of the City's control, it is imperative that Montebello's economic development activities promote projects that expand the City's sales tax and property tax base. Looking ahead, there is much to be excited about in Montebello in these arenas, with several projects begun prior to FY 2024-25 that will contribute to the City's long-term economic health and viability once completed in the near future. In 2026, the following business are expected to open operations in Montebello: Dutch Brothers Coffee, Round 1, Hobby Lobby, Yard House Brewery, and many more retail operations that will further strengthen the City's sales tax base.

The issuance of \$15.140 million in lease revenue bonds in September 2022 (LRB Series 2022A) has ushered in a new era for the City's public golf course, with re-opening of the golf course occurring in April, 2024, followed by the clubhouse opening in October, 2024. These bond proceeds have been used to completely reconstruct the existing golf course and constructing a new and modern clubhouse, creating a championship 9-hole course, a 6-hole "executive" course, and adding lights for the ability to play golf during evening hours.

Fiscal Year 2024-25 was the first full fiscal year of operations for the new Golf Course, and expenses related to the clubhouse construction are recorded in the Golf Course fund for this fiscal year. Staff are closely monitoring operations and adjusting green fees accordingly to match ongoing revenue with ongoing expenses.

City of Montebello
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Connected to the Golf Course Renovation Project is the Topgolf facility, constructed on 15 acres of the existing golf course property. Topgolf opened to the public in May, 2024. This project is funded with \$55.4 million in lease revenue bonds issued in December 2022 (LRB Series 2022B). In a unique financing arrangement, the Public Financing Authority issued the bonds, with a sub-lease and guaranty tied to the issuance that requires Topgolf to pay the annual debt service (i.e., improvement rent). The completed Topgolf facility is a three-story entertainment and event center, featuring 102 hitting bays, a restaurant, meeting space and a pro shop. In addition to the commitment to pay annual debt service, Topgolf pays an annual lease for the use of City property (\$1.150 million for the first five years, with increases every five years thereafter). In addition, the facility generates sales tax revenue, which helps boost overall General Fund revenue.

As noted in the preceding pages, the General Fund's fund balance is \$24.499 million as of June 30, 2025. The fiscal year ending June 30, 2025 again allowed for partial implementation of the reserve policies approved by the City Council in June 2020. One Commitment – Economic Uncertainties – has been reserved in fund balance (\$16.000 million). The fund balance represents 32.07 % of General Fund operating revenue. Details on General Fund reserve classifications can be found in Note 13.

These are just a few highlights of the many projects underway in Montebello that are aimed at improving residents' lives and helping to put the City on a long-term path to financial stability and sustainability. Some other projects that either began or were continued into FY 2024-25 are the following:

- Designation as a "Most Business Friendly City 2025" by the Los Angeles Economic Development Council
- Completion of a portion of the "Paving the Way" projects that improved residential street and road conditions
- Major repairs to the City's aging sewer system, utilizing a portion of the City's Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) allocation
- Expansion of the Montebello Community Assistance Program (MCAP) aimed at helping the City's unhoused population
- Update of the City's General Plan, the first in over forty years, with adoption by the City Council in April, 2024
- Completion of a park and facilities needs assessment study and master plan
- Completion of significant facility repair and upgrade projects, eliminating years of deferred maintenance on key City facilities
- Renovation of the City Park baseball field
- Creation of a Community Resource Center at Chet Holifield Park
- Introduction of improved purchasing and procurement guidelines
- Receiving the Government Finance Officers Association (GFOA) award for budget preparation for the sixth time in the history of the City
- Approval to finance installation of solar panels at City facilities

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Montebello
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 67,088,311	\$ 22,625,159	\$ 89,713,470
Taxes receivable	5,366,353	-	5,366,353
Accounts receivable	11,117,013	4,261,052	15,378,065
Interest receivable	768,810	-	768,810
Notes receivable	1,384,166	-	1,384,166
Lease receivable, due within one year	2,029,254	-	2,029,254
Due from Successor Agency	3,486,564	-	3,486,564
Due from other governments	333,721	-	333,721
Prepaid items	512,022	1,294,783	1,806,805
Inventories	-	1,454,975	1,454,975
Internal balances	(1,034,437)	1,034,437	-
Total current assets	91,051,777	30,670,406	121,722,183
Noncurrent assets:			
Restricted cash and investments	28,389,457	11,170,307	39,559,764
Property held for resale	1,679,368	-	1,679,368
Lease receivable, due in more than one year	70,586,128	-	70,586,128
Capital assets:			
Capital assets, not being depreciated	49,439,824	13,821,754	63,261,578
Capital assets, being depreciated, net	107,730,913	128,868,160	236,599,073
Intangible capital assets, being amortized, net	533,948	230,743	764,691
Total capital assets, net	157,704,685	142,920,657	300,625,342
Total noncurrent assets	258,359,638	154,090,964	412,450,602
Total assets	349,411,415	184,761,370	534,172,785
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	15,725,456	3,580,422	19,305,878
Other postemployment benefits related	5,566,410	622,615	6,189,025
Unamortized loss on defeasance of debt	41,264	23,407	64,671
Total deferred outflows of resources	21,333,130	4,226,444	25,559,574

City of Montebello
Statement of Net Position (Continued)
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,777,985	9,596,697	13,374,682
Accrued interest	878,916	455,509	1,334,425
Deposits payable	-	216,889	216,889
Due to other governments	19,818	2,750	22,568
Unearned revenue	6,700,648	465,879	7,166,527
Long-term liabilities, due within one year	25,195,782	6,560,092	31,755,874
Total noncurrent assets	36,573,149	17,297,816	53,870,965
Noncurrent liabilities:			
Long-term liabilities, due in more than one year	203,487,316	111,973,866	315,461,182
Net pension liabilities	22,321,658	4,264,407	26,586,065
Net other postemployment benefits liability	25,575,896	2,860,724	28,436,620
Total noncurrent liabilities	251,384,870	119,098,997	370,483,867
Total liabilities	287,958,019	136,396,813	424,354,832
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding of debt	-	402,419	402,419
Lease related	72,249,373	-	72,249,373
Other postemployment benefits related	7,193,053	804,560	7,997,613
Total deferred inflows of resources	79,442,426	1,206,979	80,649,405
NET POSITION			
Net investment in capital assets	84,326,669	73,859,053	158,185,722
Restricted for:			
Community development	10,154,406	-	10,154,406
Public safety	847,024	-	847,024
Transportation and street	32,354,753	-	32,354,753
Debt service	6,319,737	10,083,733	16,403,470
Other	482,717	-	482,717
Total restricted	50,158,637	10,083,733	60,242,370
Unrestricted (deficit)	(131,141,206)	(32,558,764)	(163,699,970)
Total net position (deficit)	\$ 3,344,100	\$ 51,384,022	\$ 54,728,122

City of Montebello
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 10,278,218	\$ 4,786,381	\$ 1,632,461	\$ 131,885	\$ 6,550,727
Public safety	59,655,759	5,313,791	19,785,682	841,250	25,940,723
Public works	24,021,363	8,858,499	12,308,704	1,345,890	22,513,093
Parks, recreation, and culture	5,927,153	519,146	3,080,900	-	3,600,046
Housing and community development	7,429,548	4,884,729	1,039,583	55,288	5,979,600
Unallocated infrastructure depreciation	700,608	-	-	-	-
Interest and fiscal charges	8,848,124	-	-	-	-
Total governmental activities	116,860,773	24,362,546	37,847,330	2,374,313	64,584,189
Business-type Activities:					
Transit system	40,544,137	2,167,791	34,011,392	3,616,087	39,795,270
Golf course	5,526,680	2,194,647	-	-	2,194,647
Hilton Garden Inn	6,607,041	6,684,979	-	-	6,684,979
Home2Suites	14,234,443	13,417,472	-	-	13,417,472
Total business-type activities	66,912,301	24,464,889	34,011,392	3,616,087	62,092,368
Total	\$ 183,773,074	\$ 48,827,435	\$ 71,858,722	\$ 5,990,400	\$ 126,676,557

City of Montebello
Statement of Activities (Continued)
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (3,727,491)	\$ -	\$ (3,727,491)
Public safety	(33,715,036)	-	(33,715,036)
Public works	(1,508,270)	-	(1,508,270)
Parks, recreation, and culture	(2,327,107)	-	(2,327,107)
Housing and community development	(1,449,948)	-	(1,449,948)
Unallocated infrastructure depreciation	(700,608)	-	(700,608)
Interest and fiscal charges	(8,848,124)	-	(8,848,124)
Total governmental activities	(52,276,584)	-	(52,276,584)
Business-type Activities:			
Transit system	-	(748,867)	(748,867)
Golf course	-	(3,332,033)	(3,332,033)
Hilton Garden Inn	-	77,938	77,938
Home2Suites	-	(816,971)	(816,971)
Total business-type activities	-	(4,819,933)	(4,819,933)
Total	(52,276,584)	(4,819,933)	(57,096,517)
General revenues:			
Taxes:			
Property taxes	8,468,396	-	8,468,396
Sales tax	26,378,884	-	26,378,884
Franchise taxes	3,297,695	-	3,297,695
Property tax in-lieu	9,039,165	-	9,039,165
Other taxes	606,912	-	606,912
Total taxes	47,791,052	-	47,791,052
Investment income	6,818,886	2,245,267	9,064,153
Other revenues	2,929,696	-	2,929,696
Transfers	818,186	(818,186)	-
Total general revenues and transfers	58,357,820	1,427,081	59,784,901
Changes in net position	6,081,236	(3,392,852)	2,688,384
Net position:			
Beginning of year, as restated (Note 17)	(2,737,136)	54,776,874	52,039,738
End of year	\$ 3,344,100	\$ 51,384,022	\$ 54,728,122

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FUND FINANCIAL STATEMENTS

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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MAJOR GOVERNMENTAL FUNDS

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

GENERAL FUND

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

RETIREMENT SPECIAL REVENUE FUND

To account for the accumulation of resources required for costs associated with the City's defined benefit retirement program, provided through a contractual relationship with the California Public Employees Retirement System (CalPERS). The City voters twice approved a Property Tax Override (PTO) in 1946 and again in 1976 (affirmation vote) to be utilized to pay for retirement related pension costs (i.e., PERS related expenditures). Ordinance No 2148 (1996) codified the tax rate at \$0.197875 per \$100 of assessed valuation (Municipal Code Section 3.28.020). The revenue from the property tax override can only be used to pay for retirement system related expenses. The revenue is utilized to pay for unfunded actuarial liability (UAL), normal costs, and effective FY 2020-21, debt service on Pension Obligation Bonds.

TRANSPORTATION AND STREET IMPROVEMENT SPECIAL REVENUE FUND

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

PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND

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

City of Montebello
Balance Sheet
Governmental Funds
June 30, 2025

		Special Revenue Funds		Debt Service Fund
			Transportation and Street Improvement Fund	Public Financing Authority
	General Fund	Retirement Fund		
ASSETS				
Cash and investments	\$ 7,560,740	\$ 34,514,398	\$ 16,901,829	\$ -
Accounts receivable	3,376,945	-	291,311	-
Interest receivable	766,065	-	-	-
Taxes receivable	5,156,227	210,126	-	-
Notes receivable	-	-	-	-
Due from other funds	13,512,741	-	-	375,266
Due from Successor Agency	11,875	-	-	-
Due from governments	333,721	-	-	-
Lease receivable	72,615,382	-	-	-
Prepaid items	512,022	-	-	-
Property held for resale	682,538	-	-	-
Restricted assets:				
Cash and investments held by fiscal agent	-	-	15,740,482	6,125,292
Cash in escrow	6,523,683	-	-	-
Total assets	\$ 111,051,939	\$ 34,724,524	\$ 32,933,622	\$ 6,500,558
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,573,353	\$ 13,756	\$ 581,101	\$ -
Due to other funds	7,096,220	-	-	180,821
Due to other governments	19,818	-	-	-
Unearned revenues	5,613,375	-	-	-
Total liabilities	14,302,766	13,756	581,101	180,821
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Lease related	72,249,373	-	-	-
Total deferred inflows of resources	72,249,373	-	-	-
Fund Balances:				
Nonspendable	1,194,560	-	-	-
Restricted	6,523,683	34,710,768	32,352,521	6,319,737
Committed	16,000,000	-	-	-
Assigned	-	-	-	-
Unassigned	781,557	-	-	-
Total fund balances	24,499,800	34,710,768	32,352,521	6,319,737
Total liabilities, deferred inflows of resources, and fund balances	\$ 111,051,939	\$ 34,724,524	\$ 32,933,622	\$ 6,500,558

See accompanying Notes to the Basic Financial Statements.

City of Montebello
Balance Sheet (Continued)
Governmental Funds
June 30, 2025

	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 7,511,344	\$ 66,488,311
Accounts receivable	7,424,549	11,092,805
Interest receivable	2,745	768,810
Taxes receivable	-	5,366,353
Notes receivable	1,384,166	1,384,166
Due from other funds	1,475,000	15,363,007
Due from Successor Agency	3,474,689	3,486,564
Due from governments	-	333,721
Lease receivable	-	72,615,382
Prepaid items	-	512,022
Property held for resale	996,830	1,679,368
Restricted assets:		
Cash and investments held by fiscal agent	-	21,865,774
Cash in escrow	-	6,523,683
Total assets	\$ 22,269,323	\$ 207,479,966
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,147,949	\$ 3,316,159
Due to other funds	8,190,883	15,467,924
Due to other governments	-	19,818
Unearned revenues	1,087,273	6,700,648
Total liabilities	10,426,105	25,504,549
Deferred Inflows of Resources:		
Unavailable revenues	145,550	145,550
Lease related	-	72,249,373
Total deferred inflows of resources	145,550	72,394,923
Fund Balances:		
Nonspendable	-	1,194,560
Restricted	11,340,829	91,247,538
Committed	-	16,000,000
Assigned	356,839	356,839
Unassigned	-	781,557
Total fund balances	11,697,668	109,580,494
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,269,323	\$ 207,479,966

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City of Montebello
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total fund balances reported on the governmental funds balance sheet	\$ 109,580,494
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Capital assets used in governmental activities are not current assets or provides financial resources and therefore are not reported in the governmental funds.	157,704,685
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Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. Currently due assets and liabilities of these funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.	(32,571,301)
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Revenues earned but not available to pay for current expenditures for governmental funds are reported as unavailable revenue in the governmental funds balance sheet.	145,550
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Compensated absences were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets.	(8,531,593)
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Net pension liabilities and the related deferred outflows and inflows of resources were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets:

Deferred outflows of resources	\$ 15,725,456	
Net pension liabilities	<u>(22,321,658)</u>	(6,596,202)

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

Deferred outflows of resources	5,566,410	
Net other postemployment benefits liability	(25,575,896)	
Deferred inflows of resources	<u>(7,193,053)</u>	(27,202,539)

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

Bonds and loans payable, net of premium and discount	(188,307,057)	
Subscription liability	(40,285)	
Unamortized loss on defeasance of debt	41,264	
Interest payable	<u>(878,916)</u>	(189,184,994)

Net position of governmental activities	\$ <u>3,344,100</u>
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City of Montebello
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

		Special Revenue Funds		Debt Service Fund
			Transportation and Street Improvement Fund	Public Financing Authority
	General Fund	Retirement Fund		
REVENUES:				
Taxes	\$ 47,791,052	\$ 17,860,061	\$ -	\$ -
Intergovernmental	1,042,336	-	8,546,680	-
Licenses and permits	9,724,788	-	-	-
Fines and forfeitures	2,884,302	-	-	-
Use of money and property	1,939,861	237,815	1,392,750	4,641,210
Charges for services	11,209,402	-	-	-
Other revenue	1,797,653	-	-	1,471,138
Total revenues	76,389,394	18,097,876	9,939,430	6,112,348
EXPENDITURES:				
Current:				
General government	6,768,296	890,253	-	-
Public safety	48,292,218	-	-	-
Public works	15,824,123	-	4,989,649	-
Parks, recreation, and culture	5,312,622	-	-	-
Housing and community development	5,470,664	-	-	-
Capital outlay	5,510,115	-	3,516,117	-
Debt service:				
Principal	643,065	-	-	7,232,622
Interest and fiscal charges	901,163	-	-	8,118,432
Total expenditures	88,722,266	890,253	8,505,766	15,351,054
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,332,872)	17,207,623	1,433,664	(9,238,706)
OTHER FINANCING SOURCES (USES):				
Transfers in	5,629,175	-	-	9,523,165
Transfers out	(581,814)	(12,922,406)	(2,129,934)	-
Issuance of debt	28,428	-	-	-
Total other financing sources (uses)	5,075,789	(12,922,406)	(2,129,934)	9,523,165
NET CHANGE IN FUND BALANCES	(7,257,083)	4,285,217	(696,270)	284,459
FUND BALANCES:				
Beginning of year, as previously reported	31,756,883	30,425,551	33,048,791	6,035,278
Change in the financial reporting entity (major to nonmajor fund)	-	-	-	-
Correction of error	-	-	-	-
Beginning of year, as restated (Note 17)	31,756,883	30,425,551	33,048,791	6,035,278
End of year	\$ 24,499,800	\$ 34,710,768	\$ 32,352,521	\$ 6,319,737

See accompanying Notes to the Basic Financial Statements.

City of Montebello
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
	Capital Improvements Fund		
REVENUES:			
Taxes		\$ -	\$ 65,651,113
Intergovernmental		11,286,264	20,875,280
Licenses and permits		-	9,724,788
Fines and forfeitures		-	2,884,302
Use of money and property		67,814	8,279,450
Charges for services		77,503	11,286,905
Other revenue		7,644	3,276,435
Total revenues		11,439,225	121,978,273
EXPENDITURES:			
Current:			
General government		-	7,658,549
Public safety		3,064,182	51,356,400
Public works		783,725	21,597,497
Parks, recreation, and culture		287,366	5,599,988
Housing and community development		1,815,096	7,285,760
Capital outlay		4,824,305	13,850,537
Debt service:			
Principal		569,051	8,444,738
Interest and fiscal charges		10,664	9,030,259
Total expenditures		11,354,389	124,823,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		84,836	(2,845,455)
OTHER FINANCING SOURCES (USES):			
Transfers in		1,400,000	16,552,340
Transfers out		(100,000)	(15,734,154)
Issuance of debt		-	28,428
Total other financing sources (uses)		1,300,000	846,614
NET CHANGE IN FUND BALANCES		1,384,836	(1,998,841)
FUND BALANCES:			
Beginning of year, as previously reported	(378,700)	10,206,127	111,093,930
Change in the financial reporting entity (major to nonmajor fund)	378,700	(378,700)	-
Correction of error	-	485,405	485,405
Beginning of year, as restated (Note 17)	-	10,312,832	111,579,335
End of year	\$ -	\$ 11,697,668	\$ 109,580,494

See accompanying Notes to the Basic Financial Statements.

City of Montebello
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds: \$ (1,998,841)

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

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

Capital outlay expenditures, net of functional expenses of \$661,173	\$ 13,189,364	
Depreciation and amortization expense	(5,997,027)	
Net effect of disposal of capital assets	(414,671)	6,777,666

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.		145,550
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities. Amortization of bond premiums and discounts and deferred charges were recognized in interest expense on the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore amortization of bond discounts and premiums was not reported as an expenditure in the governmental funds.

Issuance of debt	(28,428)	
Repayment of debt principal	8,444,738	
Interest and amortization expense	182,135	8,598,445

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

Pension credit, net of contribution made after measurement date	(6,495,651)	
OPEB expense, net of contribution made after measurement date	290,831	
Compensated absences	(814,684)	(7,019,504)

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

(422,080)

Change in net position of governmental activities		\$ 6,081,236
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PROPRIETARY FUND FINANCIAL STATEMENTS

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MAJOR PROPRIETARY FUNDS

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

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

TRANSIT SYSTEM FUND

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

GOLF COURSE FUND

This fund is used to account for all revenues and expenses related to the operations of the Bella Verde Golf Course. The City owns and operates a newly renovated 9-hole course, a new 6-hole "short course" and with lighting installed, a new 10-hole course that allows for expanded night-time play. This enterprise fund accounts for the operations of the golf course, including a third-party operations and maintenance vendor. In addition, this fund accounts for revenue and operating expenses of the Quiet Cannon, a City-owned event and conference center operated by a third party management company.

MONTEBELLO HILTON FUND

This fund is used to account for revenues and expenses related to the operations of the Hilton Garden Inn. This City owned hotel has been in operation since 2004 and is operated by a management company. It is a full service hotel that offers a full range of amenities: business center, meeting rooms, bar/restaurant, swimming pool, etc.

HOME2SUITES FUND

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

City of Montebello
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds			
	Transit System Fund	Golf Course	Hilton Garden Inn	Home2Suites
ASSETS				
Current assets:				
Cash and investments	\$ 19,615,544	\$ 1,727	\$ 1,013,993	\$ 1,993,895
Accounts receivable	1,544,305	432,472	1,244,036	1,040,239
Due from other funds	33,346,433	43,460	-	-
Inventories	1,385,870	64,611	2,047	2,447
Prepaid items	119,130	-	476,952	698,701
Restricted:				
Cash and investments with fiscal agents	7,630	1,779	2,557,734	7,516,590
Cash in escrow	1,086,574	-	-	-
Total current assets	57,105,486	544,049	5,294,762	11,251,872
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	10,885,330	2,370,003	566,421	-
Capital assets, being depreciated	99,393,968	49,329,213	19,715,754	49,083,848
Accumulated depreciation	(61,202,439)	(9,527,639)	(9,641,646)	(8,282,899)
Intangible capital assets, being amortized	232,357	-	-	-
Accumulated amortization	(1,614)	-	-	-
Total capital assets, net	49,307,602	42,171,577	10,640,529	40,800,949
Total noncurrent assets	49,307,602	42,171,577	10,640,529	40,800,949
Total assets	106,413,088	42,715,626	15,935,291	52,052,821
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	3,553,923	26,499	-	-
Other postemployment benefits related	524,210	98,405	-	-
Deferred charges on refunding	-	23,407	-	-
Total deferred outflows of resources	4,078,133	148,311	-	-

(Continued)

City of Montebello
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds	Governmental Activities
	Total	Internal Service Fund
ASSETS		
Current assets:		
Cash and investments	\$ 22,625,159	\$ 600,000
Accounts receivable	4,261,052	24,208
Due from other funds	33,389,893	-
Inventories	1,454,975	-
Prepaid items	1,294,783	-
Restricted:		
Cash and investments with fiscal agents	10,083,733	-
Cash in escrow	1,086,574	-
Total current assets	74,196,169	624,208
Noncurrent assets:		
Capital assets:		
Capital assets, not being depreciated	13,821,754	-
Capital assets, being depreciated	217,522,783	-
Accumulated depreciation	(88,654,623)	-
Intangible capital assets, being amortized	232,357	-
Accumulated amortization	(1,614)	-
Total capital assets, net	142,920,657	-
Total noncurrent assets	142,920,657	-
Total assets	217,116,826	624,208
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	3,580,422	-
Other postemployment benefits related	622,615	-
Deferred charges on refunding	23,407	-
Total deferred outflows of resources	4,226,444	-

(Continued)

City of Montebello
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds			
	Transit System Fund	Golf Course	Hilton Garden Inn	Home2Suites
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	6,569,321	324,179	1,444,365	1,258,832
Interest payable	107,133	129,517	27,217	191,642
Deposits payable	-	400	216,489	-
Due to other funds	-	28,907,406	3,233,883	214,167
Due to Successor Agency	-	-	-	2,750
Unearned revenue	465,879	-	-	-
Compensated absences, due within one year	2,202,384	3,313	-	-
Claims payable, due within one year	-	-	-	-
Bonds and notes payable, due within one year	1,584,624	575,484	715,000	1,350,000
Subscription liability, due within one year	129,287	-	-	-
Total current liabilities	11,058,628	29,940,299	5,636,954	3,017,391
Noncurrent liabilities:				
Compensated absences, due in more than one year	170,638	12,005	-	-
Claims payable, due in more than one year	-	-	-	-
Bonds and notes payable, due in more than one year	36,053,510	16,212,828	8,349,318	51,072,497
Subscription liability, due in more than one year	103,070	-	-	-
Net pension liability	4,232,846	31,561	-	-
Net other postemployment benefits liability	2,408,582	452,142	-	-
Total noncurrent liabilities	42,968,646	16,708,536	8,349,318	51,072,497
Total liabilities	54,027,274	46,648,835	13,986,272	54,089,888
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	-	-	402,419	-
Other postemployment benefits related	677,398	127,162	-	-
Total deferred inflows of resources	677,398	127,162	402,419	-
NET POSITION				
Net investment in capital assets	46,033,412	26,009,867	2,218,908	(403,134)
Restricted for debt service	7,630	1,779	2,557,734	7,516,590
Unrestricted (deficit)	9,745,507	(29,923,706)	(3,230,042)	(9,150,523)
Total net position	\$ 55,786,549	\$ (3,912,060)	\$ 1,546,600	\$ (2,037,067)

(Continued)

City of Montebello
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds	Governmental Activities
	Total	Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	9,596,697	461,826
Interest payable	455,509	-
Deposits payable	216,889	-
Due to other funds	32,355,456	929,520
Due to Successor Agency	2,750	-
Unearned revenue	465,879	-
Compensated absences, due within one year	2,205,697	-
Claims payable, due within one year	-	8,473,224
Bonds and notes payable, due within one year	4,225,108	-
Subscription liability, due within one year	129,287	-
Total current liabilities	49,653,272	9,864,570
Noncurrent liabilities:		
Compensated absences, due in more than one year	182,643	-
Claims payable, due in more than one year	-	23,330,939
Bonds and notes payable, due in more than one year	111,688,153	-
Subscription liability, due in more than one year	103,070	-
Net pension liability	4,264,407	-
Net other postemployment benefits liability	2,860,724	-
Total noncurrent liabilities	119,098,997	23,330,939
Total liabilities	168,752,269	33,195,509
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	402,419	-
Other postemployment benefits related	804,560	-
Total deferred inflows of resources	1,206,979	-
NET POSITION		
Net investment in capital assets	73,859,053	-
Restricted for debt service	10,083,733	-
Unrestricted (deficit)	(32,558,764)	(32,571,301)
Total net position	\$ 51,384,022	\$ (32,571,301)

(Concluded)

City of Montebello
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			
	Transit System Fund	Golf Course	Hilton Garden Inn	Home2Suites
OPERATING REVENUES:				
Charges for services	\$ 2,147,254	\$ 2,192,647	\$ 6,656,228	\$ 13,363,310
Operating subsidies:				
Proposition "A" discretionary	6,059,091	-	-	-
Proposition "C" discretionary	4,147,788	-	-	-
Measure M	4,890,081	-	-	-
Measure R	4,909,094	-	-	-
Federal and state transit assistance	14,005,338	-	-	-
Total operating subsidies	34,011,392	-	-	-
Other revenues	20,537	2,000	28,751	54,162
Total operating revenues	36,179,183	2,194,647	6,684,979	13,417,472
OPERATING EXPENSES:				
Salaries and benefits	23,453,444	137,915	1,583,776	2,505,583
Materials and supplies	1,875,865	4,815	254,474	316,362
Food and beverage	-	-	596,476	969,383
Repairs and maintenance	95,601	1,973	53	478
Utilities	350,015	450,340	287,013	381,917
Insurance claims and premiums	2,199,996	-	90,464	319,585
Contractual services	3,435,543	3,108,980	573,448	1,406,614
Franchise fees	-	-	321,335	594,416
Depreciation	4,780,913	687,099	381,946	1,227,096
Administrative expense	2,346,800	-	1,601,269	3,675,037
Other expenses	333,820	358,143	715,545	686,212
Total operating expenses	38,871,997	4,749,265	6,405,799	12,082,683
Operating income (loss)	(2,692,814)	(2,554,618)	279,180	1,334,789
NONOPERATING REVENUES (EXPENSES):				
Investment income	1,573,592	29,306	100,879	541,490
Interest and fiscal charges	(1,505,520)	(777,415)	(201,242)	(2,151,760)
Loss on disposal of capital asset	(166,620)	-	-	-
Total nonoperating revenues (expenses)	(98,548)	(748,109)	(100,363)	(1,610,270)
Income before contribution and transfers	(2,791,362)	(3,302,727)	178,817	(275,481)
CONTRIBUTIONS AND TRANSFERS:				
Federal and State capital grants	3,616,087	-	-	-
Transfers in	-	2,738,884	-	-
Transfers out	(1,400,000)	-	-	(2,157,070)
Total contributions and transfers	2,216,087	2,738,884	-	(2,157,070)
Change in net position	(575,275)	(563,843)	178,817	(2,432,551)
NET POSITION (DEFICIT):				
Beginning of year, as previously reported	56,417,129	(3,349,508)	1,367,783	395,484
Change in accounting principle	(55,305)	1,291	-	-
Beginning of year, as restated (Note 17)	56,361,824	(3,348,217)	1,367,783	395,484
End of year	\$ 55,786,549	\$ (3,912,060)	\$ 1,546,600	\$ (2,037,067)

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Montebello
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds	Governmental Activities
	Total	Internal Service Fund
OPERATING REVENUES:		
Charges for services	\$ 24,359,439	\$ 7,713,805
Operating subsidies:		
Proposition "A" discretionary	6,059,091	-
Proposition "C" discretionary	4,147,788	-
Measure M	4,890,081	-
Measure R	4,909,094	-
Federal and state transit assistance	14,005,338	-
Total operating subsidies	34,011,392	-
Other revenues	105,450	-
Total operating revenues	58,476,281	7,713,805
OPERATING EXPENSES:		
Salaries and benefits	27,680,718	-
Materials and supplies	2,451,516	-
Food and beverage	1,565,859	-
Repairs and maintenance	98,105	-
Utilities	1,469,285	-
Insurance claims and premiums	2,610,045	7,713,054
Contractual services	8,524,585	450,331
Franchise fees	915,751	-
Depreciation	7,077,054	-
Administrative expense	7,623,106	-
Other expenses	2,093,720	(27,500)
Total operating expenses	62,109,744	8,135,885
Operating income (loss)	(3,633,463)	(422,080)
NONOPERATING REVENUES (EXPENSES):		
Investment income	2,245,267	-
Interest and fiscal charges	(4,635,937)	-
Loss on disposal of capital asset	(166,620)	-
Total nonoperating revenues (expenses)	(2,557,290)	-
Income before contribution and transfers	(6,190,753)	(422,080)
CONTRIBUTIONS AND TRANSFERS:		
Federal and State capital grants	3,616,087	-
Transfers in	2,738,884	-
Transfers out	(3,557,070)	-
Total contributions and transfers	2,797,901	-
Change in net position	(3,392,852)	(422,080)
NET POSITION (DEFICIT):		
Beginning of year, as previously reported	54,830,888	(32,152,998)
Change in accounting principle	(54,014)	3,777
Beginning of year, as restated (Note 17)	54,776,874	(32,149,221)
End of year	\$ 51,384,022	\$ (32,571,301)

(Concluded)

See accompanying Notes to the Basic Financial Statements.

