

CITY OF MONTCLAIR, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2005



**Lance
Soll &
Lunghard
LLP**
Certified Public Accountants



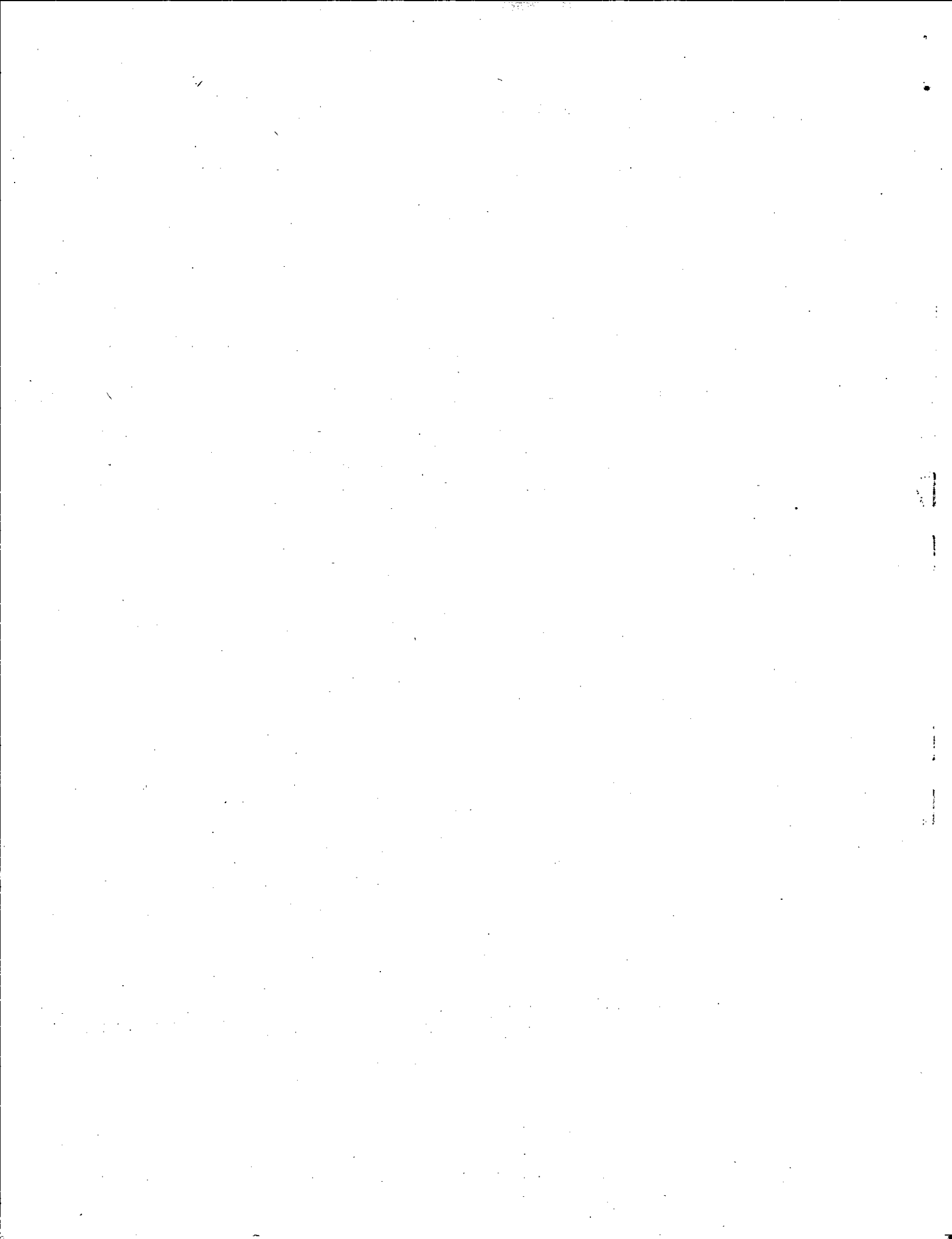
CITY OF MONTCLAIR, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2005

Prepared By:

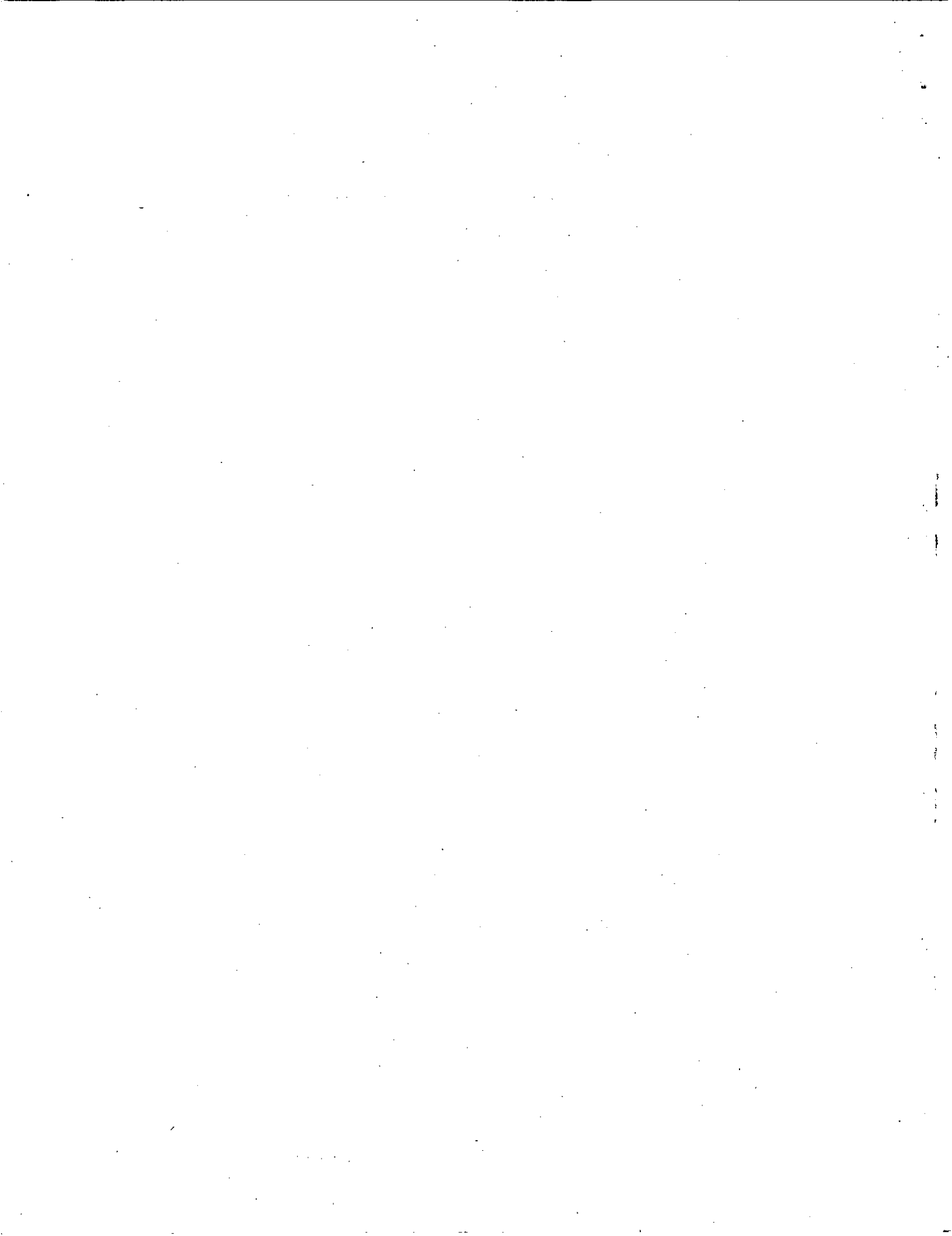
FINANCE DEPARTMENT



CITY OF MONTCLAIR
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

TABLE OF CONTENTS

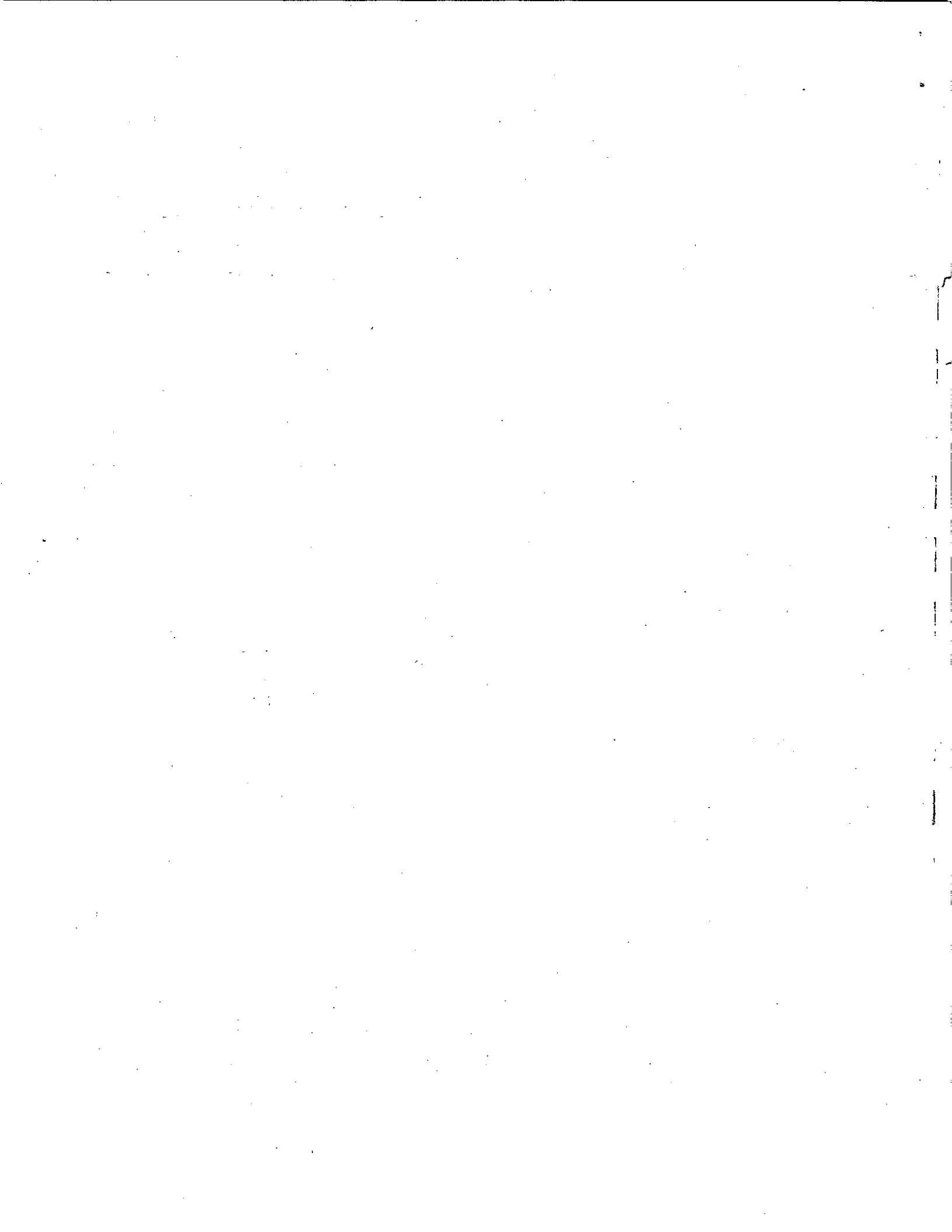
	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Exhibit A - Statement of Net Assets	3
Exhibit B - Statement of Activities	4
Fund Financial Statements:	
Exhibit C - Balance Sheet - Governmental Funds	6
Exhibit D - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	9
Exhibit E - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Exhibit F - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Exhibit G - Budgetary Comparison Statement - General Fund	14
Exhibit H - Budgetary Comparison Statement - Montclair Housing Corporation	16
Exhibit I - Statement of Net Assets - Proprietary Funds	17
Exhibit J - Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	18
Exhibit K - Statement of Cash Flows - Proprietary Funds	19
Exhibit L - Statement of Fiduciary Net Assets - Fiduciary Funds	20
Notes to Financial Statements	21



CITY OF MONTCLAIR
 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

TABLE OF CONTENTS

	<u>Page Number</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Schedule 1 - Combining Balance Sheet - Nonmajor Governmental Funds	44
Schedule 2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	50
Schedule 3 - Budgetary Comparison Schedules - Special Revenue Funds	
A. Gas Tax	56
B. Measure I	57
C. Traffic Safety	58
D. Park Development	59
E. Community Development Block Grant	60
F. Air Quality Improvement	61
G. Older American Act	62
H. State Asset Forfeiture	63
I. Public Safety	64
J. Federal Asset forfeiture - DOJ	65
K. State Asset Forfeiture Section 11489	66
L. Ontario-Montclair School District Grant	67
M. State Supplemental Local Law Enforcement	68
N. Local Law Enforcement Block Grant	69
O. Crime Prevention PC 1202.5	70
P. Used Oil Recycling Block Grant	71
Q. Human Services Grant	72
R. California Nutritional Grant	73
S. E.M.T. Paramedic	74
T. OCJP Grant	75
U. Office of Traffic Safety Grant	76
V. Equipment Replacement	77
W. Building Maintenance and Infrastructure	78
X. Refuse Fee Impound	79
Y. Montclair Youth Sponsorship	80
Schedule 4 - Budgetary Comparison Schedules - Capital Project Funds	
A. Monte Vista Grade Separation Project	81
B. Ramona Grade Separation Project	82
C. City Facility Improvement	83
D. Montclair Redevelopment Agency Capital Projects Fund	84
Schedule 5 - Budgetary Comparison Schedule - Montclair Redevelopment Agency Debt Service Fund	85
Schedule 6 - Combining Balance Sheet - All Agency Funds	86
Schedule 7 - Combining Statement of Changes in Assets and Liabilities - Agency Fund	87





Certified Public Accountants

Brandon W. Burrows
Donald L. Parker
Michael K. Chu
David E. Hale
A Professional Corporation
Donald G. Slater
Richard K. Kikuchi

Retired
Robert C. Lance
1914-1994
Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Montclair, California, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Montclair's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The City of Montclair has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Montclair as of June 30, 2005, and the respective changes in financial position and cash flows where applicable, and the respective budgetary comparison of the General Fund and the Montclair Housing Corporation for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2005 on our consideration of the City of Montclair's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.





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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Montclair. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Lance, Soll & Lunghard, LLP

November 23, 2005

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 49,016,562	\$ 2,585,375	\$ 51,601,937
Receivables:			
Accounts	2,250,698	293,614	2,544,312
Contract and notes	3,467,850	-	3,467,850
Accrued interest	265,573	11,888	277,461
Internal balances	41,129	(41,129)	-
Prepaid costs	21,220	-	21,220
Unamortized debt issuance costs	957,187	-	957,187
Due from other governments	4,355,641	631	4,356,272
Restricted assets:			
Cash with fiscal agent	35,431,268	-	35,431,268
Capital assets not being depreciated	19,447,774	78,713	19,526,487
Capital assets, net of depreciation	14,310,907	2,609,483	16,920,390
Total Assets	129,565,809	5,538,575	135,104,384
Liabilities:			
Accounts payable	3,261,777	63,553	3,325,330
Accrued liabilities	329,435	13,936	343,371
Accrued interest	465,602	-	465,602
Unearned revenue	165,185	-	165,185
Deposits payable	692,223	-	692,223
Due to other governments	1,270,570	310,194	1,580,764
Noncurrent liabilities:			
Due within one year	1,055,550	3,476	1,059,026
Due in more than one year	71,649,164	74,901	71,724,065
Total Liabilities	78,889,506	466,060	79,355,566
Net Assets:			
Invested in capital assets, net of related debt	2,458,681	2,688,196	5,146,877
Restricted for:			
Community development projects	43,100	-	43,100
Public safety	298,155	-	298,155
Capital projects	4,944,726	-	4,944,726
Debt service	13,023,873	-	13,023,873
Unrestricted	29,907,768	2,384,319	32,292,087
Total Net Assets	\$ 50,676,303	\$ 5,072,515	\$ 55,748,818

