City of Montebello

Annual Financial Report of its

Proposition A Local Return Fund
Proposition C Local Return Fund
Measure R Local Return Fund
Measure M Local Return Fund
Transportation Development Act Article 3 Fund

As of and for the Years Ended June 30, 2025 and 2024
with Independent Auditor's Report

FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Montebello, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Montebello, California (the City) which comprise the Funds' balance sheets as of June 30, 2025 and 2024, the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the Funds' financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Montebello, California as of June 30, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Montebello, California, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's Responsibilities 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 GAAS 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.

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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is 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 Funds' basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the Funds' 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 Funds' basic financial statements or to the Funds' basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025 on our consideration of the City's internal control over the Funds' 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 the Funds' 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 the Funds' 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 the Funds' financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
November 20, 2025

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 10,897,763**	$ 9,105,826
Total assets	**$ 10,897,763**	$ 9,105,826
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 19,947**	$ 32,379
Accrued expenses and other liabilities	**3,850**	1,677
Total liabilities	**23,797**	34,056
Fund balance		
Restricted - Capital reserve (Note 8)	**6,466,297**	6,257,150
Restricted	**4,407,669**	2,814,620
Total fund balance	**10,873,966**	9,071,770
Total liabilities and fund balance	**$ 10,897,763**	$ 9,105,826

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Proposition A	**$ 1,617,486**	$ 1,633,992
Investment income	**351,710**	226,942
Total revenues	**1,969,196**	1,860,934
Expenditures		
Various projects	**167,000**	194,562
Total expenditures	**167,000**	194,562
Excess of revenues over expenditures	**1,802,196**	1,666,372
Fund balance at beginning of year	**9,071,770**	7,405,398
Fund balance at end of year	**$ 10,873,966**	$ 9,071,770

See notes to Funds financial statements.

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
155	Recreational Transit Service	$ 85,000	$ 84,109	$ 891	$ 72,941
205	Garfield Ave at Via Campo Ave Bus Turnout	678	678	-	51,278
280	Staff Augmentation Contract Engineering Services	521,616	31,280	490,336	-
281	Montebello Station Enhancement Project on the Proposed Metro L Line(Gold Line) Eastside Transit Corridor Phase 2	6,000,000	-	6,000,000	-
301	Traffic Signal - Whittier Boulevard and 6th Street	-	-	-	45,453
380	Traffic Engineering Services	42,960	19,019	23,941	-
610	Administrative Overhead	278,520	31,914	246,606	20,090
610	Administrative Overhead	-	-	-	4,800
	Total expenditures	$ 6,928,774	$ 167,000	$ 6,761,774	$ 194,562

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
1992-93	Corp Yard Fac Exp - Colegrove Property	$ 15,000	$ -	$ -	$ 15,000
1992-95	Corp Yard Fac Exp - Colegrove Property	254,882	-	-	254,882
1997-97	Flotilla Street Extension	309,857	-	-	309,857
2012-13	Metrolink Revitalization Project	135,000	-	-	135,000
2013-14	ADA Improvements at Metrolink Rail Station	11,568	-	-	11,568
2021-22	Montebello Blvd. ATP - Lincoln to Paramount	59,975	-	-	59,975
	Total	$ 786,282	$ -	$ -	$ 786,282

	June 30			
		2025		2024
ASSETS				
Cash and investments	**$**	**1,522,806**	$	2,434,456
Restricted cash - Paving the Way Project (Note 9)		**10,742,206**		10,845,586
Due from Metro		**-**		106,459
Total assets	**$**	**12,265,012**	$	13,386,501
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	**$**	**130,397**	$	88,095
Accrued expenses and other liabilities		**10,569**		2,809
Total liabilities		**140,966**		90,904
Fund balance				
Restricted - Paving the Way Project (Notes 8 and 9)		**10,742,206**		10,845,586
Restricted		**1,381,840**		2,450,011
Total fund balance		**12,124,046**		13,295,597
Total liabilities and fund balance	**$**	**12,265,012**	$	13,386,501

See notes to Funds financial statements.

		Years ended June 30	
		2025	2024
Revenues			
Proposition C		**$ 1,341,663**	$ 1,355,359
Investment income		**602,602**	675,671
	Total revenues	**1,944,265**	2,031,030
Expenditures			
Various projects		**3,115,816**	2,728,392
	Total expenditures	**3,115,816**	2,728,392
Deficiency of revenues over expenditures		**(1,171,551)**	(697,362)
Fund balance at beginning of year		**13,295,597**	13,992,959
Fund balance at end of year		**$ 12,124,046**	$ 13,295,597

See notes to Funds financial statements.