City of Montebello
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			
	Transit System Fund	Golf Course	Hilton Garden Inn	Home2Suites
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,167,791	\$ 1,969,141	\$ 6,213,663	\$ 13,125,432
Payments to suppliers	(11,561,160)	(6,122,697)	(3,771,405)	(8,021,718)
Payments to employees	(20,756,052)	(113,419)	(1,463,098)	(2,327,280)
Operating subsidies received from Federal and State	37,170,496	-	-	-
Claims and insurance paid	-	-	-	-
Cash flows provided by (used in) operating activities	7,021,075	(4,266,975)	979,160	2,776,434
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal payment on pension obligation bonds	(1,477,518)	-	-	-
Interest paid on pension obligation bonds	(1,356,216)	-	-	-
Interfund receipts	-	6,000,823	2,752,512	2,199,262
Interfund payments	(28,323,230)	-	(2,300,000)	-
Transfers in	-	2,738,884	-	-
Transfers out	(1,400,000)	-	-	(2,157,070)
Cash flows provided by (used in) noncapital financing activities	(32,556,964)	8,739,707	452,512	42,192
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Federal and State capital grants	3,616,087	-	-	-
Acquisition of capital assets	(4,598,552)	(4,251,006)	-	-
Debt principal repayment	(58,171)	(786,598)	(700,000)	(1,285,000)
Interest paid	(152,300)	(789,270)	(340,599)	(2,363,950)
Cash flows (used in) capital and related financing activities	(1,192,936)	(5,826,874)	(1,040,599)	(3,648,950)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earning received	1,573,592	29,306	100,879	541,490
Cash flows provided by investing activities	1,573,592	29,306	100,879	541,490
Net increase (decrease) in cash and cash equivalent	(25,155,233)	(1,324,836)	491,952	(288,834)
CASH AND CASH EQUIVALENTS:				
Beginning of year	45,864,981	1,328,342	3,079,775	9,799,319
End of year	<u>\$ 20,709,748</u>	<u>\$ 3,506</u>	<u>\$ 3,571,727</u>	<u>\$ 9,510,485</u>
CASH AND CASH EQUIVALENTS:				
Cash and investments	\$ 19,615,544	\$ 1,727	\$ 1,013,993	\$ 1,993,895
Cash and investments with fiscal agents	7,630	1,779	2,557,734	7,516,590
Cash in escrow	1,086,574	-	-	-
Total cash and cash equivalents	<u>\$ 20,709,748</u>	<u>\$ 3,506</u>	<u>\$ 3,571,727</u>	<u>\$ 9,510,485</u>

(Continued)

City of Montebello
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds	Governmental Activities
	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 23,476,027	\$ 7,850,868
Payments to suppliers	(29,476,980)	19,994
Payments to employees	(24,659,849)	-
Operating subsidies received from Federal and State	37,170,496	-
Claims and insurance paid	-	(10,604,228)
Cash flows provided by (used in) operating activities	6,509,694	(2,733,366)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal payment on pension obligation bonds	(1,477,518)	-
Interest paid on pension obligation bonds	(1,356,216)	-
Interfund receipts	10,952,597	929,520
Interfund payments	(30,623,230)	-
Transfers in	2,738,884	-
Transfers out	(3,557,070)	-
Cash flows provided by (used in) noncapital financing activities	(23,322,553)	929,520
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal and State capital grants	3,616,087	-
Acquisition of capital assets	(8,849,558)	-
Debt principal repayment	(2,829,769)	-
Interest paid	(3,646,119)	-
Cash flows (used in) capital and related financing activities	(11,709,359)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earning received	2,245,267	-
Cash flows provided by investing activities	2,245,267	-
Net increase (decrease) in cash and cash equivalent	(26,276,951)	(1,803,846)
CASH AND CASH EQUIVALENTS:		
Beginning of year	60,072,417	2,403,846
End of year	<u>\$ 33,795,466</u>	<u>\$ 600,000</u>
CASH AND CASH EQUIVALENTS:		
Cash and investments	\$ 22,625,159	\$ 600,000
Cash and investments with fiscal agents	10,083,733	-
Cash in escrow	1,086,574	-
Total cash and cash equivalents	<u>\$ 33,795,466</u>	<u>\$ 600,000</u>

(Continued)

City of Montebello
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			
	Transit System Fund	Golf Course	Hilton Garden Inn	Home2Suites
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating activities:				
Operating income (loss)	\$ (2,692,814)	\$ (2,554,618)	\$ 279,180	\$ 1,334,789
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:				
Depreciation	4,780,913	687,099	381,946	1,227,096
(Increase) decrease in:				
Accounts receivable	3,159,104	(225,506)	(567,876)	(245,847)
Inventories	(80,274)	-	(279)	2,006
Prepaid items	(102,845)	1,138	(125,524)	(161,352)
Net pension assets	(2,680,457)	(15,753)	-	-
Pension related deferred outflows of resources	4,196,051	26,542	-	-
Other postemployment benefits related deferred outflows of resources	15,955	11,974	-	-
Increase (decrease) in:				
Accounts payable and accrued liabilities	4,032	(2,190,949)	915,153	665,935
Deposit payable	-	-	96,560	(46,193)
Compensated absences	509,570	11,627	-	-
Claims payable	-	-	-	-
Net other postemployment benefits liability	61,182	(27,531)	-	-
Pension related deferred inflows of resources	(257,106)	(1,760)	-	-
Other postemployment benefits related deferred inflows of resources	107,764	10,762	-	-
Cash flows provided by (used in) operating activities	\$ 7,021,075	\$ (4,266,975)	\$ 979,160	\$ 2,776,434

(Continued)

City of Montebello
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds	Governmental Activities
	Total	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating activities:		
Operating income (loss)	\$ (3,633,463)	\$ (422,080)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation	7,077,054	-
(Increase) decrease in:		
Accounts receivable	2,119,875	137,063
Inventories	(78,547)	-
Prepaid items	(388,583)	-
Net pension assets	(2,696,210)	-
Pension related deferred outflows of resources	4,222,593	-
Other postemployment benefits related deferred outflows of resources	27,929	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	(605,829)	442,825
Deposit payable	50,367	-
Compensated absences	521,197	-
Claims payable	-	(2,891,174)
Net other postemployment benefits liability	33,651	-
Pension related deferred inflows of resources	(258,866)	-
Other postemployment benefits related deferred inflows of resources	118,526	-
Cash flows provided by (used in) operating activities	\$ 6,509,694	\$ (2,733,366)

(Concluded)

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FIDUCIARY FUNDS

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

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

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

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

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City of Montebello
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Successor Agency Private-Purpose Trust Fund	Custodial Fund
ASSETS:		
Cash and investments	\$ 4,840,865	\$ 1,049,767
Accounts receivable	-	-
Interest receivable	35,424	-
Notes receivable	3,671,642	-
Due from the City of Montebello	2,750	9,386
Land held for resale	733,717	-
Total assets	9,284,398	1,059,153
DEFERRED OUTFLOWS OF RESOURCES:		
Unamortized loss on defeasance of debt	71,526	-
Total deferred outflows of resources	71,526	1,059,153
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	2,449	-
Deposits payable	50,000	-
Accrued interest	54,850	-
Due to the City of Montebello	3,486,564	333,721
Bonds payable, due in one year	1,220,000	-
Noncurrent liabilities:		
Bonds payable, due in more than one year	3,322,999	-
Total liabilities	8,136,862	333,721
NET POSITION		
Held in trust for individuals, organizations, and other governments	\$ 1,219,062	\$ 725,432

City of Montebello
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Successor Agency Private-Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Redevelopment property trust tax fund	\$ 1,645,495	\$ -
Contributions	-	166,702
Investment income	216,865	100
Total additions	<u>1,862,360</u>	<u>166,802</u>
DEDUCTIONS:		
Contractual services	40,210	-
Payments for retiree benefits	-	347,609
General and administrative	6,120	-
Distribution to taxing entities	617,700	-
Return of confiscated cash	-	200
Total deductions	<u>664,030</u>	<u>347,809</u>
CHANGE IN NET POSITION	1,198,330	(181,007)
NET POSITION:		
Beginning of year, as previously reported	10,365,582	906,439
Correction of error	<u>(10,344,850)</u>	<u>-</u>
Beginning of year, as restated (Note 17)	20,732	906,439
End of year	<u><u>\$ 1,219,062</u></u>	<u><u>\$ 725,432</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Montebello
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For the Year Ended June 30, 2025

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City of Montebello
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City of Montebello
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

Component Units

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

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

Montebello Public Financing Authority (the “Authority”)

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

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

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

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

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

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

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

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

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

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

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

Government-Wide Financial Statements

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

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

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.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements (Continued)

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

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

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

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

Governmental Fund Financial Statements

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

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

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.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

Proprietary Fund Financial Statements

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

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

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following proprietary fund types:

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

Fiduciary Funds

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

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Funds (Continued)

The City reports the following two types of fiduciary funds:

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

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

C. Cash, Cash Equivalents, and Investments

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

D. Fair Value Measurement

Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

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

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

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Lease Receivable

The City is a lessor for leases of land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable. At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. The City established a threshold of \$100,000 for lease receivables. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses incremental borrowing rate (IBR) provided by the financial institution or the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows.

F. Property Held for Resale

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

G. Inventory and Prepaid Items

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

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

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

H. 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.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

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, 2025.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 to 50
Machinery	5 to 30
Equipment	5 to 10
Infrastructure	20 to 50

I. Deferred Outflows and Inflows of Resources

The statement of financial position and balance sheet – governmental funds reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

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

Deferred Inflows of Resources represent acquisition of net assets that apply to future periods. The City reports unavailable revenues, deferred gain related to pension, OPEB, debt refunding, and leases in this category.

J. Subscription Based Information Technology Arrangements

The City is a subscriber for a noncancellable subscription of information technology services. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Subscription Based Information Technology Arrangements (Continued)

The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

K. 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 are paid to employees upon separation from City service in accordance with established policies and labor agreements. In accordance with GASB Statement No. 101, Compensated Absences, the City recognizes a liability for leave benefits that have been earned but not used when the leave is attributable to services already rendered and is more likely than not to be used for time off or otherwise paid or settled. The liability is measured based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments. For governmental fund financial statements, compensated absences are recognized only to the extent that they are due and payable at year-end. The long-term portion is reported in the government-wide financial statements. For proprietary funds, compensated absences are recognized as an expense and liability in the period in which the leave is earned.

L. Pensions

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

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

The following time frames are used for pension reporting:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Other Postemployment Benefits (“OPEB”)

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

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

The following timeframes are reported OPEB reporting:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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

N. Net Position

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

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

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City’s policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Fund Balances

Intergovernmental fund financial statements, fund balances are classified as following:

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

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

The City Council reviews and approves comprehensive General Fund reserve policies. These reserve policies created distinct categories of fund balance, with specific uses and funding amounts. The reserve policies are GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, compliant and present a strategic approach to categorizing available fund balance and specifying – by commitment and assignment – the uses for each reserve category. The policies can be found in their entirety in the Appendices of the Fiscal Year 2024-25 adopted budget.

P. Property Taxes

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

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

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

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Use of Estimates

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

R. Implementation of New GASB Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this Statement resulted in restatement of beginning net position at July 1, 2024 presented in Note 17.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. Application of this statement did not have a significant effect on the City's financial reporting for the fiscal year ended June 30, 2025.

Note 2 – Cash and Investments

Cash and investments at June 30, 2025 consisted of the following:

	Government-Wide Statement of Net Position		Fiduciary Fund Statement of Net Position	Total
	Governmental Activities	Business-Type Activities		
Unrestricted assets:				
Cash and investments	\$ 67,088,311	\$ 22,625,159	\$ 5,890,632	\$ 95,604,102
Restricted assets:				
Cash and investments with fiscal agent	21,865,774	10,083,733	-	31,949,507
Cash in escrow	6,523,683	1,086,574	-	7,610,257
Total cash and investments	\$ 95,477,768	\$ 33,795,466	\$ 5,890,632	\$ 135,163,866

A. Deposits

Cash and investments at June 30, 2025 consisted of the following:

Petty cash	\$ 10,312
Deposits with financial institution	29,263,918
Investments	105,889,636
Total cash and investments	\$ 135,163,866

At June 30, 2025, the carrying amount of the City's demand deposits was \$29,263,918 and the bank balance was \$30,337,106. The \$1,073,188 difference represents outstanding checks, deposits in transit, and other reconciling items.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

A. Deposits (Continued)

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City did not waive the collateral requirement for deposits insured by FDIC.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized for the City by the *California Government Code* (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The City presents its investment policy annually to the City Council, as required by Government Code. The current investment policy was updated in June 2024 and has received a certificate of achievement from the California Municipal Treasurer's Association ("CMTA").

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Quality Requirements
U.S Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
Local Agency Bonds	5 years	None	"A" rating category or its equivalent or better
Bankers' Acceptances	180 days	40%	None
Commercial Paper— Non-Pooled Funds	270 days or less	25% of the Agency's Money	Highest letter and number rating by an NRSROH
Commercial Paper— Pooled Funds	270 days or less	40% of the Agency's Money	Highest letter and number rating by an NRSROH
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	50%	None
Placement Service Certificates of Deposit	5 years	50%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years or less	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Supranational Obligations	5 years or less	30%	"AA" rating category or its equivalent or better
N/A - Not Applicable			

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal policy to manage interest rate risk. However, one of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations.

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	
	Total	1 Year or Less
Local Agency Investment Fund	\$ 72,949,043	\$ 72,949,043
Negotiable certificates of deposit	991,084	991,084
Held by fiscal agent:		
Money market funds	31,949,509	31,949,509
Total investments	\$ 105,889,636	\$ 105,889,636

D. Disclosures Relating to Credit Risk

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

Investment Type	Total	AAA	Unrated
Local Agency Investment Fund	\$ 72,949,043	\$ -	\$ 72,949,043
Negotiable certificates of deposit	991,084	-	991,084
Held by fiscal agent:			
Money market funds	31,949,509	31,949,509	-
Total	\$ 105,889,636	\$ 31,949,509	\$ 73,940,127

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. At June 30, 2025, none of the City's deposits or investments were exposed to custodial credit risk.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

F. Fair Value Measurement

The City has the following recurring fair value measurements as of June 30, 2025:

Investment Type	Measurement Input		Uncategorized	Total
	Significant	Other Observable Inputs (Level 2)		
Local Agency Investment Fund	\$	-	\$ 72,949,043	\$ 72,949,043
Negotiable Certificates of deposits		991,084	-	991,084
Restricted with Fiscal Agent: Money Market Funds		-	31,949,509	31,949,509
Total	\$	991,084	\$ 104,898,552	\$ 105,889,636

Deposits and withdrawals related to the investments in LAIF and money market funds are valued at amortized cost, which approximates fair value. Accordingly, under the fair value hierarchy these investments are uncategorized.

Level 2 investments are based on institutional bond quotes or matrix pricing.

G. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (“LAIF”) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City’s portion in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. LAIF is not registered with the Securities and Exchange Commission and is not rated.

Note 3 – Interfund Receivables, Payables, and Transfers

A. Due To/From Other Funds

At June 30, 2025, the City had the following interfund balances:

	Due To Other Funds							
	Governmental Funds			Proprietary Funds				Total
	General Fund	Public Financing Authority	Nonmajor Governmental Funds	Golf Course Enterprise Fund	Hilton Garden Inn Enterprise Fund	Home2Suites Enterprise Fund	Governmental Activities Internal Service Fund	Total
Due From Other Funds								
Governmental Funds:								
General Fund	\$ -	\$ 180,821	\$ 8,190,883	\$ 763,467	\$ 3,233,883	\$ 214,167	\$ 929,520	\$ 13,512,741
Public Financing Authority	-	-	-	375,266	-	-	-	375,266
Nonmajor Governmental Funds	1,475,000	-	-	-	-	-	-	1,475,000
Proprietary Fund:								
Transit System Enterprise Fund	5,577,760	-	-	27,768,673	-	-	-	33,346,433
Golf Enterprise Fund	43,460	-	-	-	-	-	-	43,460
	\$ 7,096,220	\$ 180,821	\$ 8,190,883	\$ 28,907,406	\$ 3,233,883	\$ 214,167	\$ 929,520	\$ 48,752,900

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

A. Due To/From Other Funds ((Continued))

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

The System receivable of the Transit Enterprise Fund from the General Fund was to fund the solar upgrade for the City facilities, including the Transit's building.

The receivable of the Transit System Enterprise Fund from Golf Course Enterprise Fund was to provide temporary cash flow assistance to the Golf Course Improvement Fund, as it maintains available unrestricted cash. This amount is expected to be repaid in the subsequent fiscal year through funding provided by the General Fund.

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

B. Interfund Transfers

For the Year Ended June 30, 2025, the compositions of the City's interfund transfer balances are as follows:

	Transfers In				Total
	Governmental Funds			Proprietary Fund	
	General Fund	Public Financing Authority	Nonmajor Governmental Funds	Golf Course Enterprise Fund	
Transfers Out					
Governmental Funds:					
General Fund	\$ -	\$ -	\$ -	\$ 581,814	\$ 581,814
Retirement Special Revenue Fund	5,229,175	7,693,231	-	-	12,922,406
Transportation and Street Improvement Special Revenue Funds	300,000	1,829,934	-	-	2,129,934
Nonmajor Governmental Funds	100,000	-	-	-	100,000
Proprietary Funds:					
Transit System Enterprise Fund	-	-	1,400,000	-	1,400,000
Home2Suites Enterprise Fund	-	-	-	2,157,070	2,157,070
	<u>\$ 5,629,175</u>	<u>\$ 9,523,165</u>	<u>\$ 1,400,000</u>	<u>\$ 2,738,884</u>	<u>\$ 19,291,224</u>

Transfer of \$581,814 from the General Fund to the Golf Course Enterprise Fund was made to fund the debt service payment on the Golf 2022A Lease Revenue Bonds. The General Fund receives lease revenues from the Topgolf lease agreement, for which the related lease receivable is recorded in the General Fund. Such revenues are subsequently transferred to the Golf Course Enterprise Fund to support its debt service obligations.

Transfer from the Retirement Special Revenue Fund of \$5,229,175 to the General Fund was to pay the annual retirement contributions to CalPERS for the City's defined benefit retirement program.

Transfer from the Retirement Fund of \$7,693,231 to the Public Financing Authority Fund was to pay for debt service due for the 2020 Pension Obligation Bonds.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

B. Interfund Transfers (Continued)

Transfers from Transportation and Street Improvement Special Revenue funds of \$300,000 and \$1,829,934 to General Fund and to Public Financing Authority Debt Service Fund were to pay for streets expenditures and to pay for debt service due on the 2019ABC Sales Tax Revenue bonds.

Transfer from Nonmajor Governmental Fund (George Miller Estate Donation Special Revenue Fund) of \$100,000 to the General Fund was to pay for the fire department related training expenses.

Transfer of \$1,400,000 from Transit System Enterprise Fund to the Capital Project Improvements Fund was for IT infrastructure upgrade at the transit operations facility.

Transfer of \$2,157,070 from Home2Suites to Golf Course Enterprise Fund was to provide funding towards the golf course renovation project and clubhouse construction. The Home2Suites bond indentures allow for the unrestricted use of funds remaining after all required expenses are paid – part of the outlined “water fall” of funds flow. Home2Suites shares the 150 acres plus campus with the golf course and clubhouse, hence excess funds have been used towards these projects.

Note 4 – Notes Receivable

A. Governmental Activities

Notes receivable at June 30, 2025 include the following:

	Notes Receivable	Allowance for Loan Forgiveness	Notes Receivable, Net
Low and Moderate Income Housing Loans	\$ 6,454,908	\$ (5,905,908)	\$ 549,000
Community Development Block Grant loans	638,291	-	638,291
HOME Program Loans	196,875	-	196,875
Total	<u>\$ 7,290,074</u>	<u>\$ (5,905,908)</u>	<u>\$ 1,384,166</u>

Low and Moderate Income Housing Loans

Montebello Downtown Plaza Project – On December 26, 2001, the Agency entered into an Owner Participation Agreement (Agreement) with the Montebello Downtown Plaza LLC (Participant) for the acquisition, development, and operation of affordable senior citizen rental units and retail commercial buildings. The Agreement, which was amended and restated on October 26, 2005, provides that the now dissolved Redevelopment Agency loan \$6,250,000 from the Low- and Moderate-Income Housing Fund for the acquisition of property and construction of affordable senior housing units. The Participant was to provide financing for costs in excess of \$6,250,000. The unpaid balance of the loan outstanding at June 30, 2025 was \$5,276,308. The loan is to be forgiven over a period of 99 years.

Whittier Project – In March 2000, the now dissolved Redevelopment Agency entered into an Owner Participation Agreement with Garfield Financial Corporation (Owner), whereby the Agency was to loan the Owner money for the construction of an affordable housing project. In accordance with the agreement, the amounts disbursed accrue interest at the rate of 7% compounded annually. In fiscal year 2005, the terms of the note were changed to forgive the loan over a period of 99 years. The balance of the note receivable at June 30, 2025 was \$629,600. Above loans were provided with 100% allowance for forgiveness.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Notes Receivable (Continued)

A. Governmental Activities (Continued)

Low and Moderate Income Housing Loans (Continued)

Montebello Affordable Housing Project – On November 28, 2023, the City entered into a Development Loan Promissory Note secured by a Deed of Trust with Montebello Affordable Housing, LP. The promissory note was issued to finance the 6th Street Grand, Montebello Phase 1 affordable housing project. The loan has a principal amount of \$549,000 with an interest rate of 3% annually. The loan is due and payable in full 55 years from the date following the completion of the project as evidenced by the issuance by the City of a Certificate of Completion. The outstanding balance of the loan outstanding at June 30, 2025 was \$549,000.

Community Development Block Grant Loans

At June 30, 2025, loans made to individual homeowners under the Community Development Block Grant program amounted to \$638,291. These loans are payable when the borrowers sell the property.

HOME Program Loan

On July 23, 2015, 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. In addition, the City approved supplemental Home Rehabilitation and Preservation loans under the HOME program on August 9, 2023 and January 25, 2024 in the amounts of \$50,000 and \$20,000, respectively. 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 balance of the note receivable at June 30, 2025 was \$196,875.

B. Fiduciary Activities

The following is a summary of the notes receivable at June 30, 2025:

Quiet Cannon Montebello, Inc.	\$ 2,182,178
Casa La Merced	666,308
Business assistance program	385,762
Home improvement loans	437,394
Total notes receivable	<u>\$ 3,671,642</u>

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, 2025, \$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 \$666,308 on the note receivable as at June 30, 2025. The interest receivable is fully covered by a 100% allowance for doubtful accounts.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Notes Receivable (Continued)

B. Fiduciary Activities (Continued)

Business Assistance Program

Business improvement loans were made in the prior years between the Agency and local merchants. The loans are secured by the real estate property and personal guaranty of the borrowers. As of June 30, 2025, \$385,762 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, 2025 was \$437,394.

Note 5 – Lease Receivable

On March 24, 2021, the City entered into sublessee development and participation agreement with Topgolf USA MB, LLC (“Topgolf”), a Delaware limited liability company (“developer”). In accordance to the terms of the agreement, the City issued 2022B Lease Revenue Bonds (“2022B Bonds”) to finance the construction of the project (“Topgolf Project”) on December 15, 2022. The bond proceed can only be used based on the construction budget. The developer will pay for development and operating of the Topgolf Project not otherwise delineated in the construction budget.