See Notes to Financial Statements

CITY OF MONTCLAIR

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 9,156,906	\$ 4,801,685	\$ 644,969	\$ -
Public safety	15,966,575	807,191	83,376	-
Community development	2,834,965	-	246,933	-
Parks and recreation	-	143,596	108,857	-
Public works	4,001,404	1,962,345	4,318	-
Interest on long-term debt	2,746,944	-	-	-
Total Governmental Activities	34,706,794	7,714,817	1,088,453	-
Business-Type Activities:				
Sewer maintenance fund	1,863,753	1,472,855	-	-
Total Business-Type Activities	1,863,753	1,472,855	-	-
Total Primary Government	\$ 36,570,547	\$ 9,187,672	\$ 1,088,453	\$ -

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Other taxes
- Motor vehicle in lieu
- Use of money and property
- Other

**Total General Revenues, Contributions,
Total General Revenues**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

See Notes to Financial Statements

Exhibit B

<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (3,710,252)	\$ -	\$ (3,710,252)
(15,076,008)	-	(15,076,008)
(2,588,032)	-	(2,588,032)
252,453	-	252,453
(2,034,741)	-	(2,034,741)
(2,746,944)	-	(2,746,944)
<u>(25,903,524)</u>	<u>-</u>	<u>(25,903,524)</u>
-	(390,898)	(390,898)
-	(390,898)	(390,898)
<u>(25,903,524)</u>	<u>(390,898)</u>	<u>(26,294,422)</u>
8,617,101	-	8,617,101
21,202	-	21,202
14,644,368	-	14,644,368
498,721	-	498,721
723,823	-	723,823
1,953,744	-	1,953,744
2,764,028	-	2,764,028
2,609,197	64,282	2,673,479
899,931	34,236	934,167
<u>32,732,115</u>	<u>98,518</u>	<u>32,830,633</u>
6,828,591	(292,380)	6,536,211
40,411,953	5,364,895	45,776,848
3,435,759	-	3,435,759
<u>\$ 50,676,303</u>	<u>\$ 5,072,515</u>	<u>\$ 55,748,818</u>

CITY OF MONTCLAIR
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General</u>	<u>Special Revenue Funds Montclair Housing Corporation</u>	<u>Capital Project Fund Montclair Redevelopment Agency</u>
Assets:			
Pooled cash and investments	\$ 9,452,601	\$ 263,776	\$ 22,941,633
Receivables:			
Accounts	1,902,377	45,803	65,560
Contract and notes	918	1,359	3,465,573
Accrued interest	75,353	-	129,467
Prepaid costs	15,956	5,264	-
Due from other governments	3,623,343	-	43,909
Due from other funds	5,981,823	-	71,817
Advances to other funds	642,848	-	801,271
Restricted assets:			
Cash and investments with fiscal agents	40,283	29,953	707
Total Assets	\$ 21,735,502	\$ 346,155	\$ 27,519,937
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 986,329	\$ 5,987	\$ 1,942,338
Accrued liabilities	315,889	-	-
Due to other funds	136,986	-	3,730,951
Deferred revenues	902,968	-	-
Unearned revenue	161,104	-	-
Advances from other funds	-	801,271	508,990
Deposits payable	601,701	31,903	57,894
Due to other governments	487,963	26,472	5,293
Total Liabilities	3,592,940	865,633	6,245,466
Fund Balances:			
Reserved:			
Reserved for encumbrances	308,188	-	25,910
Reserved for projects	106,482	-	-
Reserved for prepaid costs	15,956	5,264	-
Reserved for long-term receivables	-	-	3,465,573
Reserved for advances to other funds	642,848	-	801,271
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Designated for capital improvement projects	-	-	16,981,717
Designated for debt service	-	-	-
Undesignated	17,069,088	(524,742)	-
Total Fund Balances	18,142,562	(519,478)	21,274,471
Total Liabilities and Fund Balances	\$ 21,735,502	\$ 346,155	\$ 27,519,937

See Notes to Financial Statements

Exhibit C

Debt Service Funds			
2005 Lease Revenue Bonds	Montclair Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 8,910,879	\$ 7,447,673	\$ 49,016,562
-	162,698	74,260	2,250,698
-	-	-	3,467,850
-	42,211	18,542	265,573
-	-	-	21,220
-	-	688,389	4,355,641
-	29,393	151,702	6,234,735
-	-	-	1,444,119
<u>30,462,434</u>	<u>4,852,208</u>	<u>45,683</u>	<u>35,431,268</u>
<u>\$ 30,462,434</u>	<u>\$ 13,997,389</u>	<u>\$ 8,426,249</u>	<u>\$ 102,487,666</u>
\$ -	\$ 161	\$ 326,962	\$ 3,261,777
-	-	13,546	329,435
-	447,843	1,877,826	6,193,606
-	-	101,048	1,004,016
-	-	4,081	165,185
-	-	133,858	1,444,119
-	-	725	692,223
-	525,512	225,330	1,270,570
-	<u>973,516</u>	<u>2,683,376</u>	<u>14,360,931</u>
-	-	158,309	492,407
-	-	-	106,482
-	-	-	21,220
-	-	-	3,465,573
-	-	-	1,444,119
-	-	5,156,913	5,156,913
-	-	427,651	427,651
-	-	-	16,981,717
-	13,023,873	-	13,023,873
<u>30,462,434</u>	<u>-</u>	<u>-</u>	<u>47,006,780</u>
<u>30,462,434</u>	<u>13,023,873</u>	<u>5,742,873</u>	<u>88,126,735</u>
<u>\$ 30,462,434</u>	<u>\$ 13,997,389</u>	<u>\$ 8,426,249</u>	<u>\$ 102,487,666</u>

THIS PAGE INTENTIONALLY LEFT BLANK

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005**

Fund balances of governmental funds	\$ 88,126,735
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	33,758,681
Long-term debt and compensated absences that have not been included in the governmental fund activity.	(71,747,527)
Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	(465,602)
The accrued interest on interfund loans between the City and Redevelopment Agency were recorded as deferred revenue in the governmental funds. They are included as interest revenue in the governmental fund activity.	<u>1,004,016</u>
Net assets of governmental activities	<u>\$ 50,676,303</u>

CITY OF MONTCLAIR

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005**

	<u>General</u>	<u>Special Revenue Fund Montclair Housing Corporation</u>	<u>Capital Project Fund Montclair Redevelopment Agency</u>
Revenues:			
Taxes	\$ 19,324,288	\$ -	\$ 1,612,000
Licenses and permits	759,986	-	-
Intergovernmental	3,106,414	-	15,728
Charges for services	2,487,247	-	-
Use of money and property	760,288	634,975	808,043
Fines and forfeitures	274,579	-	-
Miscellaneous	161,516	5,675	643,421
Total Revenues	26,874,318	640,650	3,079,192
Expenditures:			
Current:			
General government	4,920,373	820,210	2,406,402
Public safety	12,791,431	-	3,261,747
Community development	1,862,887	-	-
Public works	3,641,393	-	-
Capital outlay	226,770	-	-
Debt service:			
Principal retirement	40,382	-	-
Interest and fiscal charges	4,089	-	-
Bond issuance costs	-	-	-
Total Expenditures	23,487,325	820,210	5,668,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,386,993	(179,560)	(2,588,957)
Other Financing Sources (Uses):			
Transfers in	390,112	-	9
Transfers out	(658,000)	-	-
Other debts issued	-	-	-
Bond Discount	-	-	-
Total Other Financing Sources (Uses)	(267,888)	-	9
Net Change in Fund Balances	3,119,105	(179,560)	(2,588,948)
Fund Balances, Beginning of Year, as originally reported	15,023,457	(532,545)	25,203,420
Restatements	-	192,627	(1,340,001)
Fund Balances, Beginning of Year	15,023,457	(339,918)	23,863,419
Fund Balances, End of Year	\$ 18,142,562	\$ (519,478)	\$ 21,274,471