City of Montebello
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
145	Bowman RFS #8	$ 173,820	$ 57,723	$ 116,097	$ -
180	Gateway COG Participation	30,000	2,716	27,284	-
303	Beverly Boulevard Traffic Synchronization	3,521	3,521	-	1,150,000
303	Washington Boulevard Traffic Synchronization Project	-	-	-	559,800
303	Traffic Signal Whittier Blvd & 6th St (KOA)	83,399	72,499	10,900	-
303	Traffic Signal Whittier Blvd & 6th St (KOA) 6.2	27,603	32,654	(5,051)	-
303	Traffic Signal Whittier Blvd & 6th St (KOA) 6.3	15,572	-	15,572	-
620	Paving the Way (Debt Service Fee)	-	-	-	708,022
620	San Gabriel Valley COG Participation	30,000	29,957	43	29,217
620	Administrative Overhead	174,762	41,465	133,297	20,343
620	Administrative Overhead			-	3,400
705	Nationwide Street Sweeping	355,267	353,682	1,585	-
715	Plaza Drive Reconstruction	979,306	95,132	884,174	-
725	Self Evaluation Report and ADA Transition Plan	1,587	1,578	9	33,803
740	Various Intersection Improvements	609,273	559,464	49,809	-
780	Paving the Way Debt Service - Prop C	704,600	703,584	1,016	-
780	Traffic Engineering Services	42,960	19,019	23,941	-
780	Staff Augmentation Contract Engineering Services	30,000	31,280	(1,280)	-
780	Design Engineering Services for Paving the Way	83,965	-	83,965	-
780	Wilcox Ave. Traffic Calming Study	32,742	30,312	2,430	-
781	Montebello Paving the Way	422,545	422,545	-	-
	Total expenditures funded by PCLRF	3,800,922	2,457,131	1,343,791	2,504,585
180	Montebello Blvd Project Oversight	86,784	9,016	77,768	-
490	Arbitrage Rebate IRS Payment Prop C (Note 9)	527,596	527,596	-	-
781	Montebello Paving the Way	21,680,183	122,073	21,558,110	223,807
	Total expenditures funded by bond proceeds	22,294,563	658,685	21,635,878	223,807
	Total expenditures	$ 26,095,485	$ 3,115,816	$ 22,979,669	$ 2,728,392

City of Montebello
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2025

Date Acquired	Description		Balance July 1, 2024		Additions		Deletions		Balance June 30, 2025
1995-96	Commuter Rail Station	$	787,874	$	-	$	-	$	787,874
1995-96	Telegraph Road Resurfacing		127,334		-		-		127,334
1996-97	Montebello Road Resurfacing		6,620		-		-		6,620
1996-97	Olympic Blvd Road Resurfacing		37,992		-		-		37,992
1995-96	Flotilla Street Extension		35,000		-		-		35,000
1996-97	Beverly/Montebello Phase Signal		40,345		-		-		40,345
1996-97	Street Structural Analysis		3,560		-		-		3,560
1996-00	Whittier Blvd Widening		924,924		-		-		924,924
1996-97	Town Center Drive		224,251		-		-		224,251
1997-00	Miscellaneous Street Improvements		301,016		-		-		301,016
1997-98	Pavement Management System		7,508		-		-		7,508
1998-99	Paramount/Montebello Intersection		3,000		-		-		3,000
2003-04	Street Survey Monuments		19,551		-		-		19,551
2003-04	Washington Blvd Widening		23,775		-		-		23,775
2006-07	Garfield Ave Traffic Signals		99,600		-		-		99,600
2007-08	Beverly Bridge		75,319		-		-		75,319
2007-08	Montebello Way Reconstruction		860,291		-		-		860,291
2007-08	Telegraph and Slauson Improvements		102,592		-		-		102,592
2007-08	Whittier Blvd Improvements		150,081		-		-		150,081
2008-09	Garfield/San Clemente Traffic Signal		172,188		-		-		172,188
2008-09	Garfield Ave Reconstruction		978,500		-		-		978,500
2008-09	MTB Way Traffic Signal		279,156		-		-		279,156
2009-10	Beverly Blvd Street Improvement		205,040		-		-		205,040
2009-10	Washington Blvd Street Improvement		871,632		-		-		871,632
2010-11	Beverly Blvd Widening Phase III		150,000		-		-		150,000
2011-12	Street Improvement Project		492,941		-		-		492,941
2012-13	Garfield Avenue Phase II		1,001,503		-		-		1,001,503
2012-13	Washington Blvd Phase II		339,505		-		-		339,505
2012-13	Transit Impact Mitigation		392,235		-		-		392,235
2013-14	Via Campo from Garfield to Wilcox		378,890		-		-		378,890
2013-14	Flotilla Street Improvement		475,240		-		-		475,240
2015-16	Beverly Boulevard and Wilcox Avenue		729,272		-		-		729,272
2015-16	Mines Ave Street Improvement - Montebello to Greenwood		289,990		-		-		289,990
2016-17	Maple Ave Street Improvement - Mines Ave to Washington Blvd		675,877		-		-		675,877
2017-18	Beverly Blvd Street Improvements (21st to Howard)		1,226,443		-		-		1,226,443
2018-19	Montebello Blvd ATP - Lincoln to Paramount		2,095,295		-		-		2,095,295
2018-19	Via Campo and Wilcox Intersection		110,126		-		-		110,126
2020-21	Arroyo Drive St Improvements - Astra to Rose Glen		350		-		-		350
	Total	$	14,694,816	$	-	$	-	$	14,694,816