On December 29, 2022, the City (“lessor”) entered into a ground lease agreement with Topgolf (“lessee”) for the purpose of operating a commercial driving range, full-service restaurant, clubhouse, and event space. The ground lease includes an initial term of 20 years. Topgolf will then have thirteen options to extend the agreement by five-year increments, resulting in a potential total agreement term of 85 years. Topgolf will make lease payments based on the following: (1) no rent shall be due during the construction period, (2) Annual Fixed Rent is intended to be both sufficient in both time and amount to pay the City's obligations on the 2022B Bonds Payments, (3) Annual Fixed Rent during the Initial Fixed Term shall consist of the fair market lease value of the Premises in its unimproved condition (“Base Rent”), plus an amount equal to the 2022B Bonds Payments (“Improvement Rent”).

During the Initial Fixed Term, Topgolf shall make payments of Improvement Rent directly to the Trustee, on behalf of the City. During the Initial Fixed Term and any Renewal Term(s), Topgolf will make payments of Base Rent, directly to the City. Upon expiration of the Initial Fixed Term, and continuing for the remaining term of this Lease, Tenant's payments of Base Rent under this Lease shall be established at One Million One Hundred Fifty Thousand Dollars (\$1,150,000), and such Base Rent shall be increased every five (5) years to \$1,250,000, \$1,500,000, and \$1,650,000, and five percent (5%) increase every five years thereafter.

At June 30, 2025, the City reported \$72,615,382 in lease receivables and \$72,249,373 deferred inflows of resources in the General Fund.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Lease Receivable (Continued)

The future receipts for these leases, including interest, are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,029,254	\$ 4,217,244	\$ 6,246,498
2027	2,136,712	4,113,395	6,250,107
2028	2,245,912	4,000,455	6,246,367
2029	2,368,009	3,881,999	6,250,008
2030	2,599,895	3,750,000	6,349,895
2031-2035	15,652,045	16,348,043	32,000,088
2036-2040	22,117,049	11,022,056	33,139,105
2041-2044	23,466,506	3,525,443	26,991,949
Total	<u>\$ 72,615,382</u>	<u>\$ 50,858,635</u>	<u>\$ 123,474,017</u>

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in the governmental activities capital assets For the Year Ended June 30, 2025 is as follows:

	Balance July 1, 2024 (As Restated)	Additions	Deletions	Reclassifications	Balance June 30, 2025
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,413,262	\$ -	\$ -	\$ -	\$ 3,413,262
Right-of-way	14,391,776	-	-	-	14,391,776
Construction in progress	30,302,588	9,367,138	(414,671)	(7,620,269)	31,634,786
Total capital assets not being depreciated	<u>48,107,626</u>	<u>9,367,138</u>	<u>(414,671)</u>	<u>(7,620,269)</u>	<u>49,439,824</u>
Capital assets, being depreciated:					
Buildings and improvements	121,513,968	943,940	-	5,612,247	128,070,155
Machinery and equipment	48,786,653	2,376,072	-	896,819	52,059,544
Infrastructure	36,364,335	473,786	-	1,111,203	37,949,324
Total capital assets being depreciated	<u>206,664,956</u>	<u>3,793,798</u>	<u>-</u>	<u>7,620,269</u>	<u>218,079,023</u>
Less accumulated depreciation for:					
Buildings and improvements	(25,861,407)	(3,181,759)	-	-	(29,043,166)
Machinery and equipment	(40,746,947)	(1,754,459)	-	-	(42,501,406)
Infrastructure	(38,005,590)	(797,948)	-	-	(38,803,538)
Total accumulated depreciation	<u>(104,613,944)</u>	<u>(5,734,166)</u>	<u>-</u>	<u>-</u>	<u>(110,348,110)</u>
Total capital assets, being depreciated, net	<u>102,051,012</u>	<u>(1,940,368)</u>	<u>-</u>	<u>7,620,269</u>	<u>107,730,913</u>
Intangible capital assets, being amortized:					
Right-to-use subscription assets	1,289,317	28,428	-	-	1,317,745
Total intangible capital assets being amortized	<u>1,289,317</u>	<u>28,428</u>	<u>-</u>	<u>-</u>	<u>1,317,745</u>
Less accumulated amortization for:					
Right-to-use subscription assets	(520,936)	(262,861)	-	-	(783,797)
Total accumulated amortization	<u>(520,936)</u>	<u>(262,861)</u>	<u>-</u>	<u>-</u>	<u>(783,797)</u>
Total intangible capital assets, being amortized, net	<u>768,381</u>	<u>(234,433)</u>	<u>-</u>	<u>-</u>	<u>533,948</u>
Total capital assets, net	<u>\$ 150,927,019</u>	<u>\$ 7,192,337</u>	<u>\$ (414,671)</u>	<u>\$ -</u>	<u>\$ 157,704,685</u>

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Depreciation expense was charged to functions of the governmental activities For the Year Ended June 30, 2025 as follows:

General government	\$ 2,450,762
Public safety	1,371,284
Public works, including infrastructure	1,203,224
Parks, recreation, and culture	229,089
Housing and community development	42,060
Unallocated infrastructure	700,608
Total depreciation expense	\$ 5,997,027

B. Business-type Activities

Summary of changes in the business-type activities capital assets For the Year Ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Reclassifications	Balance June 30, 2025
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 6,271,596	\$ -	\$ -	\$ -	\$ 6,271,596
Construction in progress	46,890,712	3,948,593	(166,620)	(43,122,527)	7,550,158
Total capital assets not being depreciated	53,162,308	3,948,593	(166,620)	(43,122,527)	13,821,754
Capital assets, being depreciated:					
Buildings and improvements	109,426,067	4,667,255	-	41,258,548	155,351,870
Machinery and equipment	60,151,159	233,710	(77,935)	1,863,979	62,170,913
Total capital assets being depreciated	169,577,226	4,900,965	(77,935)	43,122,527	217,522,783
Less accumulated depreciation for:					
Buildings and improvements	(43,634,582)	(3,168,378)	-	-	(46,802,960)
Machinery and equipment	(38,022,536)	(3,907,062)	77,935	-	(41,851,663)
Total accumulated depreciation	(81,657,118)	(7,075,440)	77,935	-	(88,654,623)
Total capital assets, being depreciated, net	87,920,108	(2,174,475)	-	43,122,527	128,868,160
Intangible capital assets, being amortized:					
Right-to-use subscription assets	-	232,357	-	-	232,357
Total intangible capital assets being amortized	-	232,357	-	-	232,357
Less accumulated amortization for:					
Right-to-use subscription assets	-	(1,614)	-	-	(1,614)
Total accumulated amortization	-	(1,614)	-	-	(1,614)
Total intangible capital assets, being amortized, net	-	230,743	-	-	230,743
Total capital assets, net	\$ 141,082,416	\$ 2,004,861	\$ (166,620)	\$ -	\$ 142,920,657

Depreciation expense was charged to functions of the business-type activities For the Year Ended June 30, 2025 as follows:

Transit	\$ 4,780,913
Golf course	687,099
Hilton Garden Inn	381,946
Montebello Home2suits	1,227,096
Total depreciation expense	\$ 7,077,054

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities

A. Governmental Activities

The summary of changes in the governmental activities long-term liabilities For the Year Ended June 30, 2025 is as follows:

	Balance July 1, 2024 (As Restated)	Additions	Deletions	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Bonds Payable, net:						
2014B Lease Revenue Refunding Bonds	\$ 2,845,000	\$ -	\$ (905,000)	\$ 1,940,000	\$ 945,000	\$ 995,000
2014C Lease Revenue Refunding Bonds	485,140	-	(485,140)	-	-	-
2019ABC Sales Tax Revenue Bonds	21,405,000	-	(975,000)	20,430,000	1,020,000	19,410,000
2020 Pension Obligation Bonds	97,022,923	-	(4,062,482)	92,960,441	4,161,477	88,798,964
Topgolf 2022B Lease Revenue Bonds	55,965,000	-	(805,000)	55,160,000	1,630,000	53,530,000
Unamortized Premiums/(Discounts)						
2014B Lease Revenue Refunding Bonds	308,832	-	(102,944)	205,888	-	205,888
2014C Lease Revenue Refunding Bonds	(487)	-	487	-	-	-
2019ABC Sales Tax Revenue Bonds	2,625,688	-	(181,897)	2,443,791	-	2,443,791
Topgolf 2022B Lease Revenue Bonds	(1,457,750)	-	74,786	(1,382,964)	-	(1,382,964)
Lease-Purchase:						
Transportation and Public Safety Equipment	888,093	-	(227,018)	661,075	226,573	434,502
Notes Payable:						
ABM Notes Payable	4,302,487	-	(350,766)	3,951,721	361,105	3,590,616
United States Department of Housing and Urban Development - CDBG	631,000	-	(548,000)	83,000	83,000	-
Southern California Edison	14,734	-	(3,015)	11,719	3,015	8,704
ABS Notes Payable	11,894,924	-	(52,538)	11,842,386	93,849	11,748,537
Subscription liability	42,636	28,428	(30,779)	40,285	30,804	9,481
Claims Payable (Note 8)	34,695,337	4,728,705	(7,619,879)	31,804,163	8,473,224	23,330,939
Compensated Absences*	7,716,909	814,684	-	8,531,593	8,167,735	363,858
Total Governmental Activities	\$ 239,385,466	\$ 5,571,817	\$ (16,274,185)	\$ 228,683,098	\$ 25,195,782	\$ 203,487,316

*Shown as net change during the year.

2014B Lease Revenue Refunding Bonds

On September 10, 2014, the Financing Authority issued the 2014 Lease Revenue Refunding Bonds, Series B, of \$10,040,000 which repaid the \$12,595,000 of principal due on the 2000 COPs. The City received a premium on the bond issue in the amount of \$1,338,273 and incurred a loss of \$294,258 in the bond defeasance. The bond premium and loss on defeasance are amortized over the life of the refunded bonds. The Bonds are payable from payments made by the City to the Financing Authority pledging public facilities consisting of the City Hall and Police Department pursuant to the Lease Agreement. The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual installments are due November 1, 2014 through November 1, 2026. Interest rates on the 2014 Lease Revenue Refunding Bonds, Series B range from 0.30% to 5.0%. The outstanding balance at June 30, 2025 was \$1,940,000.

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

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 945,000	\$ 73,375	\$ 1,018,375
2027	995,000	24,875	1,019,875
Total	<u>\$ 1,940,000</u>	<u>\$ 98,250</u>	<u>\$ 2,038,250</u>

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2014C Lease Revenue Refunding Bonds

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

The governmental activities' share (76.4%) from the 2014 Lease Revenue Refunding Bonds, Series C is \$4,121,780 and the Golf Course Enterprise Fund's share (23.6%) is \$1,273,220. At June 30, 2025 the outstanding balance was fully paid off.

2019ABC Sales Tax Revenue Bonds

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

Interest rates on the Sales Tax Revenue Bonds, 2019 Series A, B, and C range from 4.0% to 5.0%. Annual installments are due June 1, 2021 through June 1, 2040. The outstanding balance at June 30, 2025 was \$20,430,000.

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

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,020,000	\$ 818,538	\$ 1,838,538
2027	1,055,000	777,738	1,832,738
2028	1,105,000	724,988	1,829,988
2029	1,165,000	669,738	1,834,738
2030	1,225,000	611,488	1,836,488
2031-2035	7,015,000	2,148,825	9,163,825
2036-2040	7,845,000	792,575	8,637,575
Total	<u>\$ 20,430,000</u>	<u>\$ 6,543,890</u>	<u>\$ 26,973,890</u>

2020 Pension Obligation Bonds

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

At issuance, the General Fund's share (73.33%) of the 2020 Pension Obligation Bonds was \$112,506,553 and the Transit Fund's share (26.67%) is \$40,918,447.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2020 Pension Obligation Bonds (Continued)

At June 30, 2025, the outstanding balance for the governmental activities' 2020 Pension Obligation Bonds was \$92,960,441. The future annual debt service requirements for are as follows:

For the Year Ending June 30,	Governmental Activities		Business-Type Activities Transit Enterprise Fund		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	\$ 4,161,477	\$ 3,531,943	\$ 1,513,523	\$ 1,284,562	\$ 5,675,000	\$ 4,816,505	\$ 10,491,505
2027	4,282,472	3,414,173	1,557,528	1,241,729	5,840,000	4,655,902	10,495,902
2028	4,407,133	3,286,555	1,602,867	1,195,315	6,010,000	4,481,870	10,491,870
2029	4,546,460	3,148,039	1,653,540	1,144,937	6,200,000	4,292,976	10,492,976
2030	4,693,120	3,002,871	1,706,880	1,092,139	6,400,000	4,095,010	10,495,010
2031-2035	26,017,484	12,457,837	9,462,516	4,530,895	35,480,000	16,988,732	52,468,732
2036-2040	28,107,389	6,964,439	10,222,611	2,532,955	38,330,000	9,497,394	47,827,394
2041-2050	16,744,906	1,761,762	6,090,095	640,750	22,835,001	2,402,512	25,237,513
Total	\$ 92,960,441	\$ 37,567,619	\$ 33,809,560	\$ 13,663,282	\$ 126,770,001	\$ 51,230,901	\$ 178,000,902

2022B Lease Revenue Bonds

On December 15, 2022, the Financing Authority issued 2022 Lease Revenue Bonds, Series B (Topgolf Project) (Federally Taxable), in the amount of \$55,965,000 to finance a portion of the costs of a driving range entertainment venue (the "Topgolf Project") to be developed and operated by Topgolf USA MB, LLC and to fund capitalized interest on the Series 2022B through May 1, 2024. The City issued the bonds with issuance discount in the amount of \$1,570,498. The Bonds are payable from Improvement Rent payment (See Note 5) made by the Topgolf to the City under the Sublease Agreement.

The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual Installments are due from November 1, 2024 through November 1, 2043. Interest rates on the 2022 Series B Lease Revenue Bonds range from 5.15% to 6.50%. The outstanding balance at June 30, 2025 was \$55,160,000.

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,630,000	\$ 3,423,303	\$ 5,053,303
2027	1,720,000	3,333,238	5,053,238
2028	1,810,000	3,235,688	5,045,688
2029	1,915,000	3,129,951	5,044,951
2030	2,025,000	3,015,158	5,040,158
2031-2035	12,125,000	12,998,818	25,123,818
2036-2040	16,470,000	8,485,278	24,955,278
2041-2044	17,465,000	2,359,338	19,824,338
Total	\$ 55,160,000	\$ 39,980,772	\$ 95,140,772

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Transportation and Public Safety Equipment

The City entered into various finance purchase agreements for the acquisition of certain transportation and public safety equipment. The securities for the financing agreements are the equipment themselves and will be surrendered to the lender in case of payment default. The outstanding balance at June 30, 2025 was \$661,075.

The future debt service payments as of June 30, 2025 are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 226,573	\$ 25,760	\$ 252,333
2027	115,656	20,168	135,824
2028	238,051	9,363	247,414
2029	80,795	1,367	82,162
	<u>\$ 661,075</u>	<u>\$ 56,658</u>	<u>\$ 717,733</u>

ABM Notes Payable

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

The amount outstanding for governmental activities at June 30, 2025 was \$3,951,721. The annual debt service requirements are as follows:

For the Year Ending June 30,	Governmental Activities		Business-Type Activities Transit Enterprise Fund		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	\$ 361,105	\$ 121,734	\$ 44,631	\$ 15,046	\$ 405,736	\$ 136,780	\$ 542,516
2027	371,750	111,089	45,947	13,730	417,697	124,819	542,516
2028	382,708	100,131	47,301	12,376	430,009	112,507	542,516
2029	393,989	88,850	48,695	10,981	442,684	99,831	542,515
2030	405,603	77,236	50,131	9,546	455,734	86,782	542,516
2031-2035	2,036,566	199,631	251,709	24,674	2,288,275	224,305	2,512,580
Total	<u>\$ 3,951,721</u>	<u>\$ 698,671</u>	<u>\$ 488,414</u>	<u>\$ 86,353</u>	<u>\$ 4,440,135</u>	<u>\$ 785,024</u>	<u>\$ 5,225,159</u>

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

United States Department of Housing and Urban Development - CDBG

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

The amount outstanding at June 30, 2025 was \$83,000. Interest and principal are due as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 83,000	\$ 1,136	\$ 84,136

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

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

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

The amount outstanding at June 30, 2025 was \$11,719. The annual debt service requirements on this loan are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 3,015	\$ -	\$ 3,015
2027	3,015	-	3,015
2028	3,015	-	3,015
2029	2,674	-	2,674
Total	\$ 11,719	\$ -	\$ 11,719

ABS Notes Payable

On October 31, 2023, the City entered into an equipment lease-purchase agreement with Alliance Building Solutions (ABS) to finance the solar upgrade in the amount of \$15.3 million. The lease-purchase agreement bears an interest rate of 5.09% commencing April 30, 2024 through October 10, 2043 with payments on the note due April 30 and October 31 each year. The debt service is split between the General Fund (78%) and the Transit Enterprise Fund (22%) based on the ratio of infrastructure in Transit vs. non-Transit operations.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

ABS Notes Payable (Continued)

The amount outstanding for governmental activities at June 30, 2025 was \$11,842,386. The annual debt service requirements are as follows:

For the Year Ending June 30,	Governmental Activities		Business-Type Activities Transit Enterprise Fund		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	\$ 93,849	\$ 601,844	\$ 26,470	\$ 169,751	\$ 120,319	\$ 771,595	\$ 891,914
2027	139,220	596,509	39,267	168,246	178,487	764,755	943,242
2028	188,964	588,811	53,298	166,075	242,262	754,886	997,148
2029	243,414	578,522	68,655	163,173	312,069	741,695	1,053,764
2030	302,926	565,399	85,441	159,471	388,367	724,870	1,113,237
2031-2035	2,366,295	2,517,556	667,417	710,080	3,033,712	3,227,636	6,261,348
2036-2040	4,005,054	1,756,730	1,129,631	495,488	5,134,685	2,252,218	7,386,903
2041-2044	4,502,664	4,843,623	1,269,981	136,615	5,772,645	4,980,238	10,752,883
Total	<u>\$ 11,842,386</u>	<u>\$ 12,048,994</u>	<u>\$ 3,340,160</u>	<u>\$ 2,168,899</u>	<u>\$ 15,182,546</u>	<u>\$ 14,217,893</u>	<u>\$ 29,400,439</u>

Subscription liability

The City has entered into various subscription agreements with various vendors for software. The terms of these subscriptions range from 3 to 5 years. The subscriptions have interest rates ranging from 2.536% to 2.668%. As of June 30, 2025, the outstanding subscription liability was \$40,285.

The future subscription payments are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 30,804	\$ 1,078	\$ 31,882
2027	9,481	269	9,750
Total	<u>\$ 40,285</u>	<u>\$ 1,347</u>	<u>\$ 41,632</u>

Claims Payable

Refer to Note 8 for more information on these liabilities.

Compensated Absences

At June 30, 2025, compensated absences was in the amount of \$8,531,593.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities

The summary of changes in the business-type activities long-term liabilities For the Year Ended June 30, 2025 is as follows:

	Balance July 1, 2024 (As Restated)	Additions	Deletions	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
<u>Business-Type Activities</u>						
Bonds Payable, net:						
Hilton Hotel 2019A Revenue Refunding Bonds	\$ 8,865,000	\$ -	\$ (700,000)	\$ 8,165,000	\$ 715,000	\$ 7,450,000
Golf 2014A Lease Revenue Refunding Bonds	1,070,000	-	(200,000)	870,000	205,000	665,000
Golf 2014C Lease Revenue Refunding Bonds	149,860	-	(149,860)	-	-	-
Home2Suites 2016A Revenue Bonds	49,295,000	-	(1,285,000)	48,010,000	1,350,000	46,660,000
Transit 2020 Pension Obligation Bonds	35,287,078	-	(1,477,518)	33,809,560	1,513,523	32,296,037
Golf 2022A Lease Revenue Bonds	15,470,000	-	(245,000)	15,225,000	255,000	14,970,000
Unamortized Premiums/(Discounts)						
Hilton Hotel 2019A Revenue Refunding Bonds	993,983	-	(94,665)	899,318	-	899,318
Golf 2014A Revenue Refunding Bonds	34,729	-	(6,945)	27,784	-	27,784
Golf 2014C Revenue Refunding Bonds	(150)	-	150	-	-	-
Home2Suites 2016A Revenue Bonds	4,619,333	-	(206,836)	4,412,497	-	4,412,497
Golf 2022A Lease Revenue Bonds	193,921	-	(6,854)	187,067	-	187,067
Finance Purchase:						
PNC Equipment - Golf	538,923	-	(115,484)	423,439	115,484	307,955
Notes Payable:						
ABM Notes Payable - Transit	531,767	-	(43,353)	488,414	44,631	443,783
Southern California Edison - Golf	5,046	-	(5,046)	-	-	-
Acuna Park Notes Payable - Golf	126,230	-	(71,208)	55,022	-	55,022
ABS Notes Payable - Transit	3,354,978	-	(14,818)	3,340,160	26,470	3,313,690
Subscription liability	-	232,357	-	232,357	129,287	103,070
Compensated Absences*	1,867,143	521,197	-	2,388,340	2,205,697	182,643
Total Business-Type Activities	\$ 122,402,841	\$ 753,554	\$ (4,622,437)	\$ 118,533,958	\$ 6,560,092	\$ 111,973,866

*Shown as net change during the year.

Hilton Garden Inn Revenue Bonds

On December 19, 2019, the Financing Authority issued \$10.2 million 2019 Lease Revenue Refunding Bonds, Series A to refund 2004A Revenue Refunding Bonds, resulting in a net present value savings of approximately \$1.4 million. The 2004A Revenue Refunding Bonds were fully redeemed on January 21, 2020. The prior bond proceeds were used to finance the acquisition, construction, and equipping of hotel facility (Project) located adjacent to the Montebello municipal golf course and the Quiet Cannon Restaurant and Conference Facility. The bonds are secured by the revenues of the hotel and mature in December 2034. Interest rate on the 2019 Lease Revenue Refunding Bonds, Series A is at 4.0%. Principal payments are due December 1, 2022 through December 1, 2034. The outstanding balance at June 30, 2025 was \$8,165,000.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Hilton Garden Inn Revenue Bonds

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 715,000	\$ 312,300	\$ 1,027,300
2027	730,000	283,400	1,013,400
2028	750,000	253,800	1,003,800
2029	765,000	223,500	988,500
2030	790,000	192,400	982,400
2031-2035	4,415,000	458,100	4,873,100
Total	<u>\$ 8,165,000</u>	<u>\$ 1,723,500</u>	<u>\$ 9,888,500</u>

2014A Lease Revenue Refunding Bonds

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

The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual Installments are due from November 1, 2014 through November 1, 2028. Interest rates on the 2014 Series A Lease Revenue Refunding Bonds range from 0.30% to 3.5%. The outstanding balance at June 30, 2025 was \$870,000.

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 205,000	\$ 25,813	\$ 230,813
2027	215,000	19,244	234,244
2028	220,000	11,900	231,900
2029	230,000	4,025	234,025
Total	<u>\$ 870,000</u>	<u>\$ 60,982</u>	<u>\$ 930,982</u>

2014C Lease Revenue Refunding Bonds

See Note 7A for disclosures. At June 30, 2025 the outstanding balance was fully paid off.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2016A Lease Revenue Bonds

On October 18, 2016, the Financing Authority issued 2016 Series A Lease Revenue Bonds in the amount of \$54,860,000. The bonds bear interest rate of 5% and will mature in 2046. The bonds were issued to (1) finance the acquisition, construction and equipping of the Home2Suites by Hilton Hotel Project, (2) fund a reserve fund for the bonds, (3) fund interest accruing on the bonds through November 1, 2019, and (4) pay costs of issuance of the bonds. The bonds are payable from the payments made by the City to the Authority pledging the Home2Suites property pursuant to the Lease Agreement. The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the bonds. Interest rate on the 2016 Lease Revenue Refunding Bonds, Series A is at 5.0% Principals are due June 1, 2018 through June 1, 2046. The outstanding balance at June 30, 2025 was \$48,010,000.

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,350,000	\$ 2,299,700	\$ 3,649,700
2027	1,415,000	2,232,200	3,647,200
2028	1,490,000	2,161,450	3,651,450
2029	1,560,000	2,086,950	3,646,950
2030	1,640,000	2,047,950	3,687,950
2031-2035	9,520,000	8,729,500	18,249,500
2036-2040	12,150,000	6,098,500	18,248,500
2041-2045	15,385,000	2,856,450	18,241,450
2046	3,500,000	152,000	3,652,000
Total	<u>\$ 48,010,000</u>	<u>\$ 28,664,700</u>	<u>\$ 76,674,700</u>

2022A Lease Revenue Bonds

On September 28, 2022, the Financing Authority issued 2022 Lease Revenue Bonds, Series A, in the amount of \$15,700,000 to finance the costs of the acquisition, construction and installation of golf course improvements, including constructing a new clubhouse. The City received a premium on the bond issue in the amount of \$205,624. The Bonds are payable from payments made by the City to the Finance Authority pledging public facilities consisting of the City Hall, Police Headquarters, and the Fire Station No. 56 pursuant to the Agreement.

The City is required under the Agreement to make payments in each fiscal year to pay the annual principal and interest due on the Bonds. Annual Installments are due from November 1, 2023 through November 1, 2037. Interest rates on the 2022 Series A Lease Revenue Bonds range from 4.75% to 5.25%. The outstanding balance at June 30, 2025 was \$15,225,000.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2022A Lease Revenue Bonds (Continued)

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 255,000	\$ 741,838	\$ 996,838
2027	270,000	728,713	998,713
2028	280,000	714,963	994,963
2029	295,000	700,588	995,588
2030	310,000	685,463	995,463
2031-2035	1,815,000	3,170,438	4,985,438
2036-2040	2,330,000	2,653,081	4,983,081
2041-2045	3,025,000	1,964,894	4,989,894
2046-2050	3,855,000	1,137,506	4,992,506
2051-2053	2,790,000	203,063	2,993,063
Total	<u>\$ 15,225,000</u>	<u>\$ 12,700,547</u>	<u>\$ 27,925,547</u>

2020 Pension Obligation Bonds (“POB”)

See Note 7A for disclosures. The outstanding balance for Transit Fund at June 30, 2025 was \$33,809,560.

PNC Equipment Finance Lease

The City entered into a finance lease agreement to finance the acquisition of certain transportation equipment for the City’s Golf Course. The interest rate is 0%. The securities for the lease are the equipment themselves and to be surrendered to the lessor in case of payment default or termination of the agreements. At June 30, 2025, the total outstanding balance was \$423,439.

The annual future debt service requirements are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 115,484	\$ -	\$ 115,484
2027	115,484	-	115,484
2028	115,484	-	115,484
2029	76,987	-	76,987
Total	<u>\$ 423,439</u>	<u>\$ -</u>	<u>\$ 423,439</u>

ABM Notes Payable

See note 7A for disclosures. The outstanding balance of the note for Transit at June 30, 2025 was \$488,414.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Southern California Edison (“SCE”)

In July 2013, the City entered into a zero percent On-Bill Financing Agreement with the Southern California Edison Company for the installation of certain energy efficient equipment at the Golf Course premises for a total amount of \$327,213 payable over a period of 116 months (9 years and 8 months). At June 30, 2025 the outstanding balance was fully paid off.

Acuna Park Notes Payable - Water

The City entered into an agreement with Central Basin Municipal Water District (the “District”) to facilitate the use of the recycled water at Montebello Golf Course for constructing recycled water facilities for the amount of \$615,000. The City may request drawdowns monthly up to the total loan amount after the submission of supporting documentation verifying the costs incurred to the District. The principal is subject to 2% interest and accrued on any drawn amounts. The loan shall be repaid in the form of a \$250 charge for every acre-foot of recycled water provided by the District to the City, until the balance is paid off. At June 30, 2025, the outstanding balance of the loan was \$55,022.