See Notes to Financial Statements

Exhibit E

Debt Service Fund			
2005 Lease Revenue Bonds	Montclair Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 5,249,258	\$ 896,392	\$ 27,081,938
-	-	-	759,986
-	-	2,523,187	5,645,329
-	-	151,029	2,638,276
12,146	227,866	165,879	2,609,197
-	-	620,483	895,062
-	-	183,621	994,233
12,146	5,477,124	4,540,591	40,624,021
-	631,516	126,080	8,904,581
-	-	904,135	16,957,313
-	-	1,106,527	2,969,414
-	-	259,902	3,901,295
-	-	2,122,804	2,349,574
-	830,000	-	870,382
-	2,593,701	-	2,597,790
722,702	-	-	722,702
722,702	4,055,217	4,519,448	39,273,051
(710,556)	1,421,907	21,143	1,350,970
-	-	658,952	1,049,073
-	(9)	(391,064)	(1,049,073)
31,300,000	-	-	31,300,000
(127,010)	-	-	(127,010)
31,172,990	(9)	267,888	31,172,990
30,462,434	1,421,898	289,031	32,523,960
-	11,601,975	5,530,832	56,827,139
-	-	(76,990)	(1,224,364)
-	11,601,975	5,453,842	55,602,775
\$ 30,462,434	\$ 13,023,873	\$ 5,742,873	\$ 88,126,735

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds	\$ 32,523,960
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,424,181
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	(29,604,527)
Accrued interest for Tax Allocation Bonds. This is the net change in accrued interest for the current period.	(124,533)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,319,925)
The claims and judgments expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,074,581)
Governmental funds report deferred revenue for revenues not received within a certain amount of time, approximately 90 days, per GASB 33. However, in the statement of activities, these revenues are recognized under the full accrual.	<u>1,004,016</u>
Change in net assets of governmental activities	<u><u>\$ 6,828,591</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MONTCLAIR

Exhibit G
Page 1 of 2BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,023,457	\$ 15,023,457	\$ 15,023,457	\$ -
Resources (Inflows):				
Taxes	16,906,000	17,567,225	19,324,288	1,757,063
Licenses and permits	452,925	603,925	759,986	156,061
Intergovernmental	2,325,204	2,796,841	3,106,414	309,573
Charges for services	2,583,055	2,608,055	2,487,247	(120,808)
Use of money and property	675,531	675,531	760,288	84,757
Fines and forfeitures	330,200	330,200	274,579	(55,621)
Other	197,500	199,500	161,516	(37,984)
Transfers from other funds	-	855,117	390,112	(465,005)
Amounts Available for Appropriation	38,493,872	40,659,851	42,287,887	1,628,036
Charges to Appropriation (Outflow):				
Transfers out	-	408,000	658,000	(250,000)
Capital outlay	515,264	449,436	226,770	222,666
City council	269,393	951,065	761,995	189,070
City manager	257,038	264,038	228,177	35,861
City clerk	125,967	131,967	129,253	2,714
Solid waste disposal	1,902,183	1,902,183	1,792,301	109,882
Record retention/microfilm	71,442	-	55,752	(55,752)
Administration	168,032	168,032	150,879	17,153
Financial services	537,026	564,934	513,157	51,777
Personnel/risk	463,722	479,730	430,382	49,348
Info tech services	433,068	461,318	386,436	74,882
Central services	385,385	401,838	346,973	54,865
Redevelopment	-	71,442	-	71,442
Police administration	481,581	495,662	456,316	39,346
Police support services	192,969	193,840	182,089	11,751
Technical services	395,067	395,367	346,163	49,204
Records bureau	597,613	615,470	528,458	87,012
Investigations	1,273,143	1,276,682	1,181,471	95,211
Uniform patrol	4,600,196	4,752,091	4,492,167	259,924
Communications	622,922	623,166	555,413	67,753
Volunteer services	179,248	179,248	152,265	26,983
Fire administration	483,089	483,089	465,344	17,745
Fire prevention	174,294	189,929	166,589	23,340
Emergency services	3,650,029	3,708,948	3,700,711	8,237
Personnel development	77,292	78,072	76,362	1,710
Equipment maintenance	66,099	68,905	61,431	7,474
Buildings and grounds	91,750	92,156	59,518	32,638
Emergency preparedness	53,530	53,530	46,294	7,236
Code enforcement	371,901	371,901	320,819	51,082
Emergency medical services	-	-	21	(21)

See Notes to Financial Statements

CITY OF MONTCLAIR

Exhibit G
Page 2 of 2BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Management and construction	292,331	302,681	258,071	44,610
Public works inspection	116,660	120,160	116,382	3,778
Traffic safety engineering	456,715	555,211	473,050	82,161
Graffiti abatement	140,873	140,873	98,568	42,305
Street maintenance	458,125	546,251	429,920	116,331
Signing/painting	142,510	145,410	136,284	9,126
Street sweeping	161,510	163,842	162,566	1,276
Park maintenance	809,997	819,906	773,393	46,513
Tree maintenance	104,897	104,897	97,516	7,381
Vehicle maintenance	536,371	610,650	561,040	49,610
Building maintenance services	257,649	268,072	251,891	16,181
Heating and air conditioning	65,324	69,324	65,678	3,646
Janitorial services	239,950	235,950	217,034	18,916
Planning commission	13,489	13,489	13,637	(148)
Community development administration	216,476	247,176	205,940	41,236
Current planning	211,166	212,666	208,372	4,294
Advance planning	111,929	112,929	105,270	7,659
Field inspection	120,449	121,449	116,105	5,344
Plan check	85,160	85,160	96,569	(11,409)
Building operations	123,893	138,320	131,217	7,103
Geographic info systems	-	-	6	(6)
Recreation	676,829	692,479	589,470	103,009
Service center	159,649	193,652	151,824	41,828
Senior citizens	120,397	122,592	109,552	13,040
Nutritional meals	70,907	70,907	69,658	1,249
Health education	31,386	31,386	30,784	602
Even Start Family Literacy	30,663	30,663	34,483	(3,820)
City attorney	212,510	212,510	125,068	87,442
Contingency	150,000	(980)	-	(980)
Interest expense	-	-	4,089	(4,089)
Principal expense	-	45,000	40,382	4,618
Total Charges to Appropriations	24,557,058	26,244,664	24,145,325	2,099,339
Budgetary Fund Balance, June 30	\$ 13,936,814	\$ 14,415,187	\$ 18,142,562	\$ 3,727,375

See Notes to Financial Statements

**BUDGETARY COMPARISON STATEMENT
MONTCLAIR HOUSING CORPORATION
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (339,918)	\$ (339,918)	\$ (339,918)	\$ -
Resources (Inflows):				
Investment income	630,602	630,602	634,975	4,373
Other	2,250	2,250	5,675	3,425
Amounts Available for Appropriation	292,934	292,934	300,732	7,798
Charges to Appropriation (Outflow):				
General government	959,877	959,877	820,210	139,667
Total Charges to Appropriations	959,877	959,877	820,210	139,667
Budgetary Fund Balance, June 30	\$ (666,943)	\$ (666,943)	\$ (519,478)	\$ 147,465

CITY OF MONTCLAIR

Exhibit I

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Sewer Maintenance Fund
Assets:	
Current:	
Cash and investments	\$ 2,585,375
Receivables:	
Accounts	293,614
Accrued interest	11,888
Due from other funds	1,228
Due from other governments	631
Total Current Assets	2,892,736
Noncurrent:	
Fixed assets - net of accumulated depreciation	2,688,196
Total Noncurrent Assets	2,688,196
Total Assets	\$ 5,580,932
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	\$ 63,553
Due to other governments	310,194
Accrued payroll payable	13,936
Due to other funds	42,357
Total Current Liabilities	430,040
Noncurrent:	
Compensated absences	78,377
Total Noncurrent Liabilities	78,377
Total Liabilities	508,417
Net Assets:	
Invested in capital assets, net of related debt	2,688,196
Unrestricted	2,384,319
Total Net Assets	5,072,515
Total Liabilities and Net Assets	\$ 5,580,932