See Independent Auditor's Report.

		June 30		
		2025		2024
ASSETS				
Cash and investments	**$**	**1,960,846**	$	1,954,124
Restricted cash - Paving the Way Project (Note 9)		**1,061,987**		1,072,669
Due from Metro		**-**		80,079
Total assets	**$**	**3,022,833**	$	3,106,872
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	**$**	**155,414**	$	14,920
Accrued expenses and other liabilities		**6,329**		3,652
Total liabilities		**161,743**		18,572
Fund balance				
Restricted - Paving the Way Project (Note 9)		**1,061,987**		1,072,669
Restricted		**1,799,103**		2,015,631
Total fund balance		**2,861,090**		3,088,300
Total liabilities and fund balance	**$**	**3,022,833**	$	3,106,872

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Measure R	**$ 1,006,061**	$ 1,016,201
Investment income	**137,089**	122,783
Total revenues	**1,143,150**	1,138,984
Expenditures		
Various projects	**1,370,360**	572,080
Total expenditures	**1,370,360**	572,080
Excess (deficiency) of revenues over expenditures	**(227,210)**	566,904
Fund balance at beginning of year	**3,088,300**	2,521,396
Fund balance at end of year	**$ 2,861,090**	$ 3,088,300

See notes to Funds financial statements.

City of Montebello
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
180	Engineering Services Transtech	$ 81,536	$ 65,140	$ 16,396	$ -
180	Bowman - Traffic Engineering Services	45,590	44,460	1,130	-
215	Gold Line - City of Whittier	-	-	-	14,920
302	Various Intersection Improvements (HSIP Cycle 7)	85,000	5,328	79,672	-
304	Traffic Signal Maintenance Measure M - CP 902	87,912	-	87,912	-
303	Letters of Engagement Task No. 6.1 (KOA)	21,616	4,239	17,377	-
303	Whittier Blvd. & 6th St.	30,000	7,140	22,860	-
303	Letters of Engagement Task No. 6.1 (KOA)	2,000	2,000	-	-
490	Payment to Bank of New York 19B (Bonds)	3,416	3,416	-	-
630	Administrative Overhead	70,992	44,211	26,781	22,540
630	Administrative Overhead	4,000	4,000	-	3,500
630	Participation in Slauson Ave. Complete Street Study	1,218	1,218	-	-
705	Montebello Paving the Way Street Improvement Bond (Debt Service Fee)	-	-	-	531,120
705	Annual Street Resurfacing - Reconstruction	447,273	-	447,273	-
705	Annual Street Resurfacing - Slurry Seal	143,000	-	143,000	-
705	Annual Street Resurfacing - HYRAP	29,033	-	29,033	-
705	Engineering Services Bowman	99,967	91,410	8,557	
705	Downtown Sewer Replacement, Measure R	400,000	297,222	102,778	-
705	Downtown Sewer Project	143,600	7,770	135,830	-
715	Via San Clemente Entry Road	13,644	-	13,644	-
765	Engineering Services Bowman	79,820	69,070	10,750	-
780	Paving the Way Debt Service - Measure R	532,300	531,499	801	-
780	Traffic Engineering Services	42,960	19,019	23,941	-
780	Traffic Volume Data Collected at 7 Intersections	4,290	4,290	-	-
780	iArch Staff Augmentation	15,000	16,280	(1,280)	-
780	iArch Staff Augmentation	15,000	15,000	-	-
780	Bradshawe Street Hump Analysis	5,645	-	5,645	-
810	SCAG CP930	74,088	37,254	36,834	-
820	Bowman	38,000	6,080	31,920	-
	Total expenditures funded by MRLRF	2,516,900	1,276,046	1,240,854	572,080
490	Arbitrage Rebate IRS Payment Measure R (Note 9)	94,314	94,314	-	-
715	Montebello Paving the Way Street Improvement Bond	1,677,070	-	1,677,070	-
	Total expenditures funded by bond proceeds	1,771,384	94,314	1,677,070	-
	Total expenditures	$ 4,288,284	$ 1,370,360	$ 2,917,924	$ 572,080

See Independent Auditor's Report.