ABS Notes Payable

See note 7A for disclosures. The outstanding balance of the note for Transit at June 30, 2025 was \$3,340,160.

Subscription liability

The City has entered into a subscription agreement for software with a term of 24 months and interest rate of 2.668%. As of June 30, 2025, the outstanding subscription liability was \$232,357.

The future subscription payments are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 129,287	\$ 1,533	\$ 130,820
2027	103,070	2,750	105,820
Total	<u>\$ 232,357</u>	<u>\$ 4,283</u>	<u>\$ 236,640</u>

Compensated Absences

At June 30, 2025, compensated absences was in the amount of \$2,388,340.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Liabilities (Continued)

C. Fiduciary Activities

The summary of changes in the Successor Agency long-term debts for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
<u>Successor Agency Activities</u>						
Bonds payable, net:						
2015A Tax-Exempt Subordinated Tax Allocation Bonds	\$ 5,705,000	\$ -	\$ (1,880,000)	\$ 3,825,000	\$ 1,220,000	\$ 2,605,000
Unamortized premiums/(discounts):						
2015A Tax-Exempt Tax Allocation Bonds	957,332	-	(239,333)	717,999	-	717,999
Total Successor Agency Activities	\$ 6,662,332	\$ -	\$ (2,119,333)	\$ 4,542,999	\$ 1,220,000	\$ 3,322,999

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

In August 2015, the Successor Agency issued Subordinate Tax Allocation Refunding Bonds, Series 2015 A (Tax Exempt) & Series B (Taxable), totaling \$25,180,000 to refund the following old bonds: 1997 Montebello Hills, 1998A Montebello Hills, 1999A Montebello Hills, 2009A Montebello Hills, 1999A South Montebello, 1999B South Montebello, 1998B Montebello Hills, and 2002 Housing (non-accretion bonds only) with total outstanding principal as of June 30, 2015 of \$28,355,000. The Series A bonds, with interest rate ranging from 2% to 5%, are due in annual installments of \$1,220,000 to \$3,045,000 through September 1, 2027. The Series B bonds, with interest rates ranging from 1.25% to 2.50%, are due in annual installments of \$335,000 to \$375,000 through September 1, 2019. The outstanding balance at June 30, 2025 was \$3,825,000.

The future annual debt service requirement is as follows:

For the Year Ending June 30	Principal	Interest	Total
2026	\$ 1,220,000	\$ 134,050	\$ 1,354,050
2027	1,270,000	71,800	1,341,800
2028	1,335,000	20,025	1,355,025
Total	<u>\$ 3,825,000</u>	<u>\$ 225,875</u>	<u>\$ 4,050,875</u>

D. Advances from City of Montebello

At June 30, 2025, the Successor Agency has a net liability to the City of \$3,486,564 which is reported in the Statement of Fiduciary Net Position as due to other governments. This amount was due to the Housing Successor Special Revenue Fund pertaining to advances made by the former Low-and-Moderate Income Housing Fund to the former redevelopment agency. These advances were for payment of the Supplemental Educational Revenue Augmentation Fund (“SERAF”) and to finance the project expenses of one of the project areas of the former redevelopment agency.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – 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, 2025, the present value of the estimated liability for claims payable, discounted at a 2% rate, is \$31,804,163, based on an actuarial study. The liability includes an estimate for incurred, but not reported (IBNR), losses and is based on past experience, modified for current trends and information.

Changes in the claims payable amount for the three years ended June 30, 2025 are as follows:

Fiscal Year	Balance Beginning of Year	Addition	Deletion	Balance End of Year
June 30, 2023	\$ 27,444,611	\$ 6,470,080	\$ (2,496,701)	\$ 31,417,990
June 30, 2024	31,417,990	6,111,386	(2,834,039)	34,695,337
June 30, 2025	34,695,337	4,728,705	(7,619,879)	31,804,163

Note 9 – Hotel Management Agreements

Montebello Hilton Hotel (“Hilton Garden Inn”)

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

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

During the year ended June 30, 2025, the Hilton Garden Inn reported expense for management fees and interest on management fees of \$1,601,269.

Home2Suites

Pursuant to a Hotel Management Agreement dated May 26, 2016, the Montebello Home2Suites Hotel (“H2S”) pays Hotel2Suites LLC an annual management fee of \$700,000, as adjusted upward or downward based upon changes in the Annual CPI Index. The obligation of the City to pay the management fee is subordinated to the payment of operating expenses and debt service on the Bonds issued to finance H2S construction. During the year ended June 30, 2025, the H2S reported expense for management fees of \$3,675,037.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Defined Benefit Pension Plan

A. General Information About the Pension Plan

Plan Description

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

Benefits Provided

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

The Plan’s provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 67
Benefit per year of service, as a percentage of salary	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.000%	7.500%
Required employer contribution rates	11.260%	11.260%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 57
Benefit per year of service, as a percentage of salary	2.0% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	14.250%
Required employer contribution rates	21.200%	21.200%

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Defined Benefit Pension Plan (Continued)

A. General Information About the Pension Plan (Continued)

Employees Covered

At June 30, 2023, the valuation date, the following employees were covered by the benefit terms of the Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active employees	335	111
Transferred and terminated employees	538	141
Retired employees and beneficiaries	523	298
Total	<u>1,396</u>	<u>550</u>

Contributions

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

For the Year Ended June 30, 2025, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous and Safety Plan were \$2,790,220 and \$3,517,911, respectively.

B. Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.3% until Purchasing Power Protection Allowance floor on purchasing applies, 2.30% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Defined Benefit Pension Plan (Continued)

B. Pension Liability (Continued)

Changes of Assumptions

During 2024, there were no changes in assumptions.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

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

Asset Class ¹	Current Allocation	Real Return Years ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Defined Benefit Pension Plan (Continued)

C. Changes in the Net Pension Liability

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

Miscellaneous Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2023 (Valuation Date)	\$ 236,715,810	\$ 223,197,423	\$ 13,518,387
Changes recognized for the measurement period:			
Service cost	3,805,443	-	3,805,443
Interest on the total pension liability	16,067,237	-	16,067,237
Changes of benefit terms	-	-	-
Difference between expected and actual experience	800,313	-	800,313
Contributions from the employer	-	2,790,220	(2,790,220)
Contributions from employees	-	1,803,156	(1,803,156)
Net investment income, net of administrative expense	-	20,762,052	(20,762,052)
Benefit payments, including refunds of employee contributions	(13,120,685)	(13,120,685)	-
Administrative expense	-	(181,616)	181,616
Net Changes during July 1, 2023 to June 30, 2024	7,552,308	12,053,127	(4,500,819)
Balance at June 30, 2024 (Measurement Date)	\$ 244,268,118	\$ 235,250,550	\$ 9,017,568

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

Safety Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2023 (Valuation Date)	\$ 310,924,202	\$ 290,108,007	\$ 20,816,195
Changes recognized for the measurement period:			
Service cost	4,447,811	-	4,447,811
Interest on the total pension liability	21,232,720	-	21,232,720
Changes of benefit terms	-	-	-
Difference between expected and actual experience	3,385,366	-	3,385,366
Contributions from the employer	-	3,669,240	(3,669,240)
Contributions from employees	-	1,885,916	(1,885,916)
Net investment income, net of administrative expense	-	26,994,501	(26,994,501)
Benefit payments, including refunds of employee contributions	(17,625,756)	(17,625,756)	-
Administrative expense	-	(236,062)	236,062
Net Changes during July 1, 2023 to June 30, 2024	11,440,141	14,687,839	(3,247,698)
Balance at June 30, 2024 (Measurement Date)	\$ 322,364,343	\$ 304,795,846	\$ 17,568,497

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Defined Benefit Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Plan's Net Pension Liability		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous Plan	\$ 40,283,532	\$ 9,017,568	\$ (16,771,740)
Safety Plan	\$ 60,015,260	\$ 17,568,497	\$ 17,172,433

Pension Plan Fiduciary Net Position

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

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

For the year measurement period ending June 30, 2024, the City recognized pension expense of \$5,479,712 and \$9,316,676 for the miscellaneous and safety plans, respectively.

As of June 30, 2025, the City has deferred outflows and deferred inflows of resources related to pensions for the Miscellaneous and Safety Plans are as follows:

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 2,900,356	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	498,689	-
Net difference between projected and actual earning on pension plan investments	4,172,158	-
Total	\$ 7,571,203	\$ -
Safety Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 4,125,215	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	2,262,255	-
Net difference between projected and actual earning on pension plan investments	5,347,205	-
Total	\$ 11,734,675	\$ -

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 10 – Defined Benefit Pension Plan (Continued)

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

The amounts above are net of outflows and inflows recognized in the 2023-2024 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Miscellaneous Plan, Safety Police Plan and the Safety Fire Plan risk pool for the 2021-22 measurement period is 2.6 years and 2.7, which was obtained by dividing the total service years of 3,639 and 1,458 (the sum of remaining service lifetimes of the active employees) by 1,396 and 550 (the total number of participants: active, inactive, and retired), respectively.

\$2,900,356 and \$4,125,215 reported as deferred outflows for the miscellaneous and safety plans, respectively, represents contributions made after the measurement date of the net pension liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

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

Measurement Period Ending June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous Plan	Safety Plan
2025	\$ 214,829	\$ 1,240,458
2026	6,385,689	8,906,172
2027	(796,573)	(1,056,570)
2028	(1,133,098)	(1,480,600)
2029	-	-
Thereafter	-	-
	<u>\$ 4,670,847</u>	<u>\$ 7,609,460</u>

Note 11 – Other Postemployment Benefits (“OPEB”)

A. General Information About the Other Postemployment Benefit Plan

Plan Description

The City provides postemployment healthcare benefits to eligible employees at retirement through a single-employer other postemployment benefits (“OPEB”) plan administered by the City. Benefits are established by Memorandum of Understanding (MOU) between the City and eligible employee associations representing the City’s employee.

Benefits Provided

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

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

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

Additional Benefits for Miscellaneous Employees

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

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

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

Additional Benefits Safety (Fire and Police) Employees

The current retiree health benefit is a monthly allowance that is payable to the eligible retiree and will be reduced by any amounts paid by the City towards health insurance for the retiree. The monthly allowance is available only to the retired employee and does not continue to a surviving spouse. The retiree is not required to continue medical insurance through the City to receive the monthly allowance. The monthly allowance is currently \$25 for each year of service with the City up to 25 years (\$625 maximum per month). The monthly allowance is payable during the retiree’s lifetime for members of Montebello Police Officers Association (“MPOA”), Montebello Police Management Association (“MPMA”) and Montebello Fire Fighters Association (“MFA”) and to Medicare eligibility age for all unrepresented Safety employees. MPMA employees who retire with 25 years of service or greater earn an allowance of up to \$1,000 per month.

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

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

Employees Covered

At June 30, 2024, the valuation date, the following numbers of participants were covered by the benefit terms:

Inactive plan members or beneficiaries	
currently receiving benefits	238
Active plan members	487
Total	<u>725</u>

Contributions

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

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2024 for the measurement period July 1, 2023 through June 30, 2024. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2024, based on the following actuarial assumptions:

Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	No assets held in an irrevocable trust as of the measurement date.
Salary increases	3.00%
Inflation	2.50%
Discount rate	3.97% as of June 30, 2024 and 3.86% as of June 30, 2023
Healthcare cost trend rate	7.50 percent for 2024 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years; Medicare ages: 4.50 percent for 2024-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years.
Preretirement mortality rate	CalPERS experience study (2000-2019)

Discount Rate

The discount rate used to measure the total OPEB liability are based on the Fidelity GO AA 20 Years Municipal Index. This index indicates discount rates of 3.97% as of June 30, 2024 and 3.86% as of June 30, 2023.

C. Changes in the Net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2023	\$ 29,979,568	\$ -	\$ 29,979,568
Changes recognized for the measurement period:			
Service cost	736,852	-	736,852
Interest on the total OPEB liability	1,151,958	-	1,151,958
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(2,092,200)	-	(2,092,200)
Changes of assumptions	423,050	-	423,050
Contributions from the employer	-	1,762,608	(1,762,608)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	-	-
Benefit payments, including refunds of employee contributions	(1,762,608)	(1,762,608)	-
Administrative expense	-	-	-
Net Changes during July 1, 2023 to June 30, 2024	(1,542,948)	-	(1,542,948)
Balance at June 30, 2024 (Measurement Date)	\$ 28,436,620	\$ -	\$ 28,436,620

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

C. Changes in the Net OPEB Liability (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point lower than the current discount rate, for the measurement period ended June 30, 2024:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (2.97%)	Current Discount Rate (3.97%)	Discount Rate + 1% (4.97%)
\$ 31,684,490	\$ 28,436,620	\$ 25,708,020

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

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

Plan's Net OPEB Liability/(Asset)		
1% Decrease	Trend Rate	1% Increase
\$ 26,612,076	\$ 28,436,620	\$ 30,482,233

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$1,504,248. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 1,614,973	\$ -
Changes of assumptions	2,804,416	(4,991,182)
Difference between expected and actual experience	1,769,636	(3,006,431)
Total	\$ 6,189,025	\$ (7,997,613)

The \$1,614,973 reported as deferred outflows of resources represents contributions made after the measurement date of the OPEB liability but before the end of the City's reporting period and will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB credit as follows:

Measurement Period Ending June 30,	Deferred Outflows /(Inflows) of Resources
2025	\$ (384,561)
2026	(274,933)
2027	(274,928)
2028	(249,930)
2029	(595,723)
Thereafter	(1,643,486)
Total	<u>\$ (3,423,561)</u>

Note 12 – Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Total capital assets, net	\$ 157,704,685	\$ 142,920,657
Unspent capital debt proceeds	22,264,165	1,086,574
Deferred loss on refunding debt	41,264	23,407
Retention payable	(296,544)	(299,833)
Capital related debt	(95,386,901)	(69,469,333)
Deferred gain on refunding debt	-	(402,419)
Net investment in capital assets	<u>\$ 84,326,669</u>	<u>\$ 73,859,053</u>

	Enterprise Funds				
	Transit System Fund	Golf Course	Hilton Garden Inn	Home2Suites	Total
Total capital assets, net	\$ 49,307,602	\$ 42,171,577	\$ 10,640,529	\$ 40,800,949	\$ 142,920,657
Unspent capital debt proceeds	1,086,574	-	-	-	1,086,574
Deferred loss on refunding debt	-	23,407	-	-	23,407
Retention payable	(299,833)	-	-	-	(299,833)
Capital related debt	(4,060,931)	(16,185,117)	(8,019,202)	(41,204,083)	(69,469,333)
Deferred gain on refunding debt	-	-	(402,419)	-	(402,419)
Net investment in capital assets	<u>\$ 46,033,412</u>	<u>\$ 26,009,867</u>	<u>\$ 2,218,908</u>	<u>\$ (403,134)</u>	<u>\$ 73,859,053</u>

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Fund Balance Classifications

Fund balances for the governmental funds at June 30, 2025 consisted of the following:

	General Fund	Retirement Fund	Transportation and Street Improvement Funds	Public Financing Authority	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepaid items	\$ 512,022	\$ -	\$ -	\$ -	\$ -	\$ 512,022
Property held for resale	682,538	-	-	-	-	682,538
Total nonspendable	<u>1,194,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,194,560</u>
Restricted:						
Retirement	-	34,710,768	-	-	-	34,710,768
Community development	-	-	-	-	10,008,890	10,008,890
Public safety	-	-	-	-	846,990	846,990
Capital projects	6,523,683	-	15,740,482	-	-	22,264,165
Transportation	-	-	16,612,039	-	2,232	16,614,271
Debt services	-	-	-	6,319,737	-	6,319,737
Other	-	-	-	-	482,717	482,717
Total restricted	<u>6,523,683</u>	<u>34,710,768</u>	<u>32,352,521</u>	<u>6,319,737</u>	<u>11,340,829</u>	<u>91,247,538</u>
Committed:						
Economic uncertainties	16,000,000	-	-	-	-	16,000,000
Total committed	<u>16,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000,000</u>
Assigned:						
Capital projects	-	-	-	-	356,839	356,839
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,839</u>	<u>356,839</u>
Unassigned:						
Fund balance	781,557	-	-	-	-	781,557
Total unassigned	<u>781,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>781,557</u>
Total fund balances	<u>\$ 24,499,800</u>	<u>\$ 34,710,768</u>	<u>\$ 32,352,521</u>	<u>\$ 6,319,737</u>	<u>\$ 11,697,668</u>	<u>\$ 109,580,494</u>

The City has formal reserve policies adopted by the City Council annually during budget development. These GASB 54 compliant reserve policies were first approved by the City Council in June 2020, and are presented annually for review and approval. The amount of fund balance available allows for the designation of an “Economic Uncertainties” Commitment – calculated as 25% of General Fund revenue. The combination of the various fund balance categories (i.e., nonspendable, restricted, assigned, and committed) results in an unassigned amount of \$781,558.

As the City’s General Fund balance grows, additional committed and assigned reserves will be designated in subsequent fiscal years. The full General Fund reserve policy can be found as part of the annual budget document.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Stewardship, Compliance and Accountability

The following expenditures for the year ended June 30, 2025, exceeded appropriations in the following funds and functions:

Funds	Appropriation	Expenditures	Expenditures over Appropriation
Major Governmental Funds:			
General Fund			
General Fund	\$ 6,631,023	\$ 6,768,296	\$ (137,273)
Public safety	43,356,010	48,346,752	(4,990,742)
Parks, recreation, and culture	5,308,175	5,312,622	(4,447)
Housing and community development	4,423,202	5,470,664	(1,047,462)
Capital outlay	4,954,633	5,427,153	(472,520)
Debt service:			
Interest	742,600	901,163	(158,563)
Public Financing Authority Debt Service Fund			
Debt service:			
Principal	6,427,700	7,232,622	(804,922)
Interest	4,628,900	8,118,432	(3,489,532)
Nonmajor Governmental Funds:			
Supplemental Law Enforcement Special Revenue Fund			
Public safety	232,500	285,971	(53,471)
Tobacco Grant Program Special Revenue Fund			
Housing and community development	-	9,667	(9,667)

The following funds had deficit net position at June 30, 2025.

Funds	Amount
Enterprise Fund:	
Golf Course	\$ (3,912,060)
Home2Suites	(2,037,067)
Internal Service Fund:	
Self-insurance	(32,571,301)

Management expects to eliminate the deficits in the Golf Course Enterprise Fund and Home2Suites Enterprise Fund with subsequent revenue in the funds or transfers from the General Fund.

The deficit fund balance in the Self-Insurance Internal Service Fund is a result of numerous large liability and workers compensation claim payments over the last four fiscal years, coupled with insufficient charges to operating departments for associated insurance expenses for more than five fiscal years, which means less revenue was deposited to the Self-Insurance Internal Service Fund to cover ongoing expenses. Management has begun to address the operating department charges in the Fiscal Year 2025-26 budget, by adjusting and increasing charges related to expected workers compensation and liability expenses. The City is also reviewing its current third-party administrator and will be making adjustments in Fiscal Year 2025-26, with a focus on more effective workers compensation management in order to reduce related expenses.

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 15 – Construction Commitments

The City had outstanding construction commitments in the amount of \$4,040,502 for governmental activities and \$2,341,233 for business-type activities at June 30, 2025 as follows.

Governmental Activities	
General Fund	\$ 1,084,486
Transportation and Street Improvement	
Special Revenue Funds	1,956,123
Nonmajor governmental funds	999,893
Total governmental activities	<u>\$ 4,040,502</u>
Business-Type Activities	
Transit Enterprise Fund	<u>\$ 2,341,233</u>

Note 16 – Contingencies

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

Note 17 – Restatement of Beginning Fund Balances and Net Position

A. Changes to or within the Financial Reporting Entity

The Capital Improvements Capital Projects Fund was previously reported as a major governmental fund, but due to the decrease in the activities, the fund did not meet the quantitative threshold requiring the fund to be reported as a major fund for the fiscal year ended June 30, 2025.

B. Error Corrections

During the current fiscal year, the City reviewed its unavailable revenue balances and determined that certain amounts had not been properly recognized as revenue in the prior year. As a result, the beginning Nonmajor Governmental Funds fund balance, was increased by \$415,405, consisting of \$376,641 related to the CDBG Special Revenue Fund and \$38,764 related to the HOME Special Revenue Fund.

The City also identified an understatement of notes receivable in the Home Special Revenue Fund. Accordingly, the beginning Governmental Activities net position and Nonmajor Governmental Funds fund balance, were increased by \$70,000.

Furthermore, the City identified subscription-based information technology arrangements that had not been previously recorded in accordance with GASB Statement No. 96. As a result, the beginning Governmental Activities net position was increased by \$768,381, reflecting the recognition of right-to-use subscription assets of \$1,289,317 and accumulated amortization of \$(520,936), and corresponding subscription liability which decreased the net position by \$(42,636).

City of Montebello
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 17 – Restatement of Beginning Fund Balances and Net Position (Continued)

B. Error Corrections (Continued)

Finally, the City determined that certain capital assets recorded in the Successor Agency Private-Purpose Trust Fund had been disposed of in prior fiscal years but were not previously removed from the accounting records. As a result, the beginning Fiduciary Activities net position, was decreased by \$(10,855,316).

The effect of the restatement is as shown below:

	June 30, 2024 As Previously Reported	Change to or within the Financial Reporting Entity (A)	Error Corrections (B)				Change in Accounting Principle GASB 101	June 30, 2024 As Restated
			Unavailable Revenue	Loans Receivable	Capital Assets, Net	Long-Term Debt		
Governmental-Wide:								
Governmental Activities	\$ (4,951,660)	\$ -	\$ -	\$ 70,000	\$ 768,381	\$ (42,636)	\$ 1,418,779	\$ (2,737,136)
Business-Type Activities	54,830,888	-	-	-	-	-	(54,014)	54,776,874
Total Primary Government	\$ 49,879,228	\$ -	\$ -	\$ 70,000	\$ 768,381	\$ (42,636)	\$ 1,364,765	\$ 52,039,738
Governmental Funds:								
Major Funds:								
General Fund	\$ 31,756,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,756,883
Retirement Special Revenue Fund	30,425,551	-	-	-	-	-	-	30,425,551
Transportation and Street Improvement Special Revenue Fund	33,048,791	-	-	-	-	-	-	33,048,791
Public Financing Authority Debt Service Fund	6,035,278	-	-	-	-	-	-	6,035,278
Capital Improvements Capital Capital Projects Fund	(378,700)	378,700	-	-	-	-	-	-
Nonmajor Governmental Funds	10,206,127	(378,700)	415,405	70,000	-	-	-	10,312,832
Total Governmental Funds	\$ 111,093,930	\$ -	\$ 415,405	\$ 70,000	\$ -	\$ -	\$ -	\$ 111,579,335
Proprietary Funds:								
Transit System Enterprise Fund	\$ 56,417,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (55,305)	\$ 56,361,824
Golf Course Enterprise Fund	(3,349,508)	-	-	-	-	-	1,291	(3,348,217)
Hilton Garden Inn Enterprise Fund	1,367,783	-	-	-	-	-	-	1,367,783
Home2Suites Enterprise Fund	395,484	-	-	-	-	-	-	395,484
Total Proprietary Funds	\$ 54,830,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (54,014)	\$ 54,776,874
Fiduciary Fund:								
Successor Agency Private-Purpose Trust Fund	\$ 10,365,582	\$ -	\$ -	\$ -	\$ (10,344,850)	\$ -	\$ -	\$ 20,732

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Montebello
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Taxes	\$ 47,670,000	\$ 47,670,000	\$ 47,791,052	\$ 121,052
Intergovernmental	15,000	15,000	1,042,336	1,027,336
Licenses and permits	7,163,000	7,163,000	9,724,788	2,561,788
Fines and forfeitures	3,145,000	3,145,000	2,884,302	(260,698)
Use of money and property	520,000	520,000	1,939,861	1,419,861
Charges for services	9,251,600	9,251,600	11,209,402	1,957,802
Other revenue	498,500	498,500	1,797,653	1,299,153
Total revenues	68,263,100	68,263,100	76,389,394	8,126,294
EXPENDITURES:				
Current:				
General government	7,817,300	6,631,023	6,768,296	(137,273)
Public safety	38,611,500	43,301,476	48,292,218	(4,990,742)
Public works	15,202,200	16,591,122	15,824,123	766,999
Parks, recreation, and culture	4,732,700	5,308,175	5,312,622	(4,447)
Housing and community development	3,467,700	4,423,202	5,470,664	(1,047,462)
Capital outlay	3,833,600	5,009,167	5,510,115	(500,948)
Debt service:				
Principal	992,800	992,800	643,065	349,735
Interest	742,600	742,600	901,163	(158,563)
Total expenditures	75,400,400	82,999,565	88,722,266	(5,722,701)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,137,300)	(14,736,465)	(12,332,872)	2,403,593
OTHER FINANCING SOURCES (USES):				
Transfers in	7,700,000	7,800,000	5,629,175	(2,170,825)
Transfers out	-	-	(581,814)	(581,814)
Issuance of debt	-	-	28,428	28,428
Total other financing sources (uses)	7,700,000	7,800,000	5,075,789	(2,724,211)
NET CHANGE IN FUND BALANCE	\$ 562,700	\$ (6,936,465)	(7,257,083)	\$ (320,618)
FUND BALANCE:				
Beginning of year			31,756,883	
End of year			<u>\$ 24,499,800</u>	

City of Montebello
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
Retirement Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES				
Taxes	\$ 16,633,000	\$ 16,633,000	\$ 17,860,061	\$ 1,227,061
Use of money and property	165,000	165,000	237,815	72,815
Total revenues	<u>16,798,000</u>	<u>16,798,000</u>	<u>18,097,876</u>	<u>1,299,876</u>
EXPENDITURES				
Current:				
General government	1,028,300	1,028,300	890,253	138,047
Total expenditures	<u>1,028,300</u>	<u>1,028,300</u>	<u>890,253</u>	<u>138,047</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>15,769,700</u>	<u>15,769,700</u>	<u>17,207,623</u>	<u>1,437,923</u>
OTHER FINANCING (USES)				
Transfers out	(12,096,100)	(12,996,100)	(12,922,406)	73,694
Total other financing (uses)	<u>(12,096,100)</u>	<u>(12,996,100)</u>	<u>(12,922,406)</u>	<u>73,694</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,673,600</u>	<u>\$ 2,773,600</u>	4,285,217	<u>\$ 1,511,617</u>
FUND BALANCE				
Beginning of year			30,425,551	
End of year			<u>\$ 34,710,768</u>	

City of Montebello
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
Transportation and Street Improvement Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES				
Intergovernmental	\$ 8,854,215	\$ 8,854,215	\$ 8,546,680	\$ (307,535)
Use of money and property	136,000	136,000	1,392,750	1,256,750
Total revenues	<u>8,990,215</u>	<u>8,990,215</u>	<u>9,939,430</u>	<u>949,215</u>
EXPENDITURES				
Current:				
Public works	3,398,700	9,170,177	4,989,649	4,180,528
Capital outlay	6,440,100	20,168,668	3,516,117	16,652,551
Total expenditures	<u>9,838,800</u>	<u>29,338,845</u>	<u>8,505,766</u>	<u>20,833,079</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(848,585)</u>	<u>(20,348,630)</u>	<u>1,433,664</u>	<u>21,782,294</u>
OTHER FINANCING (USES)				
Transfers out	(2,132,600)	(2,132,600)	(2,129,934)	2,666
Total other financing (uses)	<u>(2,132,600)</u>	<u>(2,132,600)</u>	<u>(2,129,934)</u>	<u>2,666</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,981,185)</u>	<u>\$ (22,481,230)</u>	<u>(696,270)</u>	<u>\$ 21,784,960</u>
FUND BALANCE				
Beginning of year			33,048,791	
End of year			<u>\$ 32,352,521</u>	