See Notes to Financial Statements

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005**

	<u>Sewer Maintenance Fund</u>
Operating Revenues:	
Sales and service charges	\$ 1,472,855
Miscellaneous	34,236
	<u>1,507,091</u>
Total Operating Revenues	1,507,091
Operating Expenses:	
Salaries and benefits	97,858
Treatment	1,467,747
Refuse Collection	224,982
Depreciation	73,166
	<u>1,863,753</u>
Total Operating Expenses	1,863,753
Operating Income (Loss)	<u>(356,662)</u>
Nonoperating Revenues (Expenses):	
Interest revenue	<u>64,282</u>
Total Nonoperating Revenues (Expenses)	64,282
Changes in Net Assets	<u>(292,380)</u>
Net Assets:	
Beginning of Fiscal Year	<u>5,364,895</u>
End of Fiscal Year	<u>\$ 5,072,515</u>

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2005**

	Business-Type Activities Enterprise Funds Sewer
Cash Flows From Operating Activities:	
Cash received from customers and users	\$ 1,648,959
Cash paid to suppliers for good and services	(1,670,418)
Cash paid to employees for services	(76,723)
Net Cash Provided (Used) by Operating Activities	(98,182)
Cash Flows From Noncapital Financing Activities:	
Financing Activities:	
Due from other funds	631
Due to other funds	39,605
Net Cash Provided (Used) by Noncapital Financing Activities	40,236
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(316,220)
Net Cash Provided (Used) by Capital and Related Financing Activities	(316,220)
Cash Flows From Investing Activities:	
Interest received	64,957
Net Cash Provided (Used) by Investing Activities	64,957
Net Increase (Decrease) in Cash and Cash Equivalents	(309,209)
Cash and Cash Equivalents at Beginning of Year	2,894,584
Cash and Cash Equivalents at End of Year	\$ 2,585,375
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (356,662)
Adjustments to reconcile operating income (loss) to net net cash provided	
cash provided (used) by operating activities:	
Depreciation	73,166
(Increase) decrease in accounts receivable	26,512
(Increase) decrease in due from other governments	115,356
Increase (decrease) in accounts payable	21,326
Increase (decrease) in accrued liabilities	(16,770)
Increase (decrease) in due to other governments	985
Increase (decrease) in compensated absences	37,905
Total Adjustments	258,480
Net Cash Provided (Used) by Operating Activities	\$ (98,182)

Schedule of Non-Cash Transactions

There were no non-cash transactions during the year.

See Notes to Financial Statements

**CITY OF MONTCLAIR
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005**

Exhibit L

Assets:

Cash and investments	\$ 932,053
	<hr/>
Total Assets	\$ 932,053
	<hr/> <hr/>

Liabilities:

Accounts payable	\$ 520
Due to other governments	931,533
	<hr/>
Total Liabilities	\$ 932,053
	<hr/> <hr/>

CITY OF MONTCLAIR

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

The reporting entity is a municipal corporation governed by an elected mayor and a four-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Montclair, California (the City), and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operation, so data from these units are combined herein. The following criteria were used in the determination of blended units:

1. The members of the City Council also act as the governing body of the Montclair Redevelopment Agency and Montclair Housing Corporation.
2. The City, Agency and Housing Corporation are financially interdependent. The City makes loans to the Agency for use on redevelopment projects. Property tax revenues of the Agency are used to repay loans from the City.
3. The Agency and Housing Corporation are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Agency and Housing Corporation each year.

The City of Montclair was incorporated April 25, 1956, under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities.

Blended Component Units

The Montclair Redevelopment Agency (the Agency) was activated June 6, 1977, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Development Law". The primary purpose of the Agency is to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse arising from poor and inadequate planning, inadequate street layout and street access, lack of open space, landscaping and other improvements and facilities necessary to establish and maintain the economic growth of the City.

The Montclair Housing Corporation (the Corporation) was established on September 1993. The primary purpose of the Corporation is to assist property owners in rejuvenating and improving substandard housing conditions within the City.

Since the governing body of the Agency and Corporation are the same, their data has been blended into that of the financial reporting entity. Complete financial statements for the individual blended component units can be obtained by writing to: City of Montclair, 5111 Benito Street, Montclair, CA 91763

Note 1: Summary of Significant Accounting Policies (Continued)

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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. 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 government.

**City of Montclair
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Montclair Housing Corporation is presented as a special revenue fund and accounts for the activities associated with the maintenance of various rental housing properties within the City.

The Montclair Redevelopment Agency's Capital Project Fund accounts for the financing, construction and administrative activities of the Agency's five project areas.

The Montclair Redevelopment Agency's Debt Service Fund accounts for the accumulation of funds for the payment of principal and interest of various bond issues and loans to the City for the Agency's five project areas.

The 2005 Lease Revenue Bonds accounts for bond proceeds from the 2005 Lease Revenue Bonds.

The City reports the following major business-type funds:

The Sewer Fund accounts for all activities related to the repair and maintenance of the City's sewer system.

Additionally, the City reports the following fund types:

Trust and agency funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units.

Private-sector standards of accounting and financial reporting issued after November 30, 1989Z, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. 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. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**City of Montclair
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary Funds.

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Policy for Eliminating Internal Activity in Government-Wide Statement of Activities

Administrative overhead charges are made to funds and programs and are thereby included in the direct expenses of those funds and programs.

Property Tax Calendar

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date.

The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of January each year and are delinquent, if unpaid, on August 31.

**City of Montclair
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.

Public Safety includes those activities which involve the protection of people and property.

Community Development includes those activities which involve the enhancing of the general quality of life.

Public Works includes those activities which involve the maintenance and improvement of City streets, roads and park department development and maintenance.

Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,500 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in the current year. As the City is still in the process of compiling the necessary data, and as permitted under GASB Statement No. 34, the City has not reported any infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**City of Montclair
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Sewer lines	100
Structures and improvements	20 - 99
Furniture and equipment	5 - 20
Infrastructure	5 - 30

Compensated Absences

Compensated absences are the City's liabilities for future vacation, sick and other leave benefits. The short-term portion is determined to be the amount due to employees for future absences which is attributable to services already rendered and which is expected to be paid during the next fiscal year. The total amount of liability for compensated absences is segregated between short-term and long-term as indicated above, with both portions being reflected in the government-wide financial statements. Compensated absences are paid, if matured, out of the general fund.

For Proprietary Funds, the total amount of the liability for compensated absences is segregated between short-term and long-term as indicated above and both portions are reflected in the fund involved.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than two times his regular annual entitlement without approval of the City Manager.

Sick leave is payable when an employee is unable to work because of illness. Sick leave may be accumulated indefinitely or an employee may convert one-half of unused sick leave accrued during the preceding year for cash providing the person has been employed on a full-time basis for two years immediately preceding November 30 of each year. Unused sick leave may be redeemed in the two years prior to retirement at the rate of two days of sick leave for one day of absence leave. All unused sick leave is forfeited upon termination, other than for normal retirement.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Montclair
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

e. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes reconciliation between fund balance - governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. The detail of the \$71,747,527 difference is as follows:

Long-term debt:	
Tax allocation bonds payable	\$ (37,005,000)
Lease revenue bonds	(31,300,000)
Debt issuance costs	957,187
Bond discount	152,513
Capitalized leases payable	(33,582)
Accrued claims and judgments	(2,221,255)
Compensated absences	<u>(2,297,390)</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ (71,747,527)</u>

All of these items are not present in the governmental funds because of differences in basis of accounting between the two financial statement presentation methods.