City of Montebello
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2025

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
2010-11	Pavement and Concrete Improvement from Beverly Blvd	$ 34,410	$ -	$ -	$ 34,410
2011-12	Street Rehabilitation	76,065	-	-	76,065
2011-12	Maple Ave Rehabilitation	312,996	-	-	312,996
2011-12	Whittier/Montebello Blvd	104,829	-	-	104,829
2011-12	Eastmont School	33,346	-	-	33,346
2011-12	Wilcox La Merced	232,064	-	-	232,064
2012-13	Local Street Rehabilitation	196,755	-	-	196,755
2013-14	Rehabilitation of Bluff Road from UPRR to Whittier	249,329	-	-	249,329
2013-14	Beverly Blvd Striping Project	46,829	-	-	46,829
2013-14	ADA Accessibility from Greenwood Ave to Bluff Road	61,593	-	-	61,593
2014-15	Westmoreland Dr. Pavement and Concrete Rehabilitation	335,217	-	-	335,217
2014-15	Concrete Program ADA Access Ramps	121,974	-	-	121,974
2015-16	Alley Improvement Project	76,283	-	-	76,283
2016-17	Improvements - Via Corona to Madison	200,231	-	-	200,231
2016-17	5th Street Improvement Lincoln to Victoria	103,654	-	-	103,654
2016-17	3rd Street Improvement Beverly to Victoria	103,432	-	-	103,432
2016-17	2nd Street Improvement Beverly to Victoria	103,432	-	-	103,432
2016-17	10th Street Improvement Whittier to Cleveland	48,419	-	-	48,419
2016-17	Marklan Ave St Improvements - Potrero Grande to Via Campo	34,443	-	-	34,443
2016-17	Arroyo Drive St Improvements - Astra to Rose Glen	74,051	-	-	74,051
2017-18	Bluff Road St Improvements - Sycamore to Date	254,760	-	-	254,760
2017-18	6th Street Improvements(Madison to Cleveland)	14,656	-	-	14,656
2017-18	Via Acosta St Improvements - (Beverly to Garfield)	131,792	-	-	131,792
2017-18	Via Nina St. Improvements - (Hay to Via Val Verde)	131,792	-	-	131,792
2017-18	Ellingbrook Ave St Improvement (Firvale to Easterly City Limits)	271,038	-	-	271,038
2018-19	Montebello Boulevard ATP - Lincoln to Paramount	146,171	-	-	146,171
2018-19	Beverly Terrace (Maple to Park)	112,287	-	-	112,287
2018-19	Hay Street (Garfield to Sly City Limit)	115,527	-	-	115,527
2018-19	Holger Drive (Victoria to Forbes)	304,038	-	-	304,038
2018-19	Los Amigos Avenue (Weimar to Las Flores)	311,523	-	-	311,523
2018-19	Pedestrian Safety Improvements on Garfield Ave. at Via San Delarr	20,929	-	-	20,929
2021-22	Beverly Blvd. St. Improvement (21st to Howard)	14,207	-	-	14,207
2022-23	Hyrap Streets Project	151,602	-	-	151,602
2022-23	Annual Sidewalk Improvement Program	503,453	-	-	503,453
2022-23	Slurry Seal Project	160,000	-	-	160,000
	Total	$ 5,193,127	$ -	$ -	$ 5,193,127

See Independent Auditor's Report.

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 2,393,575**	$ 2,291,755
Restricted cash - Paving the Way Project (Note 9)	**1,475,965**	1,489,452
Due from Metro	**-**	90,789
Total assets	**$ 3,869,540**	$ 3,871,996
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 96,742**	$ -
Accrued expenses and other liabilities	**22,602**	17,817
Total liabilities	**119,344**	17,817
Fund balance		
Restricted - Paving the Way Project (Note 9)	**1,475,965**	1,489,452
Restricted	**2,274,231**	2,364,727
Total fund balance	**3,750,196**	3,854,179
Total liabilities and fund balance	**$ 3,869,540**	$ 3,871,996

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Measure M	**$ 1,139,834**	$ 1,147,507
Investment income	**170,981**	152,892
Total revenues	**1,310,815**	1,300,399
Expenditures		
Various projects	**1,414,798**	626,706
Total expenditures	**1,414,798**	626,706
Excess (deficiency) of revenues over expenditures	**(103,983)**	673,693
Fund balance at beginning of year	**3,854,179**	3,180,486
Fund balance at end of year	**$ 3,750,196**	$ 3,854,179

See notes to Funds financial statements.