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City of Montebello
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2025

Budget and Budgetary Accounting

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

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

Budgetary control is maintained at a functional level.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended January 30, 2025

Last Ten Fiscal Years

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

Measurement period	2014-15	2015-16	2016-17	2017-18	2018-19
Total pension liability					
Service cost	\$ 2,918,611	\$ 2,703,362	\$ 2,932,068	\$ 2,914,031	\$ 2,908,539
Interest	12,022,505	12,395,700	12,673,319	13,109,478	13,768,761
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,072,412)	(2,550,443)	(2,393,873)	531,297	2,360,490
Changes of assumptions	(2,949,227)	-	10,512,651	(1,078,751)	-
Benefit payments, including refunds of employee contributions	(7,653,087)	(7,156,315)	(9,080,226)	(8,817,355)	(9,503,625)
Net change in total pension liability	2,266,390	5,392,304	14,643,939	6,658,700	9,534,165
Total pension liability - beginning	164,545,819	166,812,209	172,204,513	186,848,452	193,507,152
Total pension liability - ending (a)	\$ 166,812,209	\$ 172,204,513	\$ 186,848,452	\$ 193,507,152	\$ 203,041,317
Pension fiduciary net position					
Contributions - employer	\$ 3,123,518	\$ 3,474,912	\$ 3,893,457	\$ 4,404,730	\$ 5,051,169
Contributions - employee	1,260,428	1,208,725	1,186,191	1,198,860	1,198,617
Net investment income ²	2,844,663	665,613	13,752,535	11,334,145	9,332,756
Benefit payments, including refunds of employee contributions	(7,653,087)	(7,156,315)	(9,080,226)	(8,817,335)	(9,503,625)
Plan to plan resources movement	-	-	(1,197)	(334)	-
Administrative expense	(144,043)	(78,007)	(186,195)	(211,420)	(102,178)
Other miscellaneous income/ (expense)	-	-	-	(401,491)	334
Net change in plan fiduciary net position	(568,521)	(1,885,072)	9,564,565	7,507,155	5,977,073
Plan fiduciary net position - beginning	128,564,923	127,996,402	126,111,330	135,675,895	143,183,050
Plan fiduciary net position - ending (b)	\$ 127,996,402	\$ 126,111,330	\$ 135,675,895	\$ 143,183,050	\$ 149,160,123
Plan net pension liability (asset) - ending (a) - (b)	\$ 38,815,807	\$ 46,093,183	\$ 51,172,557	\$ 50,324,102	\$ 53,881,194
Plan fiduciary net position as a percentage of the total pension liability	76.73%	73.23%	72.61%	73.99%	73.46%
Covered payroll	\$ 16,304,182	\$ 16,324,646	\$ 16,116,462	\$ 15,903,678	\$ 16,045,340
Plan net pension liability as a percentage of covered payroll	238.07%	282.35%	317.52%	316.43%	335.81%

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended January 30, 2025

Last Ten Fiscal Years

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

Measurement period	2019-20	2020-21	2021-22	2022-23	2023-24
Total pension liability					
Service cost	\$ 2,826,979	\$ 3,191,506	\$ 3,284,681	\$ 3,459,852	\$ 3,805,443
Interest	14,108,298	14,665,797	15,158,704	15,587,884	16,067,237
Changes of benefit terms	-	-	3,786,462	339,014	-
Differences between expected and actual experience	(1,969,315)	1,575,308	(2,178,579)	26,821	800,313
Changes of assumptions	-	-	6,956,042	-	-
Benefit payments, including refunds of employee contributions	(10,333,268)	(11,458,063)	(12,326,915)	(13,026,715)	(13,120,685)
Net change in total pension liability	4,632,694	7,974,548	14,680,395	6,386,856	7,552,308
Total pension liability - beginning	203,041,317	207,674,011	215,648,559	230,328,954	236,715,810
Total pension liability - ending (a)	\$ 207,674,011	\$ 215,648,559	\$ 230,328,954	\$ 236,715,810	\$ 244,268,118
Pension fiduciary net position					
Contributions - employer	\$ 61,879,526	\$ 2,061,508	\$ 1,891,284	\$ 2,110,563	\$ 2,790,220
Contributions - employee	1,324,939	1,399,212	1,304,988	1,358,712	1,803,156
Net investment income ²	7,525,227	46,168,935	(18,249,963)	13,142,424	20,762,052
Benefit payments, including refunds of employee contributions	(10,333,268)	(11,458,063)	(12,326,915)	(13,026,715)	(13,120,685)
Plan to plan resources movement	-	-	-	-	-
Administrative expense	(210,279)	(209,124)	(154,059)	(161,612)	(181,616)
Other miscellaneous income/ (expense)	-	-	-	-	-
Net change in plan fiduciary net position	60,186,145	37,962,468	(27,534,665)	3,423,372	12,053,127
Plan fiduciary net position - beginning	149,160,123	209,346,268	247,308,736	219,774,071	223,197,443
Plan fiduciary net position - ending (b)	\$ 209,346,268	\$ 247,308,736	\$ 219,774,071	\$ 223,197,443	\$ 235,250,570
Plan net pension liability (asset) - ending (a) - (b)	\$ (1,672,257)	\$ (31,660,177)	\$ 10,554,883	\$ 13,518,367	\$ 9,017,548
Plan fiduciary net position as a percentage of the total pension liability	100.81%	114.68%	95.42%	94.29%	96.31%
Covered payroll	\$ 15,953,606	\$ 18,031,110	\$ 17,054,416	\$ 18,651,492	\$ 20,648,092
Plan net pension liability as a percentage of covered payroll	-10.48%	-175.59%	61.89%	72.48%	43.67%

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

Measurement period	2014-15	2015-16	2016-17	2017-18	2018-19
Total pension liability					
Service cost	\$ 3,228,635	\$ 3,178,292	\$ 3,513,114	\$ 3,422,176	\$ 3,246,398
Interest	15,555,154	16,109,903	16,587,154	17,067,923	17,893,099
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(1,653,000)	(831,534)	(484,213)	(273,569)	4,006,198
Changes of assumptions	(3,773,844)	-	13,789,932	(910,340)	-
Benefit payments, including refunds of employee contributions	(10,403,035)	(10,947,880)	(11,772,390)	(12,521,308)	(13,213,664)
Net change in total pension liability	2,953,910	7,508,781	21,633,597	6,784,882	11,932,031
Total pension liability - beginning	212,349,390	215,303,300	222,812,081	244,445,678	251,230,560
Total pension liability - ending (a)	\$ 215,303,300	\$ 222,812,081	\$ 244,445,678	\$ 251,230,560	\$ 263,162,591
Pension fiduciary net position					
Contributions - employer	\$ 4,710,747	\$ 5,153,218	\$ 5,358,752	\$ 6,104,047	\$ 6,932,392
Contributions - employee	1,207,244	1,193,160	949,049	1,070,001	1,076,975
Net investment income ²	3,345,009	737,269	16,289,173	13,313,614	10,771,929
Benefit payments, including refunds of employee contributions	(10,403,035)	(10,947,880)	(11,772,390)	(12,521,308)	(13,213,664)
Plan to plan resources movement	-	-	-	(390)	-
Administrative expense	(172,263)	(93,329)	(220,253)	(248,987)	(119,195)
Other miscellaneous income/ (expense)	-	-	-	(472,831)	390
Net change in plan fiduciary net position	(1,312,298)	(3,957,562)	10,604,331	7,244,146	5,448,827
Plan fiduciary net position - beginning	154,449,357	153,137,059	149,179,497	159,783,828	167,027,974
Plan fiduciary net position - ending (b)	\$ 153,137,059	\$ 149,179,497	\$ 159,783,828	\$ 167,027,974	\$ 172,476,801
Plan net pension liability - ending (a) - (b)	\$ 62,166,241	\$ 73,632,584	\$ 84,661,850	\$ 84,202,586	\$ 90,685,790
Plan fiduciary net position as a percentage of the total pension liability	71.13%	66.95%	65.37%	66.48%	65.54%
Covered payroll	\$ 11,922,582	\$ 11,768,402	\$ 11,568,474	\$ 11,280,908	\$ 10,934,684
Plan net pension liability as a percentage of covered payroll	521.42%	625.68%	731.83%	746.42%	829.34%

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

Measurement period	2019-20	2020-21	2021-22	2022-23	2023-24
Total pension liability					
Service cost	\$ 3,431,014	\$ 3,827,398	\$ 3,996,254	\$ 4,296,482	\$ 4,447,811
Interest	18,421,868	19,228,565	19,880,517	20,468,295	21,232,720
Changes of benefit terms	-	-	1,742,330	149,627	-
Differences between expected and actual experience	(322,974)	3,576,407	679,303	504,236	3,385,366
Changes of assumptions	-	-	8,896,706	-	-
Benefit payments, including refunds of employee contributions	(13,813,241)	(14,876,758)	(15,655,838)	(16,668,580)	(17,625,756)
Net change in total pension liability	7,716,667	11,755,612	19,539,272	8,750,060	11,440,141
Total pension liability - beginning	263,162,591	270,879,258	282,634,870	302,174,142	310,924,202
Total pension liability - ending (a)	\$ 270,879,258	\$ 282,634,870	\$ 302,174,142	\$ 310,924,202	\$ 322,364,343
Pension fiduciary net position					
Contributions - employer	\$ 103,113,849	\$ 2,913,777	\$ 2,830,522	\$ 3,086,084	\$ 3,669,240
Contributions - employee	1,411,375	1,383,844	1,375,951	1,422,390	1,885,916
Net investment income ²	8,702,502	59,892,826	(23,702,816)	17,139,425	26,994,501
Benefit payments, including refunds of employee contributions	(13,813,241)	(14,876,758)	(15,655,838)	(16,668,580)	(17,625,756)
Plan to plan resources movement	-	-	-	-	-
Administrative expense	(243,150)	(271,360)	(199,771)	(209,825)	(236,062)
Other miscellaneous income/ (expense)	-	-	-	-	-
Net change in plan fiduciary net position	99,171,335	49,042,329	(35,351,952)	4,769,494	14,687,839
Plan fiduciary net position - beginning	172,476,801	271,648,136	320,690,465	285,338,513	290,108,007
Plan fiduciary net position - ending (b)	\$ 271,648,136	\$ 320,690,465	\$ 285,338,513	\$ 290,108,007	\$ 304,795,846
Plan net pension liability - ending (a) - (b)	\$ (768,878)	\$ (38,055,595)	\$ 16,835,629	\$ 20,816,195	\$ 17,568,497
Plan fiduciary net position as a percentage of the total pension liability	100.28%	113.46%	94.43%	93.31%	94.55%
Covered payroll	\$ 11,486,487	\$ 12,681,903	\$ 12,433,897	\$ 13,510,949	\$ 13,740,535
Plan net pension liability as a percentage of covered payroll	-6.69%	-300.08%	135.40%	154.07%	127.86%

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

	2015-16	2016-17	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 3,474,912	\$ 3,893,457	\$ 4,404,730	\$ 5,051,169	\$ 5,980,507
Contributions in relation to the actuarially determined contribution	(3,474,912)	(3,893,457)	(4,404,730)	(5,051,169)	(61,879,526)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,899,019)</u>
Covered payroll	\$ 16,324,646	\$ 16,116,462	\$ 15,903,678	\$ 16,045,340	\$ 15,953,606
Contributions as a percentage of covered payroll	21.29%	24.16%	27.70%	31.48%	37.49%

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	For details, see June 30, 2022 Funding Valuation Report.
Asset valuation method	Fair Value Assets. For details, see June 30, 2022 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.80%
Investment rate of return	6.80% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

	2020-21	2021-22	2022-23	2023-24	2024-25
Actuarially determined contribution	\$ 2,061,508	\$ 1,891,284	\$ 2,037,563	\$ 2,790,220	\$ 2,900,356
Contributions in relation to the actuarially determined contribution	(2,061,508)	(1,891,284)	(2,037,563)	(2,790,220)	(2,900,356)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ¹	\$ 18,031,110	\$ 17,054,416	\$ 18,651,492	\$ 20,648,092	\$ 21,226,239
Contributions as a percentage of covered payroll	11.43%	11.09%	10.92%	13.51%	13.66%

¹ Include one year's payroll growth using 2.8 percent for the year ended June 30, 2025.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	For details, see June 30, 2022 Funding Valuation Report.
Asset valuation method	Fair Value Assets. For details, see June 30, 2022 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.80%
Investment rate of return	6.80% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

	2015-16	2016-17	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 5,153,218	\$ 5,358,752	\$ 6,104,047	\$ 6,932,392	\$ 8,312,339
Contributions in relation to the actuarially determined contribution	(5,153,218)	(5,358,752)	(6,104,047)	(6,932,392)	(103,113,849)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (94,801,510)</u>
Covered payroll	\$ 11,768,402	\$ 11,568,474	\$ 11,280,908	\$ 10,934,684	\$ 11,486,487
Contributions as a percentage of covered payroll	43.79%	46.32%	54.11%	63.40%	72.37%

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	For details, see June 30, 2022 Funding Valuation Report.
Asset valuation method	Fair Value Assets. For details, see June 30, 2022 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.80%
Investment rate of return	6.80% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

	2020-21	2021-22	2022-23	2023-24	2024-25
Actuarially determined contribution	\$ 2,913,777	\$ 2,830,522	\$ 2,909,655	\$ 3,669,240	\$ 4,125,215
Contributions in relation to the actuarially determined contribution	(2,913,777)	(2,830,522)	(2,909,655)	(3,669,240)	(4,125,215)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ¹	\$ 12,681,903	\$ 12,433,897	\$ 13,510,949	\$ 13,740,535	\$ 14,125,270
Contributions as a percentage of covered payroll	22.98%	22.76%	21.54%	26.70%	29.20%

¹ Include one year's payroll growth using 2.8 percent for the year ended June 30, 2023.

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	For details, see June 30, 2022 Funding Valuation Report.
Asset valuation method	Fair Value Assets. For details, see June 30, 2022 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.80%
Investment rate of return	6.80% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years*					
Other Postemployment Benefit Plan					
Measurement period	2016-2017*	2017-2018	2018-2019	2019-2020	2020-2021
Total OPEB liability					
Service cost	\$ 1,079,041	\$ 1,115,728	\$ 972,274	\$ 1,000,546	\$ 1,192,947
Interest	849,121	970,765	1,059,759	1,060,584	820,237
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(59,573)	-	(2,969,308)	-
Changes of assumptions	(2,111,032)	1,069,938	(767,402)	2,769,257	2,766,372
Benefit payments, including refunds of employee contributions	(1,039,463)	(1,151,779)	(1,301,168)	(1,422,435)	(1,441,914)
Net change in total OPEB liability	(1,222,333)	1,945,079	(36,537)	438,644	3,337,642
Total OPEB liability - beginning	29,234,403	28,012,070	29,957,149	29,920,612	30,359,256
Total OPEB liability - ending (a)	\$ 28,012,070	\$ 29,957,149	\$ 29,920,612	\$ 30,359,256	\$ 33,696,898
OPEB fiduciary net position**					
Contributions - employer	\$ 1,039,463	\$ 1,151,779	\$ 1,301,168	\$ 1,422,435	\$ 1,441,914
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,039,463)	(1,151,779)	(1,301,168)	(1,422,435)	(1,441,914)
Plan to plan resources movement	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-
Plan net OPEB liability - ending (a) - (b)	\$ 28,012,070	\$ 29,957,149	\$ 29,920,612	\$ 30,359,256	\$ 33,696,898
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 19,234,000	Not Available	Not Available	Not Available	\$ 31,317,575
Plan net OPEB liability as a percentage of covered-employee payroll	145.64%	N/A	N/A	N/A	107.60%

Notes to Schedule:

*Fiscal year 2017 was the first year of implementation, therefore only eight years are shown.

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

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

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years*

Other Postemployment Benefit Plan

Measurement period	2021-22	2022-23	2023-24
Total OPEB liability			
Service cost	\$ 1,131,583	\$ 818,847	\$ 736,852
Interest	654,234	1,114,215	1,151,958
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,528,051	-	(2,092,200)
Changes of assumptions	(6,349,393)	(546,222)	423,050
Benefit payments, including refunds of employee contributions	(1,514,821)	(1,553,824)	(1,762,608)
Net change in total OPEB liability	(3,550,346)	(166,984)	(1,542,948)
Total OPEB liability - beginning	33,696,898	30,146,552	29,979,568
Total OPEB liability - ending (a)	\$ 30,146,552	\$ 29,979,568	\$ 28,436,620
OPEB fiduciary net position**			
Contributions - employer	\$ 1,514,821	\$ 1,553,824	\$ 1,762,608
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(1,514,821)	(1,553,824)	(1,762,608)
Plan to plan resources movement	-	-	-
Administrative expense	-	-	-
Other expense	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	-	-	-
Plan net OPEB liability - ending (a) - (b)	\$ 30,146,552	\$ 29,979,568	\$ 28,436,620
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 32,379,350	\$ 40,851,470	\$ 48,340,161
Plan net OPEB liability as a percentage of covered-employee payroll	93.10%	73.39%	58.83%

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plan
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefit Plan

Fiscal year	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	Not available	Not available	Not available	Not available	Not available
Contributions in relation to the actuarially determined contribution	(1,039,463)	(1,151,779)	(1,301,168)	(1,422,435)	(1,441,914)
Contribution deficiency (excess)	<u>\$ (1,039,463)</u>	<u>\$ (1,151,779)</u>	<u>\$ (1,301,168)</u>	<u>\$ (1,422,435)</u>	<u>\$ (1,441,914)</u>
Covered-employee payroll ²	\$ 19,234,000	Not Available	Not Available	Not Available	\$ 31,317,575
Contributions as a percentage of covered-employee payroll	5.40%	N/A	N/A	N/A	4.60%

¹ Historical information is presented only for fiscal year after GASB 75 implementation in 2016-2017.

² Payroll was assumed to increase by the 3 percentage payroll growth assumption from 2021-22 to 2022-23.

Actuarial Assumptions:

Valuation date: June 30, 2025

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age, Level Percent of Pay
Discount rate	3.97%
Inflation	2.50%
Salary increases	3.00% per annum, in aggregate
Retirement age	CalPERS 2021 experience study
Mortality	CalPERS 2000-2019 experience study

City of Montebello
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plan (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefit Plan

Fiscal year	2021-22	2022-23	2023-24	2024-25
Actuarially determined contribution	Not available	Not available	Not available	Not available
Contributions in relation to the actuarially determined contribution	(1,514,821)	(1,553,824)	(1,762,608)	(1,614,973)
Contribution deficiency (excess)	<u>\$ (1,514,821)</u>	<u>\$ (1,553,824)</u>	<u>\$ (1,762,608)</u>	<u>\$ (1,614,973)</u>
Covered-employee payroll ²	\$ 32,379,350	\$ 40,851,470	\$ 48,340,161	\$ 49,790,366
Contributions as a percentage of covered-employee payroll	4.68%	3.80%	3.65%	3.24%

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SUPPLEMENTARY INFORMATION

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City of Montebello
Schedule of Revenues, Expenditure, and Change in Fund Balance - Budget and Actual
Public Financing Authority Debt Service Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 4,641,210	\$ 4,641,210
Other revenue	(1,519,700)	(1,519,700)	1,471,138	2,990,838
Total revenues	<u>(1,519,700)</u>	<u>(1,519,700)</u>	<u>6,112,348</u>	<u>7,632,048</u>
EXPENDITURES				
General government	-	-	-	-
Debt service:				
Principal	6,427,700	6,427,700	7,232,622	(804,922)
Interest	4,628,900	4,628,900	8,118,432	(3,489,532)
Total expenditures	<u>11,056,600</u>	<u>11,056,600</u>	<u>15,351,054</u>	<u>(4,294,454)</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(12,576,300)</u>	<u>(12,576,300)</u>	<u>(9,238,706)</u>	<u>3,337,594</u>
OTHER FINANCING SOURCES				
Transfers in	9,528,700	9,528,700	9,523,165	(5,535)
Total other financing sources	<u>9,528,700</u>	<u>9,528,700</u>	<u>9,523,165</u>	<u>(5,535)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,047,600)</u>	<u>\$ (3,047,600)</u>	284,459	<u>\$ 3,332,059</u>
FUND BALANCE				
Beginning of year			6,035,278	
End of year			<u>\$ 6,319,737</u>	

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

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

Inmate Welfare Fund - This fund accounts for any money, refund, rebate or commission received from paid telecommunications services, commissaries, money transfers, and disciplinary fines from inmates incarcerated in the City of Montebello Jail and proceeds are utilized for inmate welfare related purposes.

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

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

Cal-ICH Encampment Fund - Homeless assistance grant to fund Montebello Community Action Program (MCAP) services. Funding from the California Interagency Council on Homelessness (Cal-ICH) Encampment Resolution Grant Program. This funding is for a local demonstration project focused on homeless living in encampments near/along the City's flood control channel (i.e., Rio Hondo River). The goal is to guide those living in the encampments into safe and stable housing while restoring the public spaces for their intended use.

Cal OES EOC Program - Grant award to be utilized for upgrades to the City's public safety communications system. The Fire Department manages a public safety radio tower communication system that provides a network to surrounding agencies throughout Los Angeles County. The grant funds will provide for equipment purchases, as well as offset staff time spent managing the project.

Interim Housing Services (CCOGIHS) - Homeless assistance grant to fund Montebello Community Action Program (MCAP) services.

Prop 64 Public Health & Safety - The purpose of this grant program is to fund projects that assist with law enforcement efforts, fire protection efforts, or other local projects addressing public health and safety associated with the implementation of the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA).

SAFER (Staffing for Adequate Fire and Emergency Response) - The Staffing for Adequate Fire and Emergency Response Grants (SAFER) was created to provide funding directly to fire departments and volunteer firefighter interest organizations to help them increase or maintain the number of trained, "front line" firefighters available in their communities. The goal of SAFER is to enhance the local fire departments' abilities to comply with staffing, response and operational standards established by the NFPA (NFPA 1710 and/or NFPA 1720).

Tobacco Grant Program - The City received a grant from the State of California to conduct enforcement around the sale of tobacco products. The Code Enforcement Division has taken the lead in this project and the grant funding is used to offset salary and benefit expenses as well as provide education and outreach aimed at minimizing underage tobacco use.

Art in Public Places - The City's municipal code was updated to create an "Art in Public Places" program. This fund collects the "in-lieu" fee paid per the municipal code

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Rio Hondo Improvement - This fund records activity related to a \$900,000 grant from Senator Bob Archuleta, and administered by the State Department of Parks. The project being funded by this grant award is the construction of a fence along Bluff Blvd and the Rio Hondo River, providing safety and security to the residents in that area.

Capital Projects Fund

Capital Improvement Projects Fund - This fund accounts for the activity related to the Topgolf Entertainment Complex project (Fund 312) and the Citywide Information Technology upgrade project (Fund 325). The Topgolf project will result in the completion of a three-story structure with 102 driving range bays with meeting/conference space located on 15 acres of City-owned property (Golf Course). The City issued bonds (Lease Revenue Bonds Series 2022B) for the construction of this project. The governing lease/sub-lease documents – among other terms – require Topgolf to pay the annual debt service on the Series 2022B bonds, in addition to an annual ground lease. Bond related transactions are recorded in Fund 312. The Information Technology upgrade project is a multi-year effort to improve the City’s cybersecurity, storage, network, communications and switching abilities. Activity related to this project is recorded in Fund 325.