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$5,424,181 difference are as follows:

Capital outlay adjustments	\$ 6,517,161
Depreciation expense	<u>(1,092,980)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,424,181</u>

City of Montclair
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds". Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$29,604,527 difference are as follows:

Principal repayments:		
Tax allocation bonds	\$	830,000
Capital leases payable		40,382
Amortization:		-
Debt issuance costs		(9,466)
Bond discount		(1,450)
Proceeds of Lease Revenue Bond:		(31,300,000)
Debt issuance costs		711,046
Bond discount		124,961
		<u>124,961</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities	\$	<u>(29,604,527)</u>

f. Budgetary Data

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the department level. At fiscal year-end, all operating budget appropriations lapse. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Federal Asset Forfeiture – Treasury and Automated Traffic Enforcement Special Revenue Funds did not have legally adopted budget.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

The following funds contained deficit fund balances at June 30, 2005:

Special Revenue Funds:	
Montclair Housing Corporation	\$ 519,478
Park Development	234,552
Federal Asset Forfeiture-DOJ	3,424
Local Law Enforcement Block Grant	2,802
California Nutrition Grant	5,803
E.M.T Paramedic	57,495
Office of Criminal Justice Program	14,480
Automated Traffic Enforcement	398,672
Capital Projects Funds:	
Monte Vista Grade Separation Project	499,389
Ramona Grade Separation Project	1,100

These deficits will be funded with future years revenues.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2005, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 84,447,830
Business-type activities	2,585,375
Fiduciary funds	932,053
Total Cash and Investments	<u>\$ 87,965,258</u>

The City of Montclair maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2005, the carrying amount of the City's deposits was \$9,977,636, and the bank balance was \$10,349,948. The \$372,312 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

**City of Montclair
Notes to Financial Statements (Continued)**

Note 3: Cash and Investments (Continued)

Investments

Under provisions of the Agency's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Bonds issues by the local agency
- United States Treasury notes, bonds, bills or certificates
- Registered state warrants or treasury notes or bonds of California
- Bonds, notes, warrants or other evidences of indebtedness of any local agency of the State of California
- Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments
- Bankers Acceptances
- Commercial paper
- Negotiable certificates of deposit
- Repurchase Agreements
- Reverse repurchase agreements
- Medium-term notes
- Money market funds
- Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest
- Mortgage pass-through securities
- Local Agency Investment fund

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy.

Investments 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. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement of No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2005, the City has no investment in medium-term notes. In addition, the City's investments in Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank and Federal Farm Credit Banks were rated "AAA" by Moody's and by S&P. All securities were investment grade and

**City of Montclair
Notes to Financial Statements (Continued)**

Note 3: Cash and Investments (Continued)

were legal under State law. Investments in U.S. treasuries are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2005, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2005, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer. With respect to concentration risk, as of June 30, 2005, the City is in compliance with the investment policy restrictions. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

The City has invested more than 5% of the total investment value with the following issuers:

Federal Home Loan Bank	21,147,449	27.12%
------------------------	------------	--------

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 15% of the City's portfolio shall mature in one year or less, and 50% in three years or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2005, the City had the following investments and original maturities:

Investment Type:	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Local Agency Investment Fund	\$ 16,033,333	\$ -	\$ -	\$ -	\$ 16,033,333
Certificates of Deposit	980,000	-	-	-	980,000
Federal National Mortgage Assoc.	-	494,845	1,973,125	-	2,467,970
Federal Home Loan Mortgage Corp.	-	-	1,475,135	-	1,475,135
Federal Home Loan Bank	990,160	491,565	18,644,661	1,021,063	21,147,449
Federal Farm Credit Banks	-	-	493,750	-	493,750
Money Market Mutual funds - held by fiscal agent	35,389,985	-	-	-	35,389,985
Total	\$ 53,393,478	\$ 986,410	\$ 22,586,671	\$ 1,021,063	\$ 77,987,622

IV. OTHER INFORMATION

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Adjustments	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 7,172,324	\$ 2,217,212	\$ 9,389,536	\$ 1,269,013	\$ -	\$ 10,658,549
Work in progress	-	6,367,154	6,367,154	2,183,771	2,235,090	6,315,835
Land improvements	2,473,390	-	2,473,390	-	-	2,473,390
Total Capital Assets, Not Being Depreciated	9,645,714	8,584,366	18,230,080	3,452,784	2,235,090	19,447,774
Capital assets, being depreciated:						
Structures and improvements	8,997,049	-	8,997,049	876,418	72,500	9,800,967
Furniture and equipment	6,491,638	-	6,491,638	594,815	322,725	6,763,728
Infrastructure	6,473,122	(3,627,118)	2,846,004	3,920,887	-	6,766,891
Total Capital Assets, Being Depreciated	21,961,809	(3,627,118)	18,334,691	5,392,120	395,225	23,331,586
Less accumulated depreciation:						
Structures and improvements	4,925,580	(1,286,171)	3,639,409	224,676	1,812	3,862,273
Furniture and equipment	3,007,566	1,378,517	4,386,083	486,860	300,760	4,572,183
Infrastructure	-	204,779	204,779	381,444	-	586,223
Total Accumulated Depreciation	7,933,146	297,125	8,230,271	1,092,980	302,572	9,020,679
Total Capital Assets, Being Depreciated, Net	14,028,663	(3,924,243)	10,104,420	4,299,140	92,653	14,310,907
Governmental Activities Capital Assets, Net	\$ 23,674,377	\$ 4,660,123	\$ 28,334,500	\$ 7,751,924	\$ 2,327,743	\$ 33,758,681
Business-Type Activities:						
Capital assets, being depreciated:						
Work in progress	\$ -	\$ 16,217	\$ 16,217	\$ 62,496	\$ -	\$ 78,713
Total Capital Assets, Not Being Depreciated	-	16,217	16,217	62,496	-	78,713
Capital assets, being depreciated:						
Sewer lines	3,333,838	-	3,333,838	-	-	3,333,838
Furniture and equipment	451,223	-	451,223	224,982	-	676,205
Total Capital Assets, Being Depreciated	3,785,061	-	3,785,061	224,982	-	4,010,043
Less accumulated depreciation:						
Sewer lines	1,008,430	-	1,008,430	33,338	-	1,041,768
Furniture and equipment	331,489	(12,525)	318,964	39,828	-	358,792
Total Accumulated Depreciation	1,339,919	(12,525)	1,327,394	73,166	-	1,400,560
Total Capital Assets, Being Depreciated, Net	2,445,142	12,525	2,457,667	151,816	-	2,609,483
Business-Type Activities Capital Assets, Net	\$ 2,445,142	\$ 28,742	\$ 2,473,884	\$ 214,312	\$ -	\$ 2,688,196

City of Montclair
Notes to Financial Statements (Continued)

Note 4: Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 212,558
Public safety	339,383
Public works	482,203
Community development	<u>58,836</u>
Total Governmental Activities	<u>\$ 1,092,980</u>
Business-Type Activities:	
Sewer	<u>\$ 73,166</u>

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2005 was as follows:

Due To/From Other Funds

Funds	Due to Other Funds:					Total
	General Fund	Redevelopment Agency Capital Projects	Redevelopment Agency Debt Service	Sewer Maintenance	Nonmajor Governmental Funds	
Due From Other Funds:						
General	\$ -	\$ 3,629,790	\$ 447,794	\$ 42,357	\$ 1,861,882	\$ 5,981,823
Redevelopment Agency Capital Projects	-	71,768	49	-	-	71,817
Redevelopment Agency Debt Service	-	29,393	-	-	-	29,393
Sewer Maintenance	1,228	-	-	-	-	1,228
Nonmajor Governmental	135,758	-	-	-	15,944	151,702
Total	<u>\$ 136,986</u>	<u>\$ 3,730,951</u>	<u>\$ 447,843</u>	<u>\$ 42,357</u>	<u>\$ 1,877,826</u>	<u>\$ 6,235,963</u>

Interfund receivables and payables are used to loan amounts between funds to provide temporary funds for operations.

Advances To/From Other Funds

Funds	Advances To Other Funds:			Total
	Montclair Housing Corporation	Redevelopment Agency Capital Projects	Nonmajor Funds	
Advances From Other Funds:				
General Fund	\$ -	\$ 508,990	\$ 133,858	\$ 642,848
Redevelopment Agency Capital Project	801,271	-	-	801,271
Total	<u>\$ 801,271</u>	<u>\$ 508,990</u>	<u>\$ 133,858</u>	<u>\$ 1,444,119</u>

City of Montclair
Notes to Financial Statements (Continued)

Note 5: Interfund Receivable, Payable and Transfers (Continued)

The Redevelopment Agency advanced \$801,271 to the Montclair Housing Corporation for the purpose of carrying out the redevelopment and rehabilitation of multifamily and single-family housing leased by the Montclair Housing Corporation. The General Fund advance balance of \$508,990 represents seven promissory notes (loans) to the Redevelopment Agency for the purpose of carrying out redevelopment projects. The General Fund has advance balances of \$133,858 representing two loans for the development of the skate park (\$123,545) and Kingsley Park lighting project (\$10,313).