City of Montebello
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
304	Traffic Signal Maintenance Project	$ 1,220	$ -	$ 1,220	$ -
303	CM&IS -Whittier Blvd & 6th St. Traffic Signal	50,160	-	50,160	-
490	Bonds Disclosure & Post Issuance	3,416	3,416	-	-
640	Paving the Way Debt Service - Measure M	-	-	-	600,751
640	Administrative Costs	-	40,726	(40,726)	22,155
640	Administrative Costs	-	-	-	3,800
705	Annual Street Resurfacing - Grind & Overlay	585,674	124,139	461,535	-
705	Annual Street Resurfacing - Reconstruction	592,620	-	592,620	-
705	Annual Street Resurfacing - Slurry Seal	43,969	-	43,969	-
705	Downtown Sewer Replacement, Measure M	118,907	118,907	-	-
715	Via San Clemente Entry Road	160,000	-	160,000	-
720	Precision Concrete Cutting	24,964	24,964	-	-
720	Precision Concrete Cutting	4,000	4,000	-	-
760	6 Traffic Controllers	2,377	45,376	(42,999)	-
780	Paving the Way Debt Service - Measure M	597,700	594,851	2,849	-
780	SB1 Rubberized Asphalt Street Enhancement (Bowman)	295,789	219,194	76,595	-
780	Staff Augmentation - Robert Ayoub	24,960	26,240	(1,280)	-
780	Traffic Engineering Services	43,000	19,019	23,981	-
780	Storm Drain Improvements (West & Associates)	26,400	26,400	-	-
780	Staff Augmentation Contract Engineering Services	15,000	5,040	9,960	-
780	Design Phase - Traffic Signal N. Wilcox and Via Paseo	38,990	-	38,990	-
780	Feasibility Study for Lincoln Avenue Improvements	106,031	-	106,031	-
880	Bowman	173,820	43,098	130,722	-
	Total expenditures funded by MMLRF	2,908,997	1,295,370	1,613,627	626,706
490	Arbitrage Rebate IRS Payment Measure M (Note 9)	119,429	119,428	1	-
715	Montebello Paving the Way	2,124,469	-	2,124,469	-
	Total expenditures funded by bond proceeds	2,243,898	119,428	2,124,470	-
	Total expenditures	$ 5,152,895	$ 1,414,798	$ 3,738,097	$ 626,706

See Independent Auditor’s Report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
2017-18	Poplar Avenue Street Improvements - (Beverly to Victoria)	$ 11,286	$ -	$ -	$ 11,286
2017-18	Lincoln Ave Street Improvements - (Avenida La Merced to Rea Drive)	16,554	-	-	16,554
2017-18	6th Street Improvements - (Madison to Cleveland)	14,959	-	-	14,959
2018-19	Poplar Avenue Street Improvements - (Beverly to Victoria)	117,373	-	-	117,373
2018-19	Lincoln Ave Street Improvements - (Avenida La Merced to Rea Drive)	154,722	-	-	154,722
2018-19	6th Street Improvements - (Madison to Cleveland)	151,368	-	-	151,368
2018-19	Beverly Terrace (Maple to Park)	3,484	-	-	3,484
2018-19	Holger Drive (Victoria to Forbes)	154	-	-	154
2018-19	Madison Avenue (Taylor to 12th)	6,447	-	-	6,447
2018-19	Oakwood Avenue (Montebello to Spruce)	10,451	-	-	10,451
2018-19	Weimar Way (Avenida La Merced to Los Amigos)	10,321	-	-	10,321
2022-23	Concourse Avenue (Madison to Beverly)	115,619	-	-	115,619
2022-23	Hyrap Streets Project	600,000	-	-	600,000
2022-23	Slurry Seal Project	350,000	-	-	350,000
	Total	$ 1,562,738	$ -	$ -	$ 1,562,738

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 1,786**	$ 100,635
Due from Metro	**446**	-
Total assets	**$ 2,232**	$ 100,635
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	**$ 2,232**	$ -
Total liabilities	**2,232**	-
Fund Balance		
Restricted	**-**	100,635
Total fund balance	**-**	100,635
Total liabilities and fund balance	**$ 2,232**	$ 100,635

See notes to Funds financial statements.