City of Montebello
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	Supplemental Law Enforcement	Park Development	Drug Enforcement	Air Quality	Justice Assistance Grants
ASSETS					
Cash and investments	\$ 13,034	\$ 144,040	\$ -	\$ 270,379	\$ 45,060
Accounts receivable	127,492	-	496,022	21,557	24,375
Interest receivable					
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from Successor Agency	-	-	-	-	-
Property held for resale	-	-	-	-	-
Total assets	\$ 140,526	\$ 144,040	\$ 496,022	\$ 291,936	\$ 69,435
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 32,535	\$ -	\$ 6,694	\$ 607	\$ 900
Unearned revenue	107,991	-	44,282	-	-
Due to other funds	-	-	427,317	-	-
Total liabilities	140,526	-	478,293	607	900
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	-	144,040	17,729	291,329	68,535
Assigned	-	-	-	-	-
Total fund balances	-	144,040	17,729	291,329	68,535
Total liabilities, deferred inflows of resources, and fund balances	\$ 140,526	\$ 144,040	\$ 496,022	\$ 291,936	\$ 69,435

(Continued)

City of Montebello
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

		Special Revenue Funds				
		Grants	CDBG	HOME	TDA Article 3	George Miller Estate Donation
ASSETS						
Cash and investments	\$ -	\$ -	\$ 152,650	\$ 1,786	\$ 91,462	
Accounts receivable	1,130,835	279,337	88,240	446	-	
Interest receivable		-				
Notes receivable	-	638,291	196,875	-	-	
Due from other funds	-	-	-	-	-	
Due from Successor Agency	-	-	-	-	-	
Property held for resale	-	-	-	-	-	
Total assets	\$ 1,130,835	\$ 917,628	\$ 437,765	\$ 2,232	\$ 91,462	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 120,776	\$ 54,169	\$ 17,255	\$ -	\$ 287	
Unearned revenue	-	-	-	-	-	
Due to other funds	552,484	270,620	-	-	-	
Total liabilities	673,260	324,789	17,255	-	287	
Deferred Inflows of Resources:						
Unavailable revenue	145,550	-	-	-	-	
Total deferred inflows of resources	145,550	-	-	-	-	
Fund Balances:						
Restricted	312,025	592,839	420,510	2,232	91,175	
Assigned	-	-	-	-	-	
Total fund balances	312,025	592,839	420,510	2,232	91,175	
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,130,835	\$ 917,628	\$ 437,765	\$ 2,232	\$ 91,462	

(Continued)

City of Montebello
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	Measure W	Inmate Welfare Fund	Measure A Local	Housing Successor	Cal-ICH Encampment
ASSETS					
Cash and investments	\$ 106,695	\$ 875	\$ -	\$ 1,571,087	\$ 308,138
Accounts receivable	201,067	-	1,475,413	-	-
Interest receivable				2,745	
Notes receivable	-	-	-	549,000	-
Due from other funds	-	-	-	1,475,000	-
Due from Successor Agency	-	-	-	3,474,689	-
Property held for resale	-	-	-	996,830	-
Total assets	\$ 307,762	\$ 875	\$ 1,475,413	\$ 8,069,351	\$ 308,138
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 13,151	\$ -	\$ 44,685	\$ -	\$ 124,789
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	1,418,559	4,553	-
Total liabilities	13,151	-	1,463,244	4,553	124,789
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	294,611	875	12,169	8,064,798	183,349
Assigned	-	-	-	-	-
Total fund balances	294,611	875	12,169	8,064,798	183,349
Total liabilities, deferred inflows of resources, and fund balances	\$ 307,762	\$ 875	\$ 1,475,413	\$ 8,069,351	\$ 308,138

(Concluded)

City of Montebello
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	Cal OES EOC Program	Interim Housing Serv (CCOGIHS)	Prop 64 Public Health & Safety	SAFER Fire	Tobacco Grant Program
ASSETS					
Cash and investments	\$ 470,810	\$ 1,952	\$ -	\$ 1,195,984	\$ -
Accounts receivable	1,327,135	-	73,605	2,171,511	7,514
Interest receivable					
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from Successor Agency	-	-	-	-	-
Property held for resale	-	-	-	-	-
Total assets	\$ 1,797,945	\$ 1,952	\$ 73,605	\$ 3,367,495	\$ 7,514
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,783	\$ 1,899	\$ 37,569	\$ 687,404	\$ 2,446
Unearned revenue	-	-	-	-	-
Due to other funds	1,138,708	-	36,036	2,680,091	5,068
Total liabilities	1,141,491	1,899	73,605	3,367,495	7,514
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	656,454	53	-	-	-
Assigned	-	-	-	-	-
Total fund balances	656,454	53	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,797,945	\$ 1,952	\$ 73,605	\$ 3,367,495	\$ 7,514

(Concluded)

City of Montebello
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds		Capital Projects Fund	Total
	Art in Public Place	Rio Hondo Improvement	Capital Improvements Fund (Formerly Major Fund)	Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 188,106	\$ 935,000	\$ 2,014,286	\$ 7,511,344
Accounts receivable	-	-	-	7,424,549
Interest receivable			-	2,745
Notes receivable	-	-	-	1,384,166
Due from other funds	-	-	-	1,475,000
Due from Successor Agency	-	-	-	3,474,689
Property held for resale	-	-	-	996,830
Total assets	\$ 188,106	\$ 935,000	\$ 2,014,286	\$ 22,269,323
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 1,147,949
Unearned revenue	-	935,000	-	1,087,273
Due to other funds	-	-	1,657,447	8,190,883
Total liabilities	-	935,000	1,657,447	10,426,105
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	145,550
Total deferred inflows of resources	-	-	-	145,550
Fund Balances:				
Restricted	188,106	-	-	11,340,829
Assigned	-	-	356,839	356,839
Total fund balances	188,106	-	356,839	11,697,668
Total liabilities, deferred inflows of resources, and fund balances	\$ 188,106	\$ 935,000	\$ 2,014,286	\$ 22,269,323

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City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Supplemental Law Enforcement	Park Development	Drug Enforcement	Air Quality	Justice Assistance Grants
REVENUES:					
Intergovernmental	\$ 214,164	\$ -	\$ 325,330	\$ 82,548	\$ 27,383
Use of money and property	3,218	3,915	-	11,088	324
Charges for services	-	77,503	-	-	-
Other revenue	-	-	-	-	-
Total revenues	217,382	81,418	325,330	93,636	27,707
EXPENDITURES:					
Current:					
Public safety	285,971	-	325,330	-	14,144
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Housing and community development	-	-	-	21,817	-
Capital outlay	-	-	-	101,169	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	285,971	-	325,330	122,986	14,144
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(68,589)	81,418	-	(29,350)	13,563
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(68,589)	81,418	-	(29,350)	13,563
FUND BALANCES (DEFICIT):					
Beginning of year, as previously reported	68,589	62,622	17,729	320,679	54,972
Change in the financial reporting entity (major to nonmajor fund)	-	-	-	-	-
Correction of error	-	-	-	-	-
Beginning of year, as restated (Note 17)	68,589	62,622	17,729	320,679	54,972
End of year	\$ -	\$ 144,040	\$ 17,729	\$ 291,329	\$ 68,535

(Continued)

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Grants	CDBG	HOME	TDA Article 3	George Miller Estate Donation
REVENUES:					
Intergovernmental	\$ 2,257,210	\$ 664,571	\$ 62,309	\$ 63,306	\$ -
Use of money and property	2,596	-	1,279	1,150	1,516
Charges for services	-	-	-	-	-
Other revenue	-	-	7,644	-	-
Total revenues	<u>2,259,806</u>	<u>664,571</u>	<u>71,232</u>	<u>64,456</u>	<u>1,516</u>
EXPENDITURES:					
Current:					
Public safety	780,606	25,804	-	-	5,500
Public works	-	-	-	63,306	-
Parks and recreation	105,548	-	-	-	-
Housing and community development	137,951	74,076	62,309	-	-
Capital outlay	1,465,718	-	-	100,000	-
Debt service:					
Principal payment	-	548,000	-	-	-
Interest and fiscal charges	-	9,583	-	-	-
Total expenditures	<u>2,489,823</u>	<u>657,463</u>	<u>62,309</u>	<u>163,306</u>	<u>5,500</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(230,017)</u>	<u>7,108</u>	<u>8,923</u>	<u>(98,850)</u>	<u>(3,984)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(100,000)
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
NET CHANGES IN FUND BALANCES	<u>(230,017)</u>	<u>7,108</u>	<u>8,923</u>	<u>(98,850)</u>	<u>(103,984)</u>
FUND BALANCES (DEFICIT):					
Beginning of year, as previously reported	542,042	209,090	302,823	101,082	195,159
Change in the financial reporting entity (major to nonmajor fund)	-	-	-	-	-
Correction of error	-	376,641	108,764	-	-
Beginning of year, as restated (Note 17)	542,042	585,731	411,587	101,082	195,159
End of year	<u>\$ 312,025</u>	<u>\$ 592,839</u>	<u>\$ 420,510</u>	<u>\$ 2,232</u>	<u>\$ 91,175</u>

(Continued)

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Measure W	Inmate Welfare Fund	Measure A Local	Housing Successor Fund	Cal-ICH Encampment
REVENUES:					
Intergovernmental	\$ 1,160,897	\$ -	\$ 1,275,567	\$ -	\$ 773,198
Use of money and property	7,128	7	-	7,931	4,459
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>1,168,025</u>	<u>7</u>	<u>1,275,567</u>	<u>7,931</u>	<u>777,657</u>
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Public works	54,901	-	-	-	-
Parks and recreation	-	-	181,818	-	-
Housing and community development	-	-	-	300	632,976
Capital outlay	1,053,111	-	1,081,580	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,108,012</u>	<u>-</u>	<u>1,263,398</u>	<u>300</u>	<u>632,976</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>60,013</u>	<u>7</u>	<u>12,169</u>	<u>7,631</u>	<u>144,681</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>60,013</u>	<u>7</u>	<u>12,169</u>	<u>7,631</u>	<u>144,681</u>
FUND BALANCES (DEFICIT):					
Beginning of year, as previously reported	<u>234,598</u>	<u>868</u>	<u>-</u>	<u>8,057,167</u>	<u>38,668</u>
Change in the financial reporting entity (major to nonmajor fund)	-	-	-	-	-
Correction of error	-	-	-	-	-
Beginning of year, as restated (Note 17)	<u>234,598</u>	<u>868</u>	<u>-</u>	<u>8,057,167</u>	<u>38,668</u>
End of year	<u>\$ 294,611</u>	<u>\$ 875</u>	<u>\$ 12,169</u>	<u>\$ 8,064,798</u>	<u>\$ 183,349</u>

(Continued)

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Cal OES EOC Program	Interim Housing Serv (CCOGIHS)	Prop 64 Public Health & Safety	SAFER Fire	Tobacco Grant Program
REVENUES:					
Intergovernmental	\$ 1,700,775	\$ 876,000	\$ 54,019	\$ 1,551,214	\$ 9,667
Use of money and property	-	14	-	-	-
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>1,700,775</u>	<u>876,014</u>	<u>54,019</u>	<u>1,551,214</u>	<u>9,667</u>
EXPENDITURES:					
Current:					
Public safety	21,594	-	54,019	1,551,214	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Housing and community development	-	876,000	-	-	9,667
Capital outlay	1,022,727	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,044,321</u>	<u>876,000</u>	<u>54,019</u>	<u>1,551,214</u>	<u>9,667</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>656,454</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>656,454</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT):					
Beginning of year, as previously reported	-	39	-	-	-
Change in the financial reporting entity (major to nonmajor fund)	-	-	-	-	-
Correction of error	-	-	-	-	-
Beginning of year, as restated (Note 17)	-	39	-	-	-
End of year	<u>\$ 656,454</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds		Capital Projects Fund	Total
	Art in Public Places	Rio Hondo Improvement	Capital Improvements Fund (Formerly Major Fund)	Nonmajor Governmental Funds
REVENUES:				
Intergovernmental	\$ 188,106	\$ -	\$ -	\$ 11,286,264
Use of money and property	-	-	23,189	67,814
Charges for services	-	-	-	77,503
Other revenue	-	-	-	7,644
Total revenues	188,106	-	23,189	11,439,225
EXPENDITURES:				
Current:				
Public safety	-	-	-	3,064,182
Public works	-	-	665,518	783,725
Parks and recreation	-	-	-	287,366
Housing and community development	-	-	-	1,815,096
Capital outlay	-	-	-	4,824,305
Debt service:				
Principal payment	-	-	21,051	569,051
Interest and fiscal charges	-	-	1,081	10,664
Total expenditures	-	-	687,650	11,354,389
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	188,106	-	(664,461)	84,836
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,400,000	1,400,000
Transfers out	-	-	-	(100,000)
Total financing sources (uses)	-	-	1,400,000	1,300,000
NET CHANGES IN FUND BALANCES	188,106	-	735,539	1,384,836
FUND BALANCES (DEFICIT):				
Beginning of year, as previously reported	-	-	-	10,206,127
Change in the financial reporting entity (major to nonmajor fund)	-	-	(378,700)	(378,700)
Correction of error	-	-	-	485,405
Beginning of year, as restated (Note 17)	-	-	(378,700)	10,312,832
End of year	\$ 188,106	\$ -	\$ 356,839	\$ 11,697,668

(Concluded)

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual
Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 165,000	\$ 165,000	\$ 214,164	\$ 49,164
Use of money and property	-	-	3,218	3,218
Total revenues	<u>165,000</u>	<u>165,000</u>	<u>217,382</u>	<u>52,382</u>
EXPENDITURES:				
Current:				
Public safety	232,500	232,500	285,971	(53,471)
Total expenditures	<u>232,500</u>	<u>232,500</u>	<u>285,971</u>	<u>(53,471)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (67,500)</u>	<u>\$ (67,500)</u>	(68,589)	<u>\$ (1,089)</u>
FUND BALANCE:				
Beginning of year			68,589	
End of year			<u>\$ -</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Drug Enforcement Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 325,330	\$ (174,670)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>325,330</u>	<u>(174,670)</u>
EXPENDITURES:				
Current:				
Public safety	31,700	331,321	325,330	5,991
Total expenditures	<u>31,700</u>	<u>331,321</u>	<u>325,330</u>	<u>5,991</u>
NET CHANGE IN FUND BALANCE	<u>\$ 468,300</u>	<u>\$ 168,679</u>	-	<u>\$ (168,679)</u>
FUND BALANCE:				
Beginning of year			17,729	
End of year			<u>\$ 17,729</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Air Quality Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 82,000	\$ 82,000	\$ 82,548	\$ 548
Use of money and property	2,500	2,500	11,088	8,588
Total revenues	<u>84,500</u>	<u>84,500</u>	<u>93,636</u>	<u>9,136</u>
EXPENDITURES:				
Current:				
Housing and community development	18,000	26,000	21,817	4,183
Capital outlay	105,000	108,000	101,169	6,831
Total expenditures	<u>123,000</u>	<u>134,000</u>	<u>122,986</u>	<u>11,014</u>
NET CHANGE IN FUND BALANCE	<u>\$ (38,500)</u>	<u>\$ (49,500)</u>	(29,350)	<u>\$ 20,150</u>
FUND BALANCE:				
Beginning of year			320,679	
End of year			<u>\$ 291,329</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Justice Assistance Grants Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental revenue	\$ 25,000	\$ 25,000	\$ 27,383	\$ 2,383
Use of money and property	-	-	324	324
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>27,707</u>	<u>2,707</u>
EXPENDITURES:				
Current:				
Public safety	<u>20,000</u>	<u>20,000</u>	<u>14,144</u>	<u>5,856</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>14,144</u>	<u>5,856</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	<u>\$ 5,000</u>	13,563	<u>\$ 8,563</u>
FUND BALANCE:				
Beginning of year			<u>54,972</u>	
End of Year			<u>\$ 68,535</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Grants Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 2,147,350	\$ 3,315,644	\$ 2,257,210	\$ (1,058,434)
Use of money and property	-	-	2,596	2,596
Total revenues	<u>2,147,350</u>	<u>3,315,644</u>	<u>2,259,806</u>	<u>(1,055,838)</u>
EXPENDITURES:				
Current:				
Public safety	870,550	1,407,557	780,606	626,951
Public works	-	484,020	-	484,020
Parks, recreation, and culture	202,725	204,334	105,548	98,786
Housing and community development	307,500	408,475	137,951	270,524
Capital outlay	1,024,600	1,479,430	1,465,718	13,712
Total expenditures	<u>2,405,375</u>	<u>3,983,816</u>	<u>2,489,823</u>	<u>1,493,993</u>
NET CHANGE IN FUND BALANCE	<u>\$ (258,025)</u>	<u>\$ (668,172)</u>	(230,017)	<u>\$ 438,155</u>
FUND BALANCE:				
Beginning of year			542,042	
End of year			<u>\$ 312,025</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
CDBG Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 629,100	\$ 629,100	\$ 664,571	\$ 35,471
Other revenue	4,000	4,000	-	(4,000)
Total revenues	<u>633,100</u>	<u>633,100</u>	<u>664,571</u>	<u>31,471</u>
EXPENDITURES:				
Current:				
Public safety	73,600	99,408	25,804	73,604
Housing and community development	447,800	518,339	74,076	444,263
Capital outlay	465,100	465,100	-	465,100
Debt service:				
Principal	548,000	548,000	548,000	-
Interest	9,600	9,600	9,583	17
Total expenditures	<u>1,544,100</u>	<u>1,640,447</u>	<u>657,463</u>	<u>982,984</u>
NET CHANGE IN FUND BALANCE	<u>\$ (911,000)</u>	<u>\$ (1,007,347)</u>	7,108	<u>\$ 1,014,455</u>
FUND BALANCE:				
Beginning of year, as previously reported			209,090	
Correction of error			<u>376,641</u>	
Beginning of year, as restated (Note 17)			<u>585,731</u>	
End of year			<u>\$ 592,839</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
HOME Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,189,700	\$ 1,189,700	\$ 62,309	\$ (1,127,391)
Use of money or property	-	-	1,279	1,279
Other revenue	606,800	606,800	7,644	(599,156)
Total revenues	<u>1,796,500</u>	<u>1,796,500</u>	<u>71,232</u>	<u>(1,725,268)</u>
EXPENDITURES:				
Current:				
Housing and community development	1,796,600	1,827,754	62,309	1,765,445
Total expenditures	<u>1,796,600</u>	<u>1,827,754</u>	<u>62,309</u>	<u>1,765,445</u>
NET CHANGE IN FUND BALANCE	<u>\$ (100)</u>	<u>\$ (31,254)</u>	8,923	<u>\$ 40,177</u>
FUND BALANCE:				
Beginning of year, as previously reported			302,823	
Correction of error			<u>108,764</u>	
Beginning of year, as restated (Note 17)			<u>411,587</u>	
End of year			<u>\$ 420,510</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
TDA Article 3 Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ -	\$ 63,300	\$ 63,306	\$ 6
Use of money or property	-	-	1,150	1,150
Total revenues	<u>-</u>	<u>63,300</u>	<u>64,456</u>	<u>1,156</u>
EXPENDITURES:				
Current:				
Public works	-	63,306	63,306	-
Capital outlay	100,000	100,000	100,000	-
Total expenditures	<u>100,000</u>	<u>163,306</u>	<u>163,306</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (100,000)</u>	<u>\$ (100,006)</u>	(98,850)	<u>\$ 1,156</u>
FUND BALANCE:				
Beginning of year			101,082	
End of year			<u>\$ 2,232</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
George Miller Estate Donations Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 3,000	\$ 3,000	\$ 1,516	\$ (1,484)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>1,516</u>	<u>(1,484)</u>
EXPENDITURES:				
Current:				
Public safety	<u>71,500</u>	<u>71,500</u>	<u>5,500</u>	<u>66,000</u>
Total expenditures	<u>71,500</u>	<u>71,500</u>	<u>5,500</u>	<u>66,000</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(68,500)</u>	<u>(68,500)</u>	<u>(3,984)</u>	<u>64,516</u>
OTHER FINANCING (USES)				
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing (uses)	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (68,500)</u></u>	<u><u>\$ (168,500)</u></u>	<u>(103,984)</u>	<u><u>\$ 64,516</u></u>
FUND BALANCE:				
Beginning of year			<u>195,159</u>	
End of year			<u><u>\$ 91,175</u></u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Measure W Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 900,000	\$ 900,000	\$ 1,160,897	\$ 260,897
Use of money and property	2,500	2,500	7,128	4,628
Total revenues	<u>902,500</u>	<u>902,500</u>	<u>1,168,025</u>	<u>265,525</u>
EXPENDITURES:				
Current:				
Public works	822,900	235,139	54,901	180,238
Capital outlay	-	1,448,808	1,053,111	395,697
Total expenditures	<u>822,900</u>	<u>1,683,947</u>	<u>1,108,012</u>	<u>575,935</u>
NET CHANGE IN FUND BALANCE	<u>\$ 79,600</u>	<u>\$ (781,447)</u>	60,013	<u>\$ 841,460</u>
FUND BALANCE:				
Beginning of year			<u>234,598</u>	
End of year			<u>\$ 294,611</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Measure A Local Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,908,700	\$ 1,908,700	\$ 1,275,567	\$ (633,133)
Total revenue	<u>1,908,700</u>	<u>1,908,700</u>	<u>1,275,567</u>	<u>(633,133)</u>
EXPENDITURES:				
Current:				
Parks and recreation	495,300	582,300	181,818	400,482
Capital outlay	<u>1,413,400</u>	<u>1,453,838</u>	<u>1,081,580</u>	<u>372,258</u>
Total expenditures	<u>1,908,700</u>	<u>2,036,138</u>	<u>1,263,398</u>	<u>772,740</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (127,438)</u>	12,169	<u>\$ 139,607</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 12,169</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Housing Successor Agency Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 7,931	\$ 7,931
Total revenues	<u>-</u>	<u>-</u>	<u>7,931</u>	<u>7,931</u>
EXPENDITURES:				
Current:				
Housing and community development	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
Total expenditures	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (300)</u>	<u>\$ (300)</u>	7,631	<u>\$ 7,931</u>
FUND BALANCE:				
Beginning of year			<u>8,057,167</u>	
End of year			<u>\$ 8,064,798</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Cal-ICH Encampment Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,168,774	\$ 1,168,774	\$ 773,198	\$ (395,576)
Use of money and property	12,000	12,000	4,459	(7,541)
Total revenues	<u>1,180,774</u>	<u>1,180,774</u>	<u>777,657</u>	<u>(403,117)</u>
EXPENDITURES:				
Current:				
Housing and community development	1,180,774	1,180,774	632,976	547,798
Total expenditures	<u>1,180,774</u>	<u>1,180,774</u>	<u>632,976</u>	<u>547,798</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	144,681	<u>\$ 144,681</u>
FUND BALANCE:				
Beginning of year			38,668	
End of year			<u>\$ 183,349</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Cal OES EOC Program Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 2,211,745	\$ 2,211,745	\$ 1,700,775	\$ (510,970)
Total revenues	<u>2,211,745</u>	<u>2,211,745</u>	<u>1,700,775</u>	<u>(510,970)</u>
EXPENDITURES:				
Current:				
Public safety	159,500	159,500	21,594	137,906
Capital outlay	<u>1,022,727</u>	<u>1,022,727</u>	<u>1,022,727</u>	<u>-</u>
Total expenditures	<u>1,182,227</u>	<u>1,182,227</u>	<u>1,044,321</u>	<u>137,906</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,029,518</u>	<u>\$ 1,029,518</u>	656,454	<u>\$ (373,064)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 656,454</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Interim Housing Services (CCOGIHS) Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 876,000	\$ 876,000	\$ 876,000	\$ -
Use of money and property	12,000	12,000	14	(11,986)
Total revenues	<u>888,000</u>	<u>888,000</u>	<u>876,014</u>	<u>(11,986)</u>
EXPENDITURES:				
Current:				
Housing and community development	876,000	876,000	876,000	-
Total expenditures	<u>876,000</u>	<u>876,000</u>	<u>876,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,000</u>	<u>\$ 12,000</u>	14	<u>\$ (11,986)</u>
FUND BALANCE:				
Beginning of year			39	
End of year			<u>\$ 53</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Prop 64 Public Health & Safety Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,279,000	\$ 1,279,000	\$ 54,019	\$ (1,224,981)
Total revenues	<u>1,279,000</u>	<u>1,279,000</u>	<u>54,019</u>	<u>(1,224,981)</u>
EXPENDITURES:				
Current:				
Public safety	1,255,600	1,255,600	54,019	1,201,581
Total expenditures	<u>1,255,600</u>	<u>1,255,600</u>	<u>54,019</u>	<u>1,201,581</u>
NET CHANGE IN FUND BALANCE	<u>\$ 23,400</u>	<u>\$ 23,400</u>	-	<u>\$ (23,400)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
SAFER - Fire Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,883,625	\$ 1,883,625	\$ 1,551,214	\$ (332,411)
Total revenues	<u>1,883,625</u>	<u>1,883,625</u>	<u>1,551,214</u>	<u>(332,411)</u>
EXPENDITURES:				
Current:				
Public safety	<u>1,901,125</u>	<u>2,996,125</u>	<u>1,551,214</u>	<u>1,444,911</u>
Total expenditures	<u>1,901,125</u>	<u>2,996,125</u>	<u>1,551,214</u>	<u>1,444,911</u>
NET CHANGE IN FUND BALANCE	<u>\$ (17,500)</u>	<u>\$ (1,112,500)</u>	-	<u>\$ 1,112,500</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Montebello
Schedule of Revenues, Expenditure, and Change in Fund Balance - Budget and Actual
Capital Improvement Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 23,189	\$ 23,189
Total revenues	<u>-</u>	<u>-</u>	<u>23,189</u>	<u>23,189</u>
EXPENDITURES				
Current:				
Public works	2,000,000	2,422,136	665,518	1,756,618
Debt service:				
Principal payment	-	-	21,051	(21,051)
Interest and fiscal charges	-	-	1,081	(1,081)
Total expenditures	<u>2,000,000</u>	<u>2,422,136</u>	<u>687,650</u>	<u>1,734,486</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(2,000,000)</u>	<u>(2,422,136)</u>	<u>(664,461)</u>	<u>1,757,675</u>
OTHER FINANCING SOURCES				
Transfers in	3,400,000	3,400,000	1,400,000	(2,000,000)
Total other financing sources	<u>3,400,000</u>	<u>3,400,000</u>	<u>1,400,000</u>	<u>(2,000,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,400,000</u>	<u>\$ 977,864</u>	735,539	<u>\$ (242,325)</u>
FUND BALANCE (DEFICIT)				
Beginning of year			(378,700)	
End of year			<u>\$ 356,839</u>	

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TRANSPORTATION AND STREET IMPROVEMENT FUND

Gas Tax Fund - The State of California levies a per gallon gasoline tax. Cities and Counties receive revenue from the motor vehicle fuel taxes imposed pursuant to Revenue and Taxation Code Section 7360(a) and (b) through the Highway User Tax Account (HUTA) as outlined in the Streets and Highways Code Sections 2103, 2105, 2107, 2017.5.

Road Maintenance and Rehabilitation Fund - The Road Repair and Accountability Act of 2017 (SB 1) set new transportation taxes allocated to Cities and Counties through the Road Maintenance and Rehabilitation Account (RMRA): additional \$0.12 per gallon increase to the gasoline excise tax (with annual inflation adjustments beginning July 1, 2020), additional \$0.20 per gallon increase to the diesel fuel excise tax (with half of the revenue going to the RMRA), additional vehicle registration tax, and additional \$100 per vehicle registration tax on zero emissions vehicles.

Prop A Fund - The Proposition A sales tax, approved by Los Angeles County voters in 1980, is a half cent tax on most retail sales in Los Angeles County. Los Angeles County Metro returns 25% of the Proposition A tax to the Cities in the County for transportation purposes. The balance of the tax revenue is restricted to 35% for rail development and 40% for discretionary purposes.

Prop C Fund - The Proposition C sales tax, approved by Los Angeles County voters in 1990, is an additional half cent tax on retail sales in Los Angeles County. LA County Metro returns 20% of the Proposition C tax to the cities in the County for transportation purposes. The balance of the Proposition C tax is restricted 40% for construction and operation of the bus transit and rail system; 5% to expand rail and bus security; 10% for commuter rail, construction of transit centers, park and ride lots and freeway bus stops; and 25% for transit-related improvements to freeways and state highways.

Measure R Fund - Measure R was approved by Los Angeles County voters in November 2008. Measure R is an ordinance authorizing an additional half cent sales tax to fund traffic relief and rail expansion according to an expenditure plan contained in the ordinance. The sales tax became effective July 1, 2009 and will remain in effect for 30 years (expiring July 1, 2039).

Measure M Local Fund - Measure M was approved and imposes a retail transaction and use tax at the rate of one-half of one percent within Los Angeles County. The sales tax will increase to one percent (1%) on July 1, 2039, when the Measure R one-half of one percent (0.5%) tax expires (see description of Measure R above). The sales tax is in addition to any other taxes authorized by law. The sales tax has no expiration date.