Interfund Transfers

	Transfers Out:			Total
	General Fund	Redevelopment Agency Debt Service	Nonmajor Funds	
Transfers In:				
General	\$ -	\$ -	\$ 390,112	\$ 390,112
Redevelopment Agency Capital Projects	-	9	-	9
Nonmajor Funds	658,000	-	952	658,952
Total	\$ 658,000	\$ 9	\$ 391,064	\$ 1,049,073

The General fund transferred \$658,000 to various nonmajor funds to meet funding requirements, to repair infrastructure within the City and for future City facility improvements. The Traffic Safety fund transferred \$384,112 to the General Fund to reimbursement traffic safety enforcement costs. The Gas Tax fund transferred \$6,000 to the General Fund to reimburse administrative costs. The RDA Debt Service funds transferred \$9 to the RDA Capital Projects fund to fund capital projects.

Note 6: Long-Term Debt

a. Governmental Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year
Tax allocation bonds payable	\$ 37,835,000	\$ -	\$ 830,000	\$ 37,005,000	\$ 770,000
Claims and judgments	1,146,674	1,074,581	-	2,221,255	125,607
Compensated absences	977,465	1,319,925	-	2,297,390	126,361
Capitalized leases	73,964	-	40,382	33,582	33,582
Lease Revenue Bonds	-	31,300,000	-	31,300,000	-
	\$ 40,033,103	\$ 33,694,506	\$ 870,382	72,857,227	\$ 1,055,550
			Less: unamortized discount	152,513	
			Net Long-Term Debt	\$ 72,704,714	

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

City of Montclair
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

2005 Lease Revenue Bonds

During fiscal 2004-2005, the City issued \$31,300,000 of 2005 Lease Revenue Bonds. Interest on the bonds is payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2005. The bonds carry various interest rates from 2.625% to 4.750%. Principal maturities begin on October 1, 2006 and continue on October 1 of each year through October 1, 2035. The bonds were used to finance police facilities and a senior/youth center and to pay certain costs of issuance in association therewith. The outstanding balance at June 30, 2005 was \$31,300,000.

2004 Tax Allocation Refunding Bonds, Project Area IV

On February 1, 2004, the Agency issued \$5,700,000 of the Redevelopment Project Area No. 4 2004 Tax Allocation Refunding Bonds. The bonds were issued to refund the Agency's 1992 Tax Allocation Bonds outstanding in the amount of \$1,605,000. Interest on the bonds is payable semi-annually on April 1 and October 1 in each year, commencing on October 1, 2004. Principal maturities begin on October 1, 2004 and continue on October 1 of each year through October 1, 2031. The outstanding balance at June 30, 2005 was \$5,485,000.

2001 Tax Allocation Refunding Bonds, Project Area V

On July 1, 2001, the Agency issued \$9,350,000 of 2001 Tax Allocation Refunding Bonds. The bonds were issued to refund the Agency's 1992 Tax Allocation Bonds outstanding in the amount of \$4,435,000 and the 1995 Tax Allocation Bonds outstanding in the amount of \$1,945,000. Interest on the bonds is payable semi-annually on April 1 and October 1 in each year commencing on October 1, 2001. Principal maturities on the term bonds are October 1, 2020 and October 1, 2030 and carry interest rates of 5.17% and 5.37%, respectively. The outstanding balance as of June 30, 2005 was \$9,350,000.

1998 Taxable Tax Allocation Bonds, Project Area III

On January 1, 1998, the Agency issued \$5,900,000 of 1998 Taxable Tax Allocation Bonds for the purpose of financing the project area's capital projects. The bonds carry various interest rates from 6.50% to 6.90%. Interest on the bonds is payable semi-annually on June 1 and December 1 in each year, commencing on June 1, 1998. Principal maturities began on December 1, 1998 and continue on December 1 of each year through 2027. The outstanding balance as of June 30, 2005 was \$5,330,000.

1997 Tax Allocation Refunding Bonds, Project Area III

On October 15, 1997, the Agency issued \$17,220,000 of 1997 Tax Allocation Refunding Bonds. The bonds were issued to refund the Agency's 1987 Tax-allocation Refunding bonds outstanding in the amount of \$10,670,000 and to repay other obligations of the Agency. Interest on the bonds is payable semi-annually on June 1 and December 1 in each year, commencing on June 1, 1998. The bonds carry various interest rates varying from 3.85% to 5.50%. Principal maturities began December 1, 1998 and continue on December 1 of each year through 2027. The balance outstanding as of June 30, 2005 was \$15,220,000.

1997 Taxable Tax Allocation Bonds, Project Area 1

On November 1, 1997, the Agency issued \$325,000 of Redevelopment Project Area No. 1 1997 Taxable Tax Allocation Bonds for the purpose of financing the project area's capital projects. Interest is payable semi-annually on April and October 1 in each year, commencing on April 1, 1998 and through October 1, 2021. The bonds carry an interest rate of 8.4%. The outstanding balance as of June 30, 2005 was \$285,000.

City of Montclair
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

1995 Tax Allocation Bonds, Project Area V

During 1994-1995, the Agency issued \$435,000 of Redevelopment Project Area No. 2, 1995 Tax Allocation Bonds and \$2,500,000 of Redevelopment Project Area No. 5 1995 Tax Allocation Bonds for the purpose of financing the Agency's capital projects.

The Project Area No. 2 Bonds carry an interest rate of 6.25%. Interest and principal on the bonds is payable semi-annually on April 1 and October 1 of each year, commencing October 1, 1995 and continuing through April 1, 1999. The Project Area No. 5 Bonds carry various interest rates from 7.25% to 8.20%. Interest is payable annually beginning October 1, 1995. Principal maturities begin on October 1, 1996 and continue through October 1, 2010. The balance at June 30, 2005 was \$1,335,000.

Claims and Judgments

The City is self-insured for general liability and workers' compensation. For more detail, see Note 9. The balance of the long-term portion at June 30, 2005 was \$2,221,255.

Compensated Absences

There is no fixed repayment schedule for compensated absences. For more information, see Note 1.d. The long-term portion of compensated absences at June 30, 2005 was \$2,297,390.

Capitalized Leases

The City has entered into a lease agreement for an Energy Management System. Quarterly payments vary from \$4,479 to \$11,582, including interest at 6.9% ending in 2006. The outstanding balance at June 30, 2005 was \$33,582.

City of Montclair
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize outstanding debt, other than the liability for compensated absences and advances from other funds, as of June 30, 2005 are as follows:

	2005 Lease Revenue Bonds		2004 Tax Allocation Refunding Bonds, Project Area IV		2001 Tax Allocation Refunding Bonds, Project Area V	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ -	\$ 1,156,232	\$ 115,000	\$ 252,713	\$ -	\$ 484,960
2006 - 2007	565,000	1,357,317	120,000	250,063	-	484,960
2007 - 2008	580,000	1,341,201	120,000	247,063	-	484,960
2008 - 2009	595,000	1,323,576	125,000	243,688	-	484,960
2009 - 2010	615,000	1,305,426	130,000	239,700	-	484,960
2010 - 2015	3,420,000	6,148,731	710,000	1,122,306	1,210,000	2,307,550
2015 - 2020	4,145,000	5,410,286	890,000	934,250	1,885,000	1,895,925
2020 - 2025	5,105,000	4,424,939	1,135,000	682,625	2,410,000	1,350,848
2025 - 2030	6,395,000	3,100,125	1,455,000	360,125	3,120,000	622,750
2030 - 2035	8,040,000	1,411,880	685,000	34,625	725,000	19,213
2035 - 2040	1,840,000	43,240	-	-	-	-
Totals	\$ 31,300,000	\$ 27,022,953	\$ 5,485,000	\$ 4,367,158	\$ 9,350,000	\$ 8,621,086