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2025	2024
Revenues		
Intergovernmental Allocations:		
Article 3	**$ 63,306**	$ 100,000
Investment income	**1,150**	660
Total revenues	**64,456**	100,660
Expenditures		
Construction/Maintenance	**165,091**	-
Total expenditures	**165,091**	-
Excess (deficiency) of revenues over expenditures	**(100,635)**	100,660
Fund balance (deficit) at beginning of year	**100,635**	(25)
Fund balance at end of year	**$ -**	$ 100,635

See notes to Funds financial statements.

City of Montebello
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2025

Project Description	Program Year	Totals to Date: Allocations	Totals to Date: Expenditures	Totals to Date: Unexpended Allocations	Project Status
Local Allocations:					
Annual Street Resurfacing - Grind & Overlay	2025	$ 63,306	$ 165,091	$ (101,785)	Ongoing
		$ 63,306	$ 165,091	(101,785)	
Fund balance at beginning of year				100,635	
Investment income				1,150	
Fund balance at end of year				$ -	

See Independent Auditor's Report.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of the county-wide ½ cent Measure R sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of the county-wide ½ cent Measure M sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a spending or "financial flow" measurement focus. This means that generally, only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are based on budgets approved by Metro and are presented in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's Annual Comprehensive Financial Report (ACFR) for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2025 and 2024:

- 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. The use of the Funds' remaining fund balances is restricted for projects approved by Metro.

Information regarding the fund balance reporting policy adopted by the City is described in the City of Montebello's ACFR.

Governmental Accounting Standards Update

During the year ended June 30, 2024, the Funds implemented the following Governmental Accounting Standards Board (GASB) standard. The financial statements included herein apply the requirements and provisions of the new standard.

GASB Statement No. 100 - *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this standard are effective for reporting periods beginning after June 15, 2023.

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

In accordance with *Proposition A and Proposition C Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure R Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure M Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with *Public Utilities Code Section 99234*, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 7 CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments. Please refer to the City's ACFR for a full description of risks relating to cash and investments.

NOTE 8 CAPITAL RESERVE AGREEMENTS

PALRF

In June 2022, Metro and the City entered into a capital reserve agreement (Agreement) to establish a capital reserve account (Account) of $6,000,000 for the Metro L Line (Gold Line) Eastside Transit Corridor Phase 2 Project. The new line project will follow Atlantic Boulevard to Citadel Outlets, ending at Lambert Road in Whittier. It will serve the cities of Commerce, Montebello, Pico Rivera, Santa Fe Springs, Whittier and the unincorporated area of East LA and Los Nietos-Whittier.

The Account is funded with the Proposition A Local Return funds allocated to the City. All interest is accrued in the Account to be used exclusively for the said project. If the project is not completed by June 30, 2027, any unexpended funds will lapse and will be returned to Metro. The Agreement was approved by Metro Board of Directors on June 15, 2022.

NOTE 8 CAPITAL RESERVE AGREEMENTS (CONTINUED)

PALRF (Continued)

As of and for the years ended June 30, 2025 and 2024, the capital reserve amount and transactions were as follows:

Capital reserve balance at June 30, 2023	$	6,100,619
Investment income allocated during the year		156,531
Capital reserve balance at June 30, 2024		6,257,150
Investment income allocated during the year		209,147
Capital reserve balance at June 30, 2025	$	6,466,297

PCLRF

In June 2023, Metro and the City entered into an Agreement to establish an Account of $10,947,746 for the completion of the Montebello Paving the Way Project. The Account has been set up from the proceeds of Proposition C Series 2019C Bonds. The reserved account has a balance of $10,742,206 and $10,845,586 as of June 30, 2025 and 2024, respectively. See Note 9.

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS

On December 12, 2019, the City issued the following Measure R, Measure M and Proposition C Limited Tax Bonds (the Bonds) for the purpose of financing the design, acquisition, and construction of certain roadway and street improvement projects in the City, pay cost of issuance of the bonds, purchase a municipal bond insurance policy and purchase a reserve surety for the debt service reserve fund. The bonds are secured and payable solely from the City's annual Measure R, Measure M and Proposition C sales tax receipts. On November 1, 2019, Metro approved the City's request to utilize the Bonds in connection with the Paving the Way Program as described above.

Measure R Series 2019 A. Issued $7,395,000 on December 10, 2019 with interest rate ranging from 4.0% to 4.3% per annum and with annual principal and interest payments ranging from $150,000 to $600,000. Principal and interest is payable each June 1 commencing June 1, 2020; maturing on June 1, 2040. Proceeds from the issuance was recorded under MRLRF.