City of Montebello
Combining Balance Sheet
Transportation and Street Improvement Special Revenue Fund
June 30, 2025

	Gas Tax	Road Maintenance & Rehabilitation	Prop A Local	Prop C Local
ASSETS				
Cash and investments	\$ 1,428,929	\$ 1,158,234	\$ 10,897,763	\$ 515,644
Restricted cash and investments:				
Held by fiscal agent	-	-	-	11,749,368
Accounts receivable	148,009	143,302	-	-
Total assets	<u><u>\$ 1,576,938</u></u>	<u><u>\$ 1,301,536</u></u>	<u><u>\$ 10,897,763</u></u>	<u><u>\$ 12,265,012</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 128,924	\$ 21,776	\$ 23,796	\$ 140,964
Total liabilities	<u>128,924</u>	<u>21,776</u>	<u>23,796</u>	<u>140,964</u>
Fund Balances:				
Restricted	1,448,014	1,279,760	10,873,967	12,124,048
Total fund balances	<u>1,448,014</u>	<u>1,279,760</u>	<u>10,873,967</u>	<u>12,124,048</u>
Total liabilities and fund balances	<u><u>\$ 1,576,938</u></u>	<u><u>\$ 1,301,536</u></u>	<u><u>\$ 10,897,763</u></u>	<u><u>\$ 12,265,012</u></u>

(Continued)

City of Montebello
Combining Balance Sheet (Continued)
Transportation and Street Improvement Special Revenue Fund
June 30, 2025

	Measure R Local	Measure M Local	Total Transportation and Street Improvement Fund
ASSETS			
Cash and investments	\$ 1,262,130	\$ 1,639,129	\$ 16,901,829
Restricted cash and investments:			
Held by fiscal agent	1,760,703	2,230,411	15,740,482
Accounts receivable	-	-	291,311
Total assets	\$ 3,022,833	\$ 3,869,540	\$ 32,933,622
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 161,744	\$ 103,897	\$ 581,101
Total liabilities	161,744	103,897	581,101
Fund Balances:			
Restricted	2,861,089	3,765,643	32,352,521
Total fund balances	2,861,089	3,765,643	32,352,521
Total liabilities and fund balances	\$ 3,022,833	\$ 3,869,540	\$ 32,933,622

(Concluded)

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Transportation and Street Improvement Fund
For the Year Ended June 30, 2025

	Gas Tax	Road Maintenance & Rehabilitation	Prop A Local	Prop C Local
REVENUES:				
Intergovernmental	\$ 1,738,405	\$ 1,703,231	\$ 1,617,486	\$ 1,341,663
Use of money and property	56,359	74,011	351,710	602,602
Total revenues	<u>1,794,764</u>	<u>1,777,242</u>	<u>1,969,196</u>	<u>1,944,265</u>
EXPENDITURES:				
Current:				
Public works	783,917	2,221,403	166,998	1,250,425
Capital outlay	<u>1,277,859</u>	<u>-</u>	<u>-</u>	<u>1,161,804</u>
Total expenditures	<u>2,061,776</u>	<u>2,221,403</u>	<u>166,998</u>	<u>2,412,229</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(267,012)</u>	<u>(444,161)</u>	<u>1,802,198</u>	<u>(467,964)</u>
OTHER FINANCING (USES):				
Transfers out	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(703,584)</u>
Total other financing (uses)	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(703,584)</u>
NET CHANGES IN FUND BALANCES	<u>(567,012)</u>	<u>(444,161)</u>	<u>1,802,198</u>	<u>(1,171,548)</u>
FUND BALANCES:				
Beginning of year	<u>2,015,026</u>	<u>1,723,921</u>	<u>9,071,769</u>	<u>13,295,596</u>
End of year	<u>\$ 1,448,014</u>	<u>\$ 1,279,760</u>	<u>\$ 10,873,967</u>	<u>\$ 12,124,048</u>

(Continued)

City of Montebello
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Transportation and Street Improvement Fund
For the Year Ended June 30, 2025

	Measure R Local	Measure M Local	Total Transportation and Street Improvement Fund
REVENUES:			
Intergovernmental	\$ 1,006,061	\$ 1,139,834	\$ 8,546,680
Use of money and property	137,087	170,981	1,392,750
Total revenues	<u>1,143,148</u>	<u>1,310,815</u>	<u>9,939,430</u>
EXPENDITURES:			
Current:			
Public works	309,978	256,928	4,989,649
Capital outlay	528,883	547,571	3,516,117
Total expenditures	<u>838,861</u>	<u>804,499</u>	<u>8,505,766</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>304,287</u>	<u>506,316</u>	<u>1,433,664</u>
OTHER FINANCING (USES):			
Transfers out	(531,499)	(594,851)	(2,129,934)
Total other financing (uses)	<u>(531,499)</u>	<u>(594,851)</u>	<u>(2,129,934)</u>
NET CHANGES IN FUND BALANCES	<u>(227,212)</u>	<u>(88,535)</u>	<u>(696,270)</u>
FUND BALANCES:			
Beginning of year	3,088,301	3,854,178	33,048,791
End of year	<u>\$ 2,861,089</u>	<u>\$ 3,765,643</u>	<u>\$ 32,352,521</u>

(Concluded)

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual
Gas Tax Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,757,715	\$ 1,757,715	\$ 1,738,405	\$ (19,310)
Use of money and property	12,000	12,000	56,359	44,359
Total revenues	<u>1,769,715</u>	<u>1,769,715</u>	<u>1,794,764</u>	<u>25,049</u>
EXPENDITURES:				
Current:				
Public works	754,100	1,130,380	783,917	346,463
Capital outlay	2,200,000	2,397,239	1,277,859	1,119,380
Total expenditures	<u>2,954,100</u>	<u>3,527,619</u>	<u>2,061,776</u>	<u>1,465,843</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(1,184,385)</u>	<u>(1,757,904)</u>	<u>(267,012)</u>	<u>1,490,892</u>
OTHER FINANCING (USES):				
Transfers out	(300,000)	(300,000)	(300,000)	-
Total other financing (uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,484,385)</u>	<u>\$ (2,057,904)</u>	<u>(567,012)</u>	<u>\$ 1,490,892</u>
FUND BALANCE				
Beginning of year			2,015,026	
End of year			<u>\$ 1,448,014</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Road Maintenance and Rehabilitation Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,623,200	\$ 1,623,200	\$ 1,703,231	\$ 80,031
Use of money and property	5,000	5,000	74,011	69,011
Total revenues	<u>1,628,200</u>	<u>1,628,200</u>	<u>1,777,242</u>	<u>149,042</u>
EXPENDITURES:				
Current:				
Public works	1,124,100	2,917,027	2,221,403	695,624
Total expenditures	<u>1,124,100</u>	<u>2,917,027</u>	<u>2,221,403</u>	<u>695,624</u>
NET CHANGE IN FUND BALANCE	<u>\$ 504,100</u>	<u>\$ (1,288,827)</u>	<u>(444,161)</u>	<u>\$ 844,666</u>
FUND BALANCE:				
Beginning of year			1,723,921	
End of year			<u>\$ 1,279,760</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Prop A Local Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,733,900	\$ 1,733,900	\$ 1,617,486	\$ (116,414)
Use of money and property	30,000	30,000	351,710	321,710
Total revenues	<u>1,763,900</u>	<u>1,763,900</u>	<u>1,969,196</u>	<u>205,296</u>
EXPENDITURES:				
Current:				
Public works	439,900	961,516	166,998	794,518
Capital outlay	-	83,399	-	83,399
Total expenditures	<u>439,900</u>	<u>1,044,915</u>	<u>166,998</u>	<u>877,917</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,324,000</u>	<u>\$ 718,985</u>	1,802,198	<u>\$ 1,083,213</u>
FUND BALANCE:				
Beginning of year			9,071,769	
End of year			<u>\$ 10,873,967</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Prop C Local Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,438,200	\$ 1,438,200	\$ 1,341,663	\$ (96,537)
Use of money and property	27,000	27,000	602,602	575,602
Total revenues	<u>1,465,200</u>	<u>1,465,200</u>	<u>1,944,265</u>	<u>479,065</u>
EXPENDITURES:				
Current:				
Public works	698,100	1,622,422	1,250,425	371,997
Capital outlay	894,100	11,879,173	1,161,804	10,717,369
Total expenditures	<u>1,592,200</u>	<u>13,501,595</u>	<u>2,412,229</u>	<u>11,089,366</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(127,000)</u>	<u>(12,036,395)</u>	<u>(467,964)</u>	<u>11,568,431</u>
OTHER FINANCING (USES):				
Transfers out	(704,600)	(704,600)	(703,584)	1,016
Total other financing (uses)	<u>(704,600)</u>	<u>(704,600)</u>	<u>(703,584)</u>	<u>1,016</u>
NET CHANGE IN FUND BALANCE	<u>\$ (831,600)</u>	<u>\$ (12,740,995)</u>	<u>(1,171,548)</u>	<u>\$ 11,569,447</u>
FUND BALANCE:				
Beginning of year			13,295,596	
End of year			<u>\$ 12,124,048</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Measure R Local Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,078,700	\$ 1,078,700	\$ 1,006,061	\$ (72,639)
Use of money and property	31,000	31,000	137,087	106,087
Total revenues	<u>1,109,700</u>	<u>1,109,700</u>	<u>1,143,148</u>	<u>33,448</u>
EXPENDITURES:				
Current:				
Public works	253,600	2,213,986	309,978	1,904,008
Capital outlay	<u>1,244,000</u>	<u>1,539,998</u>	<u>528,883</u>	<u>1,011,115</u>
Total expenditures	<u>1,497,600</u>	<u>3,753,984</u>	<u>838,861</u>	<u>2,915,123</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(387,900)</u>	<u>(2,644,284)</u>	<u>304,287</u>	<u>2,948,571</u>
OTHER FINANCING USES:				
Transfers out	<u>(532,300)</u>	<u>(532,300)</u>	<u>(531,499)</u>	<u>801</u>
Total other financing (uses)	<u>(532,300)</u>	<u>(532,300)</u>	<u>(531,499)</u>	<u>801</u>
NET CHANGE IN FUND BALANCE	<u>\$ (920,200)</u>	<u>\$ (3,176,584)</u>	<u>(227,212)</u>	<u>\$ 2,949,372</u>
FUND BALANCE:				
Beginning of year			<u>3,088,301</u>	
End of year			<u>\$ 2,861,089</u>	

City of Montebello
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget to Actual (Continued)
Measure M Local Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,222,500	\$ 1,222,500	\$ 1,139,834	\$ (82,666)
Use of money and property	31,000	31,000	170,981	139,981
Total revenues	<u>1,253,500</u>	<u>1,253,500</u>	<u>1,310,815</u>	<u>57,315</u>
EXPENDITURES:				
Current:				
Public works	128,900	324,846	256,928	67,918
Capital outlay	2,102,000	4,268,859	547,571	3,721,288
Total expenditures	<u>2,230,900</u>	<u>4,593,705</u>	<u>804,499</u>	<u>3,789,206</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(977,400)</u>	<u>(3,340,205)</u>	<u>506,316</u>	<u>3,846,521</u>
OTHER FINANCING (USES):				
Transfers out	(595,700)	(595,700)	(594,851)	849
Total other financing (uses)	<u>(595,700)</u>	<u>(595,700)</u>	<u>(594,851)</u>	<u>849</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,573,100)</u>	<u>\$ (3,935,905)</u>	<u>(88,535)</u>	<u>\$ 3,847,370</u>
FUND BALANCE:				
Beginning of year			3,854,178	
End of year			<u>\$ 3,765,643</u>	

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STATISTICAL SECTION

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City of Montebello

Statistical Section Overview

(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 says about the City's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	184-194
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	195-199
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	201-206
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	207-208
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	209-210

City of Montebello
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Government Activities					
Invested in capital assets, net of related debt	\$ 58,082,755	\$ 58,372,453	\$ 60,131,857	\$ 56,932,832	\$ 37,577,753
Restricted	27,459,377	37,978,261	30,870,850	36,227,927	40,673,199
Unrestricted	(96,385,527)	(152,645,842)	(104,996,678)	(114,003,833)	(112,400,654)
Total governmental activities net assets	(10,843,395)	(56,295,128)	(13,993,971)	(20,843,074)	(34,149,702)
Business-Type Activities					
Invested in capital assets, net of related debt	49,943,300	62,240,064	50,936,245	51,863,185	45,101,842
Restricted	153,929	37,063,750	26,656,264	16,260,962	12,617,206
Unrestricted	(29,377,639)	(26,856,332)	(70,241,601)	(50,555,062)	(40,685,697)
	20,719,590	72,447,482	7,350,908	17,569,085	17,033,351
Primary Government					
Invested in capital assets, net of related debt	108,026,055	120,612,517	111,068,102	108,796,017	82,679,595
Restricted	27,613,306	75,042,011	57,527,114	52,488,889	53,290,405
Unrestricted	(125,763,166)	(179,502,174)	(175,238,279)	(164,558,895)	(153,975,457)
	\$ 9,876,195	\$ 16,152,354	\$ (6,643,063)	\$ (3,273,989)	\$ (18,005,457)

Source: City Financial Statements

City of Montebello
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Government Activities					
Invested in capital assets, net of related debt	\$ 76,850,718	\$ 79,727,948	\$ 82,183,987	\$ 77,702,274	\$ 84,326,669
Restricted	59,934,222	45,666,495	80,555,103	49,619,283	50,158,637
Unrestricted	(156,799,494)	(124,613,112)	(145,872,106)	(132,273,217)	(131,141,206)
Total governmental activities net assets	(20,014,554)	781,331	16,866,984	(4,951,660)	3,344,100
Business-Type Activities					
Invested in capital assets, net of related debt	30,182,517	34,948,689	47,366,747	70,383,042	73,859,053
Restricted	11,202,567	12,636,555	23,766,549	11,850,242	10,083,733
Unrestricted	(29,921,564)	(17,882,728)	(19,380,571)	(27,402,396)	(32,558,764)
	11,463,520	29,702,516	51,752,725	54,830,888	51,384,022
Primary Government					
Invested in capital assets, net of related debt	107,033,235	114,676,637	129,550,734	148,085,316	158,185,722
Restricted	71,136,789	58,303,050	104,321,652	61,469,525	60,242,370
Unrestricted	(186,721,058)	(142,495,840)	(165,252,677)	(159,675,613)	(163,699,970)
	\$ (8,551,034)	\$ 30,483,847	\$ 68,619,709	\$ 49,879,228	\$ 54,728,122

Source: City Financial Statements

City of Montebello
Change in Net Position - Expenses and Program Revenues
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Expenses:					
Governmental Activities:					
General government	\$ 9,376,874	\$ 5,800,255	\$ 10,590,425	\$ 15,966,059	\$ 15,829,352
Public safety	34,991,222	38,180,200	39,719,749	37,512,859	41,005,310
Public works	7,314,357	6,892,489	9,824,917	8,765,502	10,062,947
Parks, recreation, and culture	4,244,463	3,589,256	3,948,193	4,298,740	5,382,393
Housing and community development	4,149,321	4,625,548	2,923,175	2,960,143	3,401,688
Unallocated infrastructure depreciation	464,900	704,807	704,807	700,608	700,607
Interest on long-term debt	1,238,015	3,882,293	356,579	605,163	5,307,866
Total governmental activities and expenses	61,779,152	63,674,848	68,067,845	70,809,074	81,690,163
Business-Type Activities:					
Transit system	28,530,818	28,540,085	34,587,386	35,629,180	37,053,009
Golf course	2,914,099	2,745,203	3,169,377	2,699,786	2,378,067
Montebello Hilton	4,742,125	4,866,766	4,590,912	4,720,613	4,306,465
Water utility	3,138,928	2,731,099	2,697,085	2,293,908	2,358,938
Hotel2Suites	-	-	30,205	5,674,308	6,167,195
Interest on long-term debt	-	-	3,409,286	3,077,709	2,983,151
Total business-type activities and expenses	39,325,970	38,883,153	48,484,251	54,095,504	55,246,825
Total primary government expenses	101,105,122	102,558,001	116,552,096	124,904,578	136,936,988
Program revenues:					
Governmental Activities:					
Charges for services:					
General government	3,548,576	3,709,505	3,921,684	5,847,466	3,755,079
Public safety	3,167,766	3,311,979	3,227,705	3,372,826	3,473,591
Public works	5,565,885	5,515,371	4,421,025	4,793,062	4,962,127
Parks, recreation, and culture	414,018	471,348	486,274	533,344	329,834
Housing and community development	-	-	1,018,644	497,300	509,089
Operating grants and contributions	10,109,717	7,382,419	9,759,068	9,955,275	11,105,930
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	22,805,962	20,390,622	22,834,400	24,999,273	24,135,650
Business-Type Activities:					
Charges for services:					
Transit system	5,680,227	5,086,810	4,728,570	4,056,307	2,999,561
Golf course	2,294,518	2,091,410	2,194,976	2,219,790	2,051,607
Montebello Hilton	6,579,766	6,834,772	7,197,488	6,436,430	4,446,750
Water utility	2,295,158	2,409,339	3,070,381	3,190,460	2,558,986
Hotel2Suites	-	-	-	7,628,131	8,881,650
Operating grants and contributions	19,314,666	20,593,875	23,014,664	27,205,168	29,238,210
Capital grants and contributions	1,726,259	5,540,308	5,994,885	4,802,972	3,275,168
Total business-type activities program revenues	37,890,594	42,556,514	46,200,964	55,539,258	53,451,932
Primary government program revenues	60,696,556	62,947,136	69,035,364	80,538,531	77,587,582
Net (Expense) Revenue:					
Governmental activities:	(38,973,190)	(43,284,226)	(45,233,444)	(45,809,800)	(57,554,513)
Business-type activities:	(1,435,376)	3,673,361	(2,283,287)	1,443,754	(1,794,893)
Total primary government net (expense) revenue	\$ (40,408,566)	\$ (39,610,865)	\$ (47,516,731)	\$ (44,366,046)	\$ (59,349,406)

(Continued)

City of Montebello
Change in Net Position - Expenses and Program Revenues (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Expenses:					
Governmental Activities:					
General government	\$ 2,478,196	\$ 13,983,490	\$ 12,283,397	\$ 13,098,647	\$ 10,278,218
Public safety	54,764,550	31,790,604	51,954,754	61,477,773	59,655,759
Public works	2,737,856	16,052,469	23,551,526	25,070,656	24,021,363
Parks, recreation, and culture	1,367,331	5,406,906	4,736,144	4,921,730	5,927,153
Housing and community development	643,492	2,346,627	3,707,310	3,779,558	7,429,548
Unallocated infrastructure depreciation	713,200	700,608	700,608	700,608	700,608
Interest on long-term debt	5,251,771	5,548,594	7,665,785	8,470,402	8,848,124
Total governmental activities and expenses	67,956,396	75,829,298	104,599,524	117,519,374	116,860,773
Business-Type Activities:					
Transit system	41,718,320	29,280,305	38,391,612	41,322,805	40,544,137
Golf course	2,779,651	2,735,232	3,249,376	4,051,203	5,526,680
Montebello Hilton	3,096,193	5,088,673	5,944,553	5,962,783	6,607,041
Water utility	2,290,649	2,343,193	2,393,315	-	-
Hotel2Suites	5,612,342	9,782,114	11,157,032	11,502,948	14,234,443
Interest on long-term debt	4,307,914	-	-	-	-
Total business-type activities and expenses	59,805,069	49,229,517	61,135,888	62,839,739	66,912,301
Total primary government expenses	127,761,465	125,058,815	165,735,412	180,359,113	183,773,074
Program revenues:					
Governmental Activities:					
Charges for services:					
General government	4,745,318	4,823,331	5,226,864	5,289,428	4,786,381
Public safety	3,711,080	4,576,406	5,204,616	4,994,064	5,313,791
Public works	5,159,387	4,680,288	6,278,956	4,514,977	8,858,499
Parks, recreation, and culture	25,763	220,152	350,807	358,787	519,146
Housing and community development	757,819	4,111,335	4,413,938	4,590,366	4,884,729
Operating grants and contributions	10,941,780	32,242,999	33,204,124	35,260,295	37,847,330
Capital grants and contributions	1,206,941	2,162,028	1,465,742	472,409	2,374,313
Total governmental activities program revenues	26,548,088	52,816,539	56,145,047	55,480,326	64,584,189
Business-Type Activities:					
Charges for services:					
Transit system	1,376,710	2,201,947	2,017,999	2,343,529	2,167,791
Golf course	2,966,791	2,945,485	1,502,021	981,142	2,194,647
Montebello Hilton	2,072,868	5,357,504	6,571,475	6,546,281	6,684,979
Water utility	2,590,903	2,607,898	16,852,762	-	-
Hotel2Suites	8,357,846	12,050,342	13,039,219	12,700,540	13,417,472
Operating grants and contributions	23,232,583	26,342,293	31,412,262	36,208,381	34,011,392
Capital grants and contributions	11,801,668	15,879,414	27,108,998	7,074,634	3,616,087
Total business-type activities program revenues	52,399,369	67,384,883	98,504,736	65,854,507	62,092,368
Primary government program revenues	78,947,457	120,201,422	154,649,783	121,334,833	126,676,557
Net (Expense) Revenue:					
Governmental activities:	(41,408,308)	(23,012,759)	(48,454,477)	(62,039,048)	(52,276,584)
Business-type activities:	(7,405,700)	18,155,366	37,368,848	3,014,768	(4,819,933)
Total primary government net (expense) revenue	\$ (48,814,008)	\$ (4,857,393)	\$ (11,085,629)	\$ (59,024,280)	\$ (57,096,517)

(Continued)

City of Montebello
Changes in Net Position - General Revenues (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
General Revenues and Other Changes in Net Assets:					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 15,988,925	\$ 16,507,389	\$ 16,961,038	\$ 18,385,624	\$ 18,662,270
Franchise taxes	1,405,229	1,493,956	2,141,450	2,224,087	2,199,915
Sales tax	13,992,347	13,267,373	13,118,981	14,031,972	12,817,884
Transient occupancy tax	365,290	401,852	414,198	421,412	376,424
Unrestricted intergovernmental revenue	5,373,715	6,099,771	6,322,299	6,708,639	7,055,984
Other revenues	4,401,115	7,062,983	2,626,065	2,270,785	2,327,446
Investment earnings	86,920	172,515	665,702	743,557	761,960
Transfers	632,509	(47,976,779)	(1,634,476)	(529,493)	(843,106)
Total governmental activities	<u>42,246,050</u>	<u>(2,970,940)</u>	<u>40,615,257</u>	<u>44,256,583</u>	<u>43,358,777</u>
Business-Type Activities:					
Investment earnings	13,340	135,411	448,876	461,704	416,053
Transfers	(632,509)	47,976,779	1,634,476	529,493	843,106
Total business-type activities	<u>(619,169)</u>	<u>48,112,190</u>	<u>2,083,352</u>	<u>991,197</u>	<u>1,259,159</u>
Total primary government	<u>41,626,881</u>	<u>45,141,250</u>	<u>42,698,609</u>	<u>45,247,780</u>	<u>44,617,936</u>
Change in Net Position:					
Governmental Activities:	3,272,860	(46,255,166)	(4,618,187)	(1,553,217)	(14,195,734)
Business-Type Activities:	<u>(2,054,545)</u>	<u>51,785,551</u>	<u>(199,935)</u>	<u>2,434,951</u>	<u>(535,734)</u>
Total primary government	<u>\$ 1,218,315</u>	<u>\$ 5,530,385</u>	<u>\$ (4,818,122)</u>	<u>\$ 881,734</u>	<u>\$ (14,731,468)</u>

(Continued)

Source: City Financial Statements

For TOT amount from GL, For Other Revenue amount from ACFR Change in Net position for Ten Years

City of Montebello
Changes in Net Position - General Revenues (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
General Revenues and Other Changes in Net Assets:					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 21,414,087	\$ 6,565,336	\$ 7,251,069	\$ 8,703,880	\$ 8,468,396
Franchise taxes	2,316,250	2,300,508	3,013,891	3,449,841	3,297,695
Sales tax	22,270,247	25,378,979	26,351,605	25,658,377	26,378,884
Transient occupancy tax	223,620	340,195	-	-	-
Unrestricted intergovernmental revenue	7,238,433	7,920,682	8,647,391	9,261,192	9,646,077
Other revenues	3,542,120	2,071,400	511,434	741,436	2,929,696
Investment earnings	459,066	(761,829)	2,146,338	6,538,883	6,818,886
Transfers	(517,833)	(6,627)	16,290,804	2,000,000	818,186
Total governmental activities	<u>56,945,990</u>	<u>43,808,644</u>	<u>64,212,532</u>	<u>56,353,609</u>	<u>58,357,820</u>
Business-Type Activities:					
Investment earnings	18,226	77,003	972,165	2,063,395	2,245,267
Transfers	517,833	6,627	(16,290,804)	(2,000,000)	(818,186)
Total business-type activities	<u>536,059</u>	<u>83,630</u>	<u>(15,318,639)</u>	<u>63,395</u>	<u>1,427,081</u>
Total primary government	<u>57,482,049</u>	<u>43,892,274</u>	<u>48,893,893</u>	<u>56,417,004</u>	<u>59,784,901</u>
Change in Net Position:					
Governmental Activities:	15,537,683	20,795,885	15,758,055	(5,685,439)	6,081,236
Business-Type Activities:	(6,869,641)	18,238,996	22,050,209	3,078,163	(3,392,852)
Total primary government	<u>\$ 8,668,042</u>	<u>\$ 39,034,881</u>	<u>\$ 37,808,264</u>	<u>\$ (2,607,276)</u>	<u>\$ 2,688,384</u>

(Concluded)

Source: City Financial Statements

For TOT amount from GL, For Other Revenue amount from ACFR Change in Net position for Ten Years

City of Montebello
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund					
Nonspendable	\$ 122,474	\$ 1,380,282	\$ 1,383,212	\$ 823,582	\$ 811,985
Restricted	-	4,666,731	4,666,731	4,827,601	2,408,850
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	9,325,124	7,995,872	11,287,858	14,542,796	6,226,719
Total general fund	<u>\$ 9,447,598</u>	<u>\$ 14,042,885</u>	<u>\$ 17,337,801</u>	<u>\$ 20,193,979</u>	<u>\$ 9,447,554</u>
All Other Governmental Funds:					
Nonspendable	\$ 10,258,543	\$ 8,533,222	\$ 8,157,472	\$ 6,928,947	\$ 6,585,577
Restricted					
Debt service	3,865,331	13,162,936	366,492	361,922	397,402
Special revenue funds	12,882,023	15,951,357	17,557,949	22,634,731	51,427,988
Capital projects funds	453,480	330,746	122,206	1,195,998	2,255,946
Assigned	-	-	-	-	-
Unassigned	(682,268)	(318,397)	(157,153)	(165,424)	(125,245)
Total all other governmental funds	<u>\$ 26,777,109</u>	<u>\$ 37,659,864</u>	<u>\$ 26,046,966</u>	<u>\$ 30,956,174</u>	<u>\$ 60,541,668</u>

Source: City Financial Statements

City of Montebello
Fund Balances - Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
General Fund					
Nonspendable	\$ 788,954	\$ 4,037,940	\$ 3,211,778	\$ 3,345,140	\$ 1,194,560
Restricted	1,921,304	374,594	-	9,384,448	6,523,683
Committed	-	459,491	21,624,037	18,000,000	16,000,000
Assigned	-	-	3,604,006	-	-
Unassigned	4,874,887	9,844,229	28,065	1,027,295	781,557
Total general fund	<u>\$ 7,585,145</u>	<u>\$ 14,716,254</u>	<u>\$ 28,467,886</u>	<u>\$ 31,756,883</u>	<u>\$ 24,499,800</u>
All Other Governmental Funds:					
Nonspendable	\$ 6,178,711	\$ 150,407	\$ 159,014	\$ -	\$ -
Restricted					
Debt service	377,856	371,706	8,347,022	7,314,025	6,319,737
Special revenue funds	46,952,191	59,718,438	63,999,973	73,680,469	62,663,636
Capital projects funds	2,557,795	-	33,178,770	-	15,740,482
Assigned	-	-	-	-	356,839
Unassigned	(343,608)	(262,960)	(137,458)	(1,657,447)	-
Total all other governmental funds	<u>\$ 55,722,945</u>	<u>\$ 59,977,591</u>	<u>\$ 105,547,321</u>	<u>\$ 79,337,047</u>	<u>\$ 85,080,694</u>