Measure M Series 2019 B. Issued $6,795,000 on December 10, 2019 with interest rate ranging from 4.0% to 4.3% per annum and with annual principal and interest payments ranging from $130,000 to $540,000. Principal and interest is payable each June 1 and December 1, commencing June 1, 2020, maturing on June 1, 2039. Proceeds from the issuance was recorded under MMLRF.

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (CONTINUED)

Proposition C Series 2019 C. Issued $10,215,000 on December 10, 2019 with interest rate ranging from 1.4% to 3.6% per annum and with annual principal and interest payments ranging from $165,000 to $710,000. Principal and interest is payable each June 1 commencing June 1, 2020, maturing on June 1, 2040. Proceeds from the issuance was recorded under PCLRF.

The following is the movement in the outstanding bonds and interest payable during the years ended June 30, 2025 and 2024:

PCLRF Series 2019 C	Principal	Interest	Total
Outstanding balance as of June 30, 2023	$ 9,150,000	$ 2,866,661	$ 12,016,661
Less: Payment of principal and interest	(380,000)	(324,788)	(704,788)
Outstanding balance as of June 30, 2024	8,770,000	2,541,874	11,311,874
Less: Payment of principal and interest	(395,000)	(309,588)	(704,588)
Outstanding balance as of June 30, 2025	$ 8,375,000	$ 2,232,286	$ 10,607,286

MRLRF Series 2019 B	Principal	Interest	Total
Outstanding balance as of June 30, 2023	$ 6,060,000	$ 2,421,100	$ 8,481,100
Less: Payment of principal and interest	(265,000)	(262,850)	(527,850)
Outstanding balance as of June 30, 2024	5,795,000	2,158,250	7,953,250
Less: Payment of principal and interest	(280,000)	(252,250)	(532,250)
Outstanding balance as of June 30, 2025	$ 5,515,000	$ 1,906,000	$ 7,421,000

MMLRF Series 2019 A	Principal	Interest	Total
Outstanding balance as of June 30, 2023	$ 7,130,000	$ 3,008,600	$ 10,138,600
Less: Payment of principal and interest	(290,000)	(307,300)	(597,300)
Outstanding balance as of June 30, 2024	6,840,000	2,701,300	9,541,300
Less: Payment of principal and interest	(300,000)	(295,700)	(595,700)
Outstanding balance as of June 30, 2025	$ 6,540,000	$ 2,405,600	$ 8,945,600

In FY 2024/25, the City incurred a penalty assessed by the Internal Revenue Service (IRS) related to the Limited Tax Bonds. The penalty was due to noncompliance with federal arbitrage rebate and yield restriction requirements under the Internal Revenue Code applicable to tax-exempt bond proceeds. The penalty was paid directly from investment earnings allocated to the Bonds. The City is reviewing its post-issuance compliance procedures to ensure future adherence to federal tax regulations. The following is the arbitrage rebate penalty payment during FY2024/25:

PCLRF Series 2019 C	$ 527,596
MRLRF Series 2019 B	94,314
MMLRF Series 2019 A	119,428

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (CONTINUED)

The following is the capital reserve balance for the Bonds:

	PCLRF Series 2019 C	MRLRF Series 2019 B	MMLRF Series 2019 A	Total
Ending balance as of June 30, 2023	$ 10,467,508	$ 983,317	$ 1,376,266	$ 12,827,091
Add:				
Investment income allocated during the year	601,885	89,352	113,186	804,423
Less:				
Expenditures during the year	(223,807)	-	-	(223,807)
Ending balance as of June 30, 2024	10,845,586	1,072,669	1,489,452	13,407,707
Add:				
Investment income allocated during the year	555,305	83,632	105,941	744,878
Less:				
Expenditures during the year	(658,685)	(94,314)	(119,428)	(872,427)
Ending balance as of June 30, 2025	$ 10,742,206	$ 1,061,987	$ 1,475,965	$ 13,280,158

NOTE 10 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations spent for the years ended June 30, 2025 and 2024 consisted of the following:

	2025	2024
FY 2022/23 allocation	**$ -**	$ 54,426
FY 2023/24 allocation	**26,525**	45,574
FY 2024/25 allocation	**36,781**	-
	$ 63,306	$ 100,000

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2025 and 2024, the City has funds on reserve as follows:

	2025	2024
FY 2023/24 allocation	**$ -**	$ 26,525
FY 2024/25 allocation	**26,524**	-
Total reserve	**$ 26,524**	$ 26,525

For FY 2024/25, any TDA Article 3 funds left on reserve for FY 2020/21 or prior, are subject to lapse if not claimed by the City by June 30, 2025. There were no funds that lapsed in FY 2024/25.