Source: City Financial Statements

City of Montebello
Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
REVENUE					
Taxes					
Property taxes	\$ 15,988,925	\$ 16,507,389	\$ 16,961,038	\$ 18,385,624	\$ 18,662,270
Sales and use taxes	13,992,347	13,267,373	13,118,981	14,031,972	12,817,884
All other taxes	1,908,402	2,047,418	2,727,410	2,838,572	2,732,920
Licenses and permits	4,733,752	4,374,761	4,452,210	6,220,483	4,790,211
Fines & forfeitures	1,912,729	2,251,384	2,185,022	2,165,922	2,186,401
Investments income (loss)	86,920	172,515	665,702	743,557	761,960
Intergovernmental	14,853,360	13,330,580	15,909,605	15,752,312	18,035,332
Charges for services	6,611,348	6,382,058	6,438,100	6,657,594	6,053,109
Other Revenue	2,432,902	2,396,252	2,626,065	2,270,785	2,327,446
Total revenues	62,520,685	60,729,730	65,084,133	69,066,821	68,367,533
EXPENDITURES					
General government	7,294,109	6,763,294	6,791,444	12,175,179	13,768,246
Public safety	34,595,741	32,678,899	32,345,080	30,964,740	33,398,835
Public works	6,824,093	6,812,050	7,592,311	7,356,232	7,667,791
Park and recreation	3,889,366	3,658,338	3,813,599	3,827,559	4,392,532
Housing and community development	4,136,607	4,774,847	3,005,203	2,756,438	2,899,455
Capital outlay	1,703,214	2,449,286	4,749,316	4,934,643	12,785,876
Debt services:					
Principal retirement	1,305,760	1,757,500	1,325,340	1,419,180	2,433,971
Interest and fiscal charges	1,367,401	2,849,428	674,338	640,162	912,684
Bond issuance costs		1,130,167			2,422,237
Interfund charges (revenue)	(641,466)	130,090	(231,650)	(366,046)	(361,160)
Total expenditures	60,474,825	63,003,899	60,064,981	63,708,087	80,320,467
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	2,045,860	(2,274,169)	5,019,152	5,358,734	(11,952,934)
OTHER FINANCING SOURCES (USES)					
Transfer in	12,225,284	14,476,752	12,257,329	6,934,943	32,790,225
Transfer out	(11,599,121)	(62,456,346)	(13,898,975)	(6,066,053)	(33,210,652)
Issuance of debts	-	61,065,074	-	1,547,962	141,710,928
Settlement of unfunded actuarial accrued liability	-	-	-	-	(110,508,698)
Unspent bond proceeds from Successor Agency	-	4,666,731	-	-	-
Other financing sources	1,968,213	-	-	-	-
Net other financing sources (uses)	2,594,376	17,752,211	(1,641,646)	2,416,852	30,781,803
Change of fund balances					
before extraordinary item	4,640,236	15,478,042	3,377,506	7,775,586	18,828,869
Change in fund balances					
after extraordinary item	4,640,236	15,478,042	3,377,506	7,775,586	18,828,869
Fund balances - July 1	31,584,471	36,224,707	40,007,261	43,384,767	51,160,353
Fund balances - June 30	\$ 36,224,707	\$ 51,702,749	\$ 43,384,767	\$ 51,160,353	\$ 69,989,222
DEBT SERVICE AS A PERCENTAGE					
OF NONCAPITAL EXPENDITURES	4.55%	7.61%	3.62%	3.50%	4.96%

City of Montebello
Change in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2020-21	2021-22	As Restated 2022-23	2023-24	2024-25
REVENUE					
Taxes					
Property taxes	\$ 21,414,087	\$ 21,134,464	\$ 31,444,035	\$ 25,182,581	\$ 26,328,457
Sales and use taxes	22,270,247	25,378,979	26,351,605	25,658,377	26,378,884
All other taxes	10,031,642	10,561,385	3,664,070	12,711,033	12,943,772
Licenses and permits	5,769,474	7,806,258	8,643,908	7,544,339	9,724,788
Fines & forfeitures	2,312,454	2,512,256	3,405,033	3,034,338	2,884,302
Investments income (loss)	459,066	(672,371)	1,396,374	6,410,373	8,279,450
Intergovernmental	12,148,721	19,258,372	17,572,115	17,990,501	20,875,280
Charges for services	6,317,440	8,077,509	9,338,312	9,139,161	11,286,905
Other Revenue	3,288,781	2,447,151	2,153,865	2,300,690	3,276,435
Total revenues	84,011,912	96,504,003	103,969,317	109,971,393	121,978,273
EXPENDITURES					
General government	8,853,719	7,699,182	10,715,662	13,445,358	7,658,549
Public safety	33,643,089	35,172,628	37,447,772	42,059,455	51,356,400
Public works	11,526,775	13,532,133	17,418,112	24,146,687	21,597,497
Park and recreation	4,514,120	5,522,232	3,820,437	4,217,006	5,599,988
Housing and community development	2,467,252	2,654,661	3,043,284	3,281,196	7,285,760
Capital outlay	23,341,025	7,663,306	29,403,483	43,610,227	13,850,537
Debt services:					
Principal retirement	6,869,371	7,555,842	7,201,169	7,433,123	8,444,738
Interest and fiscal charges	5,280,939	5,614,144	7,881,501	8,610,883	9,030,259
Bond issuance costs	-	-	-	-	-
Interfund charges (revenue)	(536,079)	-	-	-	-
Total expenditures	95,960,211	85,414,128	116,931,420	146,803,935	124,823,728
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(11,948,299)	11,089,875	(12,962,103)	(36,832,542)	(2,845,455)
OTHER FINANCING SOURCES (USES)					
Transfer in	13,109,570	13,169,877	35,032,115	17,831,221	16,552,340
Transfer out	(13,627,403)	(13,176,504)	(18,741,311)	(15,831,221)	(15,734,154)
Issuance of debts	-	-	54,394,502	11,911,265	28,428
Settlement of unfunded actuarial accrued liability	5,785,000	-	-	-	-
Unspent bond proceeds from Successor Agency	-	-	-	-	-
Other financing sources	-	44,300	1,270,561	-	-
Net other financing sources (uses)	5,267,167	37,673	71,955,867	13,911,265	846,614
Change of fund balances					
before extraordinary item	(6,681,132)	11,127,548	58,993,764	(22,921,277)	(1,998,841)
Change in fund balances					
after extraordinary item	(6,681,132)	11,127,548	58,993,764	(22,921,277)	(1,998,841)
Fund balances - July 1 (as restated)	69,989,222	63,893,895	75,021,443	134,015,207	111,579,335
Fund balances - June 30	\$ 63,308,090	\$ 75,021,443	\$ 134,015,207	\$ 111,093,930	\$ 109,580,494
DEBT SERVICE AS A PERCENTAGE					
OF NONCAPITAL EXPENDITURES	16.73%	16.94%	17.23%	15.55%	15.75%

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

Fiscal Year	Property Tax	Sales and Use Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Total Taxes
2015-16	\$ 21,224,757	\$ 13,992,347	\$ 365,290	\$ 1,405,229	\$ 137,883	\$ 37,125,506
2016-17	16,507,389	13,267,373	401,852	1,493,956	151,611	31,822,180
2017-18	16,961,038	13,118,981	414,198	2,141,450	171,762	32,807,430
2018-19	18,385,625	14,031,972	421,412	2,224,088	193,073	32,807,430
2019-20	18,662,270	12,817,884	376,424	2,199,915	156,581	35,256,170
2020-21	21,414,087	22,270,247	223,620	2,316,250	253,339	34,213,073
2021-22	28,764,256	25,378,979	340,195	2,300,508	290,890	57,074,828
2022-23	31,444,035	26,351,605	363,145	3,013,891	287,033	61,459,709
2023-24	25,182,582	25,658,377	382,309	3,449,841	284,176	54,957,285
2024-25	26,328,457	26,378,884	379,870	3,297,695	227,042	56,611,947

Source: City Financial Statements

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

Fiscal Year	City				Redevelopment Agency			
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
2015-16	\$ 3,317,644	\$ 82,016	\$ 113,073	\$ 3,286,587	\$ 1,168,508	\$ 129,094	\$ 44,039	\$ 1,253,564
2016-17	3,693,850	82,228	99,747	3,676,331	1,734,850	141,080	26,411	1,849,518
2017-18	3,845,241	76,621	103,168	3,818,695	1,789,082	144,402	42,088	1,891,396
2018-19	4,033,298	83,389	63,264	4,053,424	1,878,833	155,004	33,832	2,000,005
2019-20	4,183,599	85,986	66,377	4,203,208	1,952,461	171,050	33,065	2,090,446
2020-21	4,529,900	90,240	118,765	4,501,375	2,092,563	181,836	62,233	2,212,166
2021-22	4,691,478	90,364	120,075	4,661,767	2,248,588	177,313	55,269	2,370,632
2022-23	4,971,147	88,824	117,221	4,942,750	2,299,169	181,259	64,597	2,415,831
2023-24	5,218,124	98,511	127,413	5,189,222	2,588,513	222,046	69,014	2,741,545
2024-25	5,496,533	109,366	97,231	5,508,668	2,669,737	212,896	71,052	2,811,581

Source: MuniServices, LLC / Neumo Company

Source: Los Angeles County Assessor Data

City of Montebello
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of taxable value)

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
City Direct Rate:					
City basic rate	1.00000	1.00000	1.00000	1.00000	1.00000
Retirement	0.19788	0.19788	0.19788	0.197875	0.197875
Total City Direct Rate	1.19788	1.19788	1.19788	1.19788	1.19788
Overlapping Rates:					
L.A. County General	0.00000	0.00000	0.00000	0.00000	0.00000
Montebello USD	0.08715	0.14705	0.13514	0.13921	0.09306
L.A. County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Community College	0.03575	0.03596	0.04599	0.04621	0.02717
Totals	1.32428	1.38439	1.38251	1.38680	1.32161

Source: Los Angeles County Assessor Data, MuniServices, LLC / Neumo Company

Source: City of Montebello, ACFR Fiscal Year Ended June 30, 2023

City of Montebello
Direct and Overlapping Property Tax Rates (Continued)
Last Ten Fiscal Years
(rate per \$100 of taxable value)

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
City Direct Rate:					
City basic rate	1.00000	1.00000	1.00000	1.00000	1.00000
Retirement	0.19788	0.197875	0.19788	0.19788	0.19788
Total City Direct Rate	1.19788	1.19788	1.19788	1.19788	1.19788
Overlapping Rates:					
L.A. County General	0.00000	0.00000	0.00000	0.00000	0.00000
Montebello USD	0.09706	0.090312	0.12770	0.11275	0.09160
L.A. County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00700
Community College	0.04016	0.043759	0.00697	0.06023	0.05136
Totals	1.33860	1.33545	1.33605	1.37436	1.34784

Source: Los Angeles County Assessor Data, MuniServices, LLC / Neumo Company

Source: City of Montebello, ACFR Fiscal Year Ended June 30, 2023

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

Taxpayer	2024-25			2015-16		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Metro Heights Montebello LLC	\$ 152,254,955	1	1.83%			
Bimbo Bakeries Usa Inc.	91,320,206	2	1.10%	\$ 57,259,194	3	1.10%
Bridge Group Investments II LLC	86,732,940	3	1.04%			
Brixmor Montebello Plaza LP	84,264,569	4	1.01%	71,514,715	2	1.38%
Pace Jon D	82,111,450	5	0.99%			
Montebello Edens LLC	75,504,480	6	0.91%			
Lennar Homes of California LLC	70,515,254	7	0.85%			
KK 3A CORP	54,247,097	8	0.65%	46,004,104	4	0.89%
Somerset Apartments LLC	51,598,955	9	0.62%	43,791,673	5	0.85%
COMREF So Ca Industrial	49,578,555	10	0.60%	42,076,887	6	0.81%
RREEF America REIT II Corp				37,142,381	7	0.72%
Montebello Town Center Investors				200,452,845	1	3.87%
Combined Properties LP				28,697,812	10	0.55%
Prologis California LLC				30,935,043	9	0.60%
KIR Montebello LP				33,238,517	8	0.64%
TOTAL TOP 10 TAXPAYERS	645,873,506		7.78%	591,113,171		11.41%
TOTAL CITY TAXABLE VALUE	\$ 8,306,869,935		100.00%	\$ 5,182,263,387		100.00%

Source: MuniServices, LLC / Neumo Company

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
2015-16	\$ 7,616,230	\$ 10,352,514	135.93%	\$ 385,447	\$ 10,737,961	140.99%
2016-17	7,923,442	10,685,828	134.86%	579,837	11,265,665	142.18%
2017-18	8,159,530	11,032,559	135.21%	659,322	11,691,881	143.29%
2018-19	8,638,639	11,032,570	127.71%	439,208	11,471,778	132.80%
2019-20	9,133,355	12,528,093	137.17%	348,671	12,876,764	140.99%
2020-21	9,446,262	13,318,638	140.99%	352,908	13,671,546	144.73%
2021-22	9,967,851	13,653,488	136.98%	909,913	14,563,401	146.10%
2022-23	10,395,297	14,714,376	141.55%	536,747	15,251,123	146.71%
2023-24	11,213,639	16,062,161	143.24%	460,010	16,522,171	147.34%
2024-25	12,707,952	15,910,683	125.20%	334,610	16,245,293	127.84%

Note (1) Negative number not included

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

<http://auditor.lacounty.gov/property-tax-report-central/>

City of Montebello
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollar amounts in thousands, except per capita)

Fiscal Year	Outstanding General Bonded Debt							Percent of Assessed Value(1)	Per Capita
	Certificates of Participation	Tax	Sales Tax Revenue	Pension Obligation	Unamortized				
		Allocation Bonds			Bond Discount/ Premium	Total			
2015-16	\$ -	-	\$ 24,738	\$ -	\$ -	\$ 1,891	\$ 26,629	0.50%	\$ 417
2016-17	-	-	78,172	-	-	795	78,967	1.43%	1,235
2017-18	-	-	10,410	-	-	923	11,333	0.20%	176
2018-19	-	-	9,356	-	-	82	9,438	0.16%	151
2019-20	-	-	8,262	24,945	112,507	4,071	149,784	2.34%	2,357
2020-21	-	-	7,112	24,115	108,679	3,787	143,693	2.14%	2,284
2021-22	-	-	5,912	23,245	104,873	3,504	137,534	1.95%	2,212
2022-23	-	-	60,617	22,340	100,990	4,892	188,839	2.55%	3,063
2023-24	-	-	59,295	21,405	97,023	1,476	179,199	2.25%	2,894
2024-25	-	-	57,100	20,430	92,960	1,267	171,757	2.06%	2,738

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

Source: City Finance Department

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

Fiscal Year	Lease Revenue	Sales Tax Revenue	Pension Obligation	Capitalized Finance Purchase	Notes Payable	Unamortized Bond Discount/ Premium	Subscription Liability	Total Governmental Activities
2015-16	\$ 24,738,440	\$ -	-	\$ 452,197	\$ 5,018,974	\$ 1,890,503	\$ -	\$ 32,100,114
2016-17	78,171,940	-	-	972,060	4,387,106	7,950,757	-	91,481,863
2017-18	10,409,600 (1)	-	-	902,071	4,042,886	923,106	-	16,277,662
2018-19	9,356,420	-	-	2,083,910	3,702,914	820,646	-	15,963,890
2019-20	8,261,780	24,945,000	112,506,552	1,993,247	3,314,900	4,071,461	-	155,092,940
2020-21	7,111,860	24,115,000	108,678,727	1,402,552	7,802,779	3,787,104	-	153,787,128
2021-22	5,911,660	23,245,000	104,872,900	783,658	6,741,933	3,502,747	-	145,947,004
2022-23	60,617,360	22,340,000	100,990,076	589,949	5,781,521	1,685,584	-	192,004,490
2023-24	59,295,140	21,405,000	97,022,923	888,093	16,843,145	1,476,283	-	196,930,584
2024-25	57,100,000	20,430,000	92,960,441	661,075	15,888,826	1,266,715	40,285	188,347,342

Note: (1) In 17-18 Home2suites bond (\$ 54.8 million) and Hilton hotel bond (\$11.9 million) were transferred from Governmental Activities to Business-type Activities

Source: City Financial Statements

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

Fiscal Year	Lease Revenue	Pension Obligation	Capitalized		Unamortized			Total Primary Government	Percentage of Personal Income	Total Debt per Capita
			Finance Purchase	Notes Payable	Bond Discount/ Premium	Subscription Liability	Total Business Activities			
2015-16	\$3,546,560	\$ -	\$ 176,037	\$1,007,244	\$ 88,940	\$ -	\$ 4,818,781	\$ 36,918,895	2.78%	\$ 578
2016-17	3,313,060	-	457,321	686,116	82,144	-	4,538,641	96,020,504	7.26%	1,502
2017-18	69,840,400 (1)	-	414,495	484,434	6,613,454	-	77,352,782	93,630,444	6.96%	1,456
2018-19	69,305,400	-	820,202	919,051	6,357,464	-	77,402,117	93,366,007	6.60%	1,491
2019-20	88,987,220	40,918,448	423,055	527,707	6,881,076	-	137,737,506	292,830,446	20.13%	4,608
2020-21	65,188,140	39,526,274	240,200	1,098,527	6,572,783	-	112,625,924	266,413,052	15.04%	4,235
2021-22	63,768,340	38,142,101	49,867	863,018	6,264,486	-	109,087,812	255,034,816	12.69%	4,102
2022-23	77,327,640	36,729,925	-	721,283	6,156,966	-	120,935,814	312,940,304	13.39%	5,076
2023-24	74,849,860	35,287,078	538,923	4,012,975	5,841,816	-	120,530,652	317,461,236	12.14%	5,126
2024-25	72,270,000	33,809,560	423,439	3,883,596	5,526,666	232,357	116,145,618	304,492,960	12.14%	4,850

Note: (1) In 17-18 Home2suites bond (\$ 54.8 million) and Hilton hotel bond (\$11.9 million) were transferred from Governmental Activities to Business-type Activities

Source: City Financial Statements

City of Montebello

Direct and Overlapping Debt

2024-25 Assessed Valuation: \$8,345,803,232

	Total Outstanding 6/30/2025	Percentage Applicable (1)	City's Share of Overlapping Debt 6/30/25
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$ 17,155,000	0.20500	\$35,168
Los Angeles Community College District	4,919,505,000	0.7020	34,534,925
Rio Hondo Community College District	356,554,080	0.001	3,566
El Rancho Unified School District	167,821,350	0.005	8,391
Los Angeles Unified School District	11,745,405,000	0.001	117,454
Montebello Unified School District	228,369,179	36.173	82,607,983
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005 Series J (2010)			\$117,307,487
Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside for Repayment			\$ 2,995
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 117,304,492
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Los Angeles County General Fund Obligation	\$ 3,036,637,390	0.397	\$ 12,055,450
Los Angeles County Superintendent of Schools Certificates of Participation	2,331,775	0.397	9,257
Los Angeles Unified School District Certificates of Participation	225,010,000	0.001%	2,250
Montebello Unified School District Certificates of Participation	3,185,000	36.173%	1,152,110
City of Montebello General Fund Obligation	94,685,541	100.000%	129,370,000
City of Montebello Capital Lease Obligations	701,360	100.000%	15,843,621
City of Montebello Pension Obligation Bonds	92,960,441	100.000%	126,770,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			285,202,688
Less: City of Montebello Obligations supported from Transit, golf course, and hotel revenues			81,680,262
City of Montebello Capital Lease Obligations supported from golf course and hotel revenues			655,796
City of Montebello Obligations Pension Obligation Bonds supported by Transit Fund			\$ 33,809,560
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			169,712,866
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 3,825,000	100%	\$ 3,825,000
TOTAL DIRECT DEBT			\$ 188,347,342
TOTAL NET OVERLAPPING DEBT			\$ 226,668,902
TOTAL GROSS OVERLAPPING DEBT			\$ 134,351,554
TOTAL NET OVERLAPPING DEBT			\$ 134,348,559
GROSS COMBINED TOTAL DEBT			406,335,175 (2)
NET COMBINED TOTAL DEBT			\$ 361,017,461

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 revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	1.41%
Total Net Overlapping Tax and Assessment Debt	1.41%
Total Gross Direct Debt (\$271,983,621)	3.26%
Total Net Direct Debt (\$226,668,902)	2.72%
Gross Combined Total Debt	4.87%
Net Combined Total Debt	4.33%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$ 2,720,585,503):

Total Overlapping Tax Increment Debt	0.14%
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Source: California Municipal Statistics, Inc.

Source: MuniServices, LLC / Neumo Company

City of Montebello
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Assessed valuation	\$ 21,223,501,036	\$ 22,103,394,800	\$ 22,840,364,556	\$ 24,213,713,652	25,572,386,248
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	5,305,875,259	5,525,848,700	5,710,091,139	6,053,428,413	6,393,096,562
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	795,881,289	828,877,305	856,513,571	908,014,262	958,964,484
Legal debt margin	<u>\$ 795,881,289</u>	<u>\$ 828,877,305</u>	<u>\$ 856,513,671</u>	<u>\$ 908,014,262</u>	<u>\$ 958,964,484</u>

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Assessed valuation	\$ 26,854,163,688	\$ 28,218,124,320	\$ 29,621,579,456	\$ 31,803,426,484	\$33,383,212,928
Conversion Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	6,713,540,922	7,054,531,080	7,405,394,864	7,950,856,621	8,345,803,232
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Total net debt applicable to limit	1,007,031,138	1,058,179,662	1,110,809,230	1,192,628,493	1,251,870,485
Legal debt margin	<u>\$ 1,007,031,138</u>	<u>\$ 1,058,179,662</u>	<u>\$ 1,110,809,230</u>	<u>\$ 1,192,628,493</u>	<u>\$ 1,251,870,485</u>

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed. However, this provision was enacted when assessed valuation was based upon 25% of market value.

Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Los Angeles County Assessor and HdL, Coren & Cone

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

Fiscal Year	Golf Revenue Bonds						
	Gross	Less Operating	Net Available	Debt Service			
	Revenue	Expenses	Revenue	Principal	Interest	Total	Coverage
2015-16	\$ 2,294,518	\$ (2,753,607)	\$ (459,089)	\$ 225,240	\$ 134,526	\$ 359,766	-127.61%
2016-17	2,091,410	(2,535,564)	(444,154)	233,500	116,281	349,781	-126.98%
2017-18	2,194,976	(3,103,858)	(908,882)	257,660	110,341	368,001	-246.98%
2018-19	2,219,791	(2,711,992)	(492,201)	276,820	102,463	379,283	-129.77%
2019-20	2,051,607	(2,383,223)	(331,615)	285,360	92,742	378,102	-87.71%
2020-21	2,964,027	(2,779,657)	184,370	300,080	82,176	382,256	48.23%
2021-22	2,945,484	(2,663,662)	281,822	309,800	70,776	380,576	74.05%
2022-23	1,652,182	(1,851,916)	(199,734)	325,700	34,000	359,700	-55.53%
2023-24	972,784	(3,114,262)	(2,141,478)	567,800	86,146	653,946	-327.47%
2024-25	2,805,767	(3,512,927)	(707,160)	349,900	789,400	1,139,300	-62.07%

Source: City Finance Department

City of Montebello
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population	Personal Income (in millions)	Per Capita Personal Income	Unemployment Rate
2015-16	63,924	\$ 1,329	\$ 20,784	5.70%
2016-17	63,917	1,323	20,693	4.50%
2017-18	64,327	1,346	20,916	4.30%
2018-19	64,247	1,415	22,027	5.00%
2019-20	63,544	1,455	22,895	4.80%
2020-21	62,914	1,771	28,143	13.93%
2021-22	62,180	2,010	32,326	4.30%
2022-23	61,645	2,324	37,705	4.90%
2023-24	61,930	2,615	42,218	5.30%
2024-25	62,732	2,855	45,518	5.20%

Source: MuniServices, LLC / Neumo Company

City of Montebello
Principal Employers
Current Fiscal Year and Nine Years Ago

Employer	2024-25		2015-16	
	Employees	Percent of Total Employment *	Employees	Percent of Total Employment *
Montebello Unified School District	1,473	4.81%		
Beverly Hospital	750	2.45%		
City of Montebello	595	1.94%		
Bimbo Bakery (a)	315	1.03%		
Royal Paper Box Co.	315	1.03%		
R+L Carriers	315	1.03%		
Rio Hondo Convalescent Hospital	304	0.99%		
Montebello Care Center	142	0.46%		
Wilbur Curtis CO	128	0.42%	271	1.00%
Chevrolet of Montebello	92	0.30%		
Monarch Litho Inc**			170	0.63%
Katzkin Leather, Inc			235	0.87%
Costco Wholesale***			279	1.03%
JCPenney Department Store			293	1.09%
Forever 21			149	0.55%
B J's Restaurant & Brewhouse			143	0.53%
All Access Apparel Corp.			136	0.50%
Lifeline Ambulance			110	0.41%
Minson Corporation			140	0.52%
Total 10 Top Employers	4,429	14.47%	1,926	7.13%
Total City Labor Force (1)	30,600		27,000	

Source: MuniServices, LLC / Neumo Company

Results based on direct correspondence with city's local businesses.

(1) EDD - Employment Development Department.

(a) No response from Employer, prior year count applied.

** Permanently closing December 31,2024.

*** Costco now located in the City of Monterey Park, since 2018.

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

Function	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
General Government	23	23	18	24	37
Public Safety	151	162	142	153	163
Public Works	13	13	12	11	13
Parks and Recreation	33	33	28	30	29
Community Development	12	11	9	9	11
Transit	155	154	169	164	165
Totals	387	396	378	391	418

Function	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
General Government	38	43	47	42	57
Public Safety	168	175	178	201	199
Public Works	13	23	46	39	32
Parks and Recreation	22	21	11	15	31
Community Development	16	21	20	24	24
Transit	174	199	234	187	206
Totals	431	482	536	508	549

Source: City Finance Department

**Reliable data is unavailable

City of Montebello
Operating Indicators by Function
Last Ten Calendar Years

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Arrests	2,005	2,037	1,648	1,466	1,360	1,179	1,347	1,263	1,152	1,162
Traffic violations	1,418	2,191	2,096	2,446	2,864	4,029	5,894	4,962	4,530*	6,202
Parking violations	16,767	17,507	17,346	15,037	13,617	8,950	10,783	9,867	18,647	15,081
Fire:										
Number of calls answered	6,051	6,494	6,661	6,509	6,071	6,010	6,724	6,782	6,592	6,649
Inspections conducted	1,094	809	1,271	1,237	900	155	875	1,175	2,849	2,198
Public Works:										
Street resurfacing (miles)	5.96	0.47	3.20	0.76	1.03	0.16	2.61	10.14	0.00	6.34
Sidewalk repairs (sq ft)	7,942	3,600	15,042	12,580	11,793	22,118	9,858	39,800	17,100	7,423
Potholes repaired	4,009	7,163	7,317	7,315	8,943	5,232		536	417	763
Storm drains cleaned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,091	1,096
Parks and Recreation:										
Number of recreation classes	192	214	268	284	214	10	226	226	252	306
Number of facility rentals	3,438	3,428	3,589	3,589	3,437	-	1083	2,026	3,576	3,903

Source: City Finance Department

City of Montebello

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year								
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2023-24	2024-25
Police:									
Police Stations	1	1	1	1	1	1	1	1	1
Fire:									
Fire Stations	3	3	3	3	3	3	3	3	3
Public Works:									
Street (miles)	125	125	125	125	125	125	125	125	125
Street Lights	3,682	3,683	4,718	4,725	4,725	4,725	4,725	4,725	4,725
Traffic Signals	79	79	79	80	80	80	80	80	81
Parks and Recreation:									
Parks	7	7	7	7	12*	12*	12*	12*	12*
Community Centers	3	3	3	3	6**	6**	6**	6**	6**

Source: City Finance Department

*Includes "mini parks" which were not counted in previous years.

**Includes Grant Rea Recreation Center and Holifield Community Center which were not counted in previous years and Recreation Main Office which closed in 2015 and reopened in 2020.

INFORMATION PROVIDED BY DEPARTMENTS