NOTE 12 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2025 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 20, 2025, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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+ COMPANY LLP

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

**To the Honorable Members of the City Council of the
City of Montebello, California and the
Los Angeles County Metropolitan Transportation Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Montebello, California (the City) as of and for the year ended June 30, 2025, and the related notes to the Funds financial statements, and have issued our report thereon dated November 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over the Funds' financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
November 20, 2025

COMPLIANCE SECTION

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**Independent Auditor's Report on Compliance
and on Internal Control Over Compliance Required by the Guidelines**

**To the Honorable Members of the City Council of the
City of Montebello, California and the
Los Angeles County Metropolitan Transportation Authority**

Report on Compliance

Opinion

We have audited the City of Montebello, California's (the City) compliance with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2025.

In our opinion, the City of Montebello, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the City's compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or program agreements applicable to the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance with the requirements, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2025-001. Our opinion is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the Guidelines on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with the Guidelines will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
November 20, 2025

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
1. Uses the State Controller's Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X				
2. Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.	X				
3. Funds were expended with Metro's approval and were not substituted for property tax.	X				
4. Timely use of funds.	X				
5. Administrative expenses are within the 20% cap.	X				
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	X				
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X				
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X				
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.		X			See Finding #2025-001
10. Local Return Account is credited for reimbursable expenditures.	X				
11. Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X		
13. A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.	X				
14. Recreational transit form was submitted on time.	X				
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X				
17. All on-going and carryover projects were reported on Form B or electronic equivalent.	X				
18. Cash or cash equivalents are maintained.	X				
19. Accounting procedures, record keeping, and documentation are adequate.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
B. Measure R Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Separate Measure R Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form One or electronic equivalent) was submitted timely.	X				
9. Annual Expenditure Report (Form Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X		
11. Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

See independent auditor's report on compliance.

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
B. Measure R Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
C. Measure M Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Separate Measure M Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted timely.	X				
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X		
11. Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
C. Measure M Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				
3. Annual Claim Form was submitted on time.	X				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PCLRF: Finding #2025-001

Compliance Reference	Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance "or "Bikeway projects". "Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria." "A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro with project codes 705, 710, 715, 806, and 840."
Condition	The City did not submit a current Pavement Management System (PMS) certification during FY 2024/25. A PMS assessment and inventory is required to be conducted and maintained every 3 years. The City's latest certification submitted to Metro on June 13, 2022 has a July 2021 inventory update and review of pavement condition completion date which was already over three years as of June 30, 2025. A PMS Certification is required for PCLRF Project code 705, Nationwide Street Sweeping project.
Cause	There was a delay due to awaiting the final report from the City's consultant for the final inventory and pavement assessment as well as the subsequent presentation to City Council.
Effect	The City was not in compliance with PMS certification as required by the Local Return Guidelines.
Recommendation	We recommend that the City submit to Metro and keep on file an updated PMS certification for eligibility for its new or ongoing street maintenance or bikeway projects.
Management's Response	The City acknowledges the oversight in not submitting a current PMS certification for FY 2024/25. The City will closely coordinate with the consultant in providing the PMS information and establish a firm deadline for completion to ensure timely submission in the future.

PCLRF: Finding #2025-001 (Continued)

Finding Corrected During the Audit	The City submitted the current PMS certification to Metro on August 27, 2025 with an August 2025 inventory update and review of pavement condition completion date. No additional follow-up is required.

EXIT CONFERENCE

An exit conference was held on November 19, 2025 with the City of Montebello representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Cristy Canieda – Audit Partner
Mary Tanglao – Audit Supervisor

City of Montebello representatives:
Michael Solorza – Director of Finance
Sarby Singh – Accounting Manager

Matters discussed:

Results of the audit disclosed an instance of noncompliance with the Guidelines.

A copy of this report was forwarded to the following City of Montebello representatives for comments prior to the issuance of the final report:

Michael Solorza– Director of Finance
Sarby Singh – Accounting Manager

Vasquez & Company LLP
655 North Glendale Avenue, Suite 1550
Glendale, CA 91203

RE: CITY OF MONTEBELLO, CALIFORNIA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, THE PROPOSITION C LOCAL RETURN FUND, THE MEASURE R LOCAL RETURN FUND, THE MEASURE M LOCAL RETURN FUND AND THE TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024.

I have received the annual financial report of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund, for the years ended June 30, 2025 and 2024 for the City of Montebello and agreed with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

____
Name

____
Title

____
Date

www.vasquez.cpa

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