	1998 Taxable Tax Allocation Bonds, Project Area III		1997 Tax Allocation Refunding Bonds, Project Area III		1997 Taxable Tax Allocation Bonds, Project Area 1	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ 105,000	\$ 360,178	\$ 360,000	\$ 810,178	\$ 10,000	\$ 23,520
2006 - 2007	110,000	353,190	375,000	792,905	10,000	22,680
2007 - 2008	120,000	345,715	390,000	774,830	10,000	21,840
2008 - 2009	125,000	337,753	415,000	755,504	10,000	21,000
2009 - 2010	135,000	329,303	430,000	734,905	10,000	20,160
2010 - 2015	805,000	1,499,523	2,515,000	3,296,365	70,000	84,840
2015 - 2020	1,125,000	1,172,138	3,275,000	2,517,375	110,000	47,460
2020 - 2025	1,580,000	709,665	4,280,000	1,488,300	55,000	4,830
2025 - 2030	1,225,000	130,583	3,180,000	268,400	-	-
2030 - 2035	-	-	-	-	-	-
2035 - 2040	-	-	-	-	-	-
Totals	\$ 5,330,000	\$ 5,238,048	\$ 15,220,000	\$ 11,438,762	\$ 285,000	\$ 246,330

	1995 Tax Allocation Bonds, Project Area V		Capital Lease Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ 180,000	\$ 100,440	\$ 33,582	\$ 1,165	\$ 803,582	\$ 3,189,386
2006 - 2007	195,000	85,658	-	-	1,375,000	3,346,773
2007 - 2008	210,000	69,255	-	-	1,430,000	3,284,864
2008 - 2009	230,000	51,435	-	-	1,500,000	3,217,916
2009 - 2010	250,000	31,995	-	-	1,570,000	3,146,449
2010 - 2015	270,000	10,935	-	-	9,000,000	14,470,250
2015 - 2020	-	-	-	-	11,430,000	11,977,434
2020 - 2025	-	-	-	-	14,565,000	8,661,207
2025 - 2030	-	-	-	-	15,375,000	4,481,983
2030 - 2035	-	-	-	-	9,450,000	1,465,718
2035 - 2040	-	-	-	-	1,840,000	43,240
Totals	\$ 1,335,000	\$ 349,718	\$ 33,582	\$ 1,165	\$ 68,338,582	\$ 57,285,220

**City of Montclair
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

b. Proprietary Fund Long-Term Debt

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2005:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 40,472	\$ 37,905	\$ -	\$ 78,377	\$ 3,476

Compensated Absences

There is no fixed repayment schedule for compensated absences. For more information, see Note 1.d. The long-term portion of compensated absences at June 30, 2005 was \$78,377.

c. Residential Mortgage Revenue Bonds

The following issues of Residential Mortgage Revenue Bonds were not reflected in the financial statements because these bonds are special obligations payable solely from, and secured by, specific revenue sources described in the bond resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds:

On October 2, 1979, the Agency issued \$14,855,000 of Residential Mortgage Revenue Bonds, Issue of 1979 for the purpose of providing long-term, low interest mortgage loans to finance residential construction in Redevelopment Project Area No. 2. On December 1, 1990, the Agency issued \$4,400,000 of Taxable Collateralized Mortgage Bonds, Series 1990 for the purpose of advance refunding to maturity the outstanding Residential Mortgage Revenue Bonds, Issue of 1979.

In fiscal year 1982-1983, the Agency entered into a joint exercise of powers agreement with the Redevelopment Agency of the City of Pomona. This agreement created the Montclair-Pomona Housing Finance Agency, a public entity separate from the Redevelopment Agency of Montclair and Pomona, pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. During April 1983, the Montclair-Pomona Housing Finance Agency issued \$33,025,000 of Residential Mortgage Revenue Bonds for the purpose of providing long-term, low interest mortgage loans to finance residential construction in redevelopment project areas of the Redevelopment Agency of the Cities of Montclair and Pomona.

d. Mobile Home Park Revenue Bonds

The following issues of Mobile Home Park Revenue Bonds were not reported in the Agency's financial statements since the use and disposition of the bond proceeds is controlled by an outside trustee rather than the Agency, and since neither the faith and credit nor the taxing power of the Agency has been pledged to the payment of the bonds. The Bonds are payable solely by pledged revenues from residential rental income and certain other funds and accounts held by the Trustee, and interest earned thereon:

On July 1, 1999, the Agency approved the issuance of \$3,645,000 in Mobile Home Park Revenue Bonds, Series 1999 to finance the acquisition by Augusta Homes Villa Montclair (the Borrower), of certain real property constituting the Villa Montclair Mobile Home Park. These bonds bear interest of 4.200% to 6.155% per annum and are subject to mandatory and/or optional redemption prior to maturity.

**City of Montclair
Notes to Financial Statements (Continued)**

Note 6: Long-term Debt (Continued)

In addition, the Agency issued a loan in the amount of \$350,000 to the Borrower to facilitate the Mobile Home Park acquisition. Repayment of the loan will commence on July 1, 2006, at which time the unpaid principal amount including the accrued interest added thereto will be amortized over a period of 24 years.

On December 15, 2000, the Agency approved the issuance of \$6,100,000 in Mobile Home Park Revenue Bonds, Series 2000 to finance the acquisition by Augusta Homes Villa Montclair (the Borrower), of certain real property constituting the Monterey Manor Mobile Home Estates. These bonds bear interest of 4.6% to 6.5% per annum and are subject to mandatory and/or optional redemption prior to maturity.

In addition, the Agency issued a loan in the amount of \$750,000 to the Borrower to facilitate the Mobile Home Park acquisition. Repayment of the loan will commence on December 20, 2007 at which time the unpaid principal amount, including the accrued interest added thereto, will be amortized over a period of 24 years.

On November 15, 2002, the Agency issued \$10,750,000 of Mobile Home Park Revenue Bonds, Series 2002. The bonds were issued to finance the acquisition and rehabilitation of the Hacienda Mobile Home Park by Augusta Homes. Interest on the bonds is payable semi-annually on May 15 and November 15 commencing on May 15, 2003. Principal maturities on the term bonds are November 15, 2002, November 15, 2029 and November 15, 2037 and carry interest rates of 6.12%, 6.20% and 6.30%, respectively. In addition, the Agency issued a loan in the amount of \$1,000,000 to the Borrower to facilitate the Mobile Home Park acquisition. Repayment of the loan commenced on December 13, 2002.

e. Prior Year Defeasances

On October 15, 1997, the Agency issued \$17,220,000 in Project Area No. 3, Tax Allocation Refunding Bonds to refund \$10,670,000 of outstanding 1987 Tax Allocation Refunding Bonds. Of these proceeds, \$9,249,727 and \$1,962,047 from the 1987 issue was invested in government securities and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1987 bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Agency's financial statement.

On July 1, 2001, the agency issued \$9,350,000 of Redevelopment Project Area No. 5 2001 Tax Allocation Refunding Bonds to refund \$4,435,000 of outstanding 1992 Tax Allocation Bonds. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Agency's financial statements.

Note 7: City Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description

The City of Montclair contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

**City of Montclair
Notes to Financial Statements (Continued)**

Note 7: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 7.275% for non-safety employees, 21.604% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2005, the City's annual pension cost of \$1,684,000 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, actuarial valuation using the entry age normal actuarial cost method.

The summary of principal assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	June 30, 2004
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	14 and 26 Years as of the Valuation Date for the safety and miscellaneous plans, respectively
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and Type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Three-Year Trend Information For PERS

(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2003	\$ 929	100%	\$ -
6/30/2004	978	100%	-
6/30/2005	1,684	100%	-

**City of Montclair
Notes to Financial Statements (Continued)**

Note 7: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Schedule of Funding Progress For PERS
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2002						
Miscellaneous	\$ 29,739	\$ 31,697	\$ (1,958)	106.6%	\$ 5,430	-36.1%
Total	\$ 29,739	\$ 31,697	\$ (1,958)	106.6%	\$ 5,430	-36.1%
6/30/2003						
Miscellaneous	\$ 34,972	\$ 32,345	\$ 2,627	92.5%	\$ 5,947	44.2%
Safety	1,248,173	1,045,896	202,277	83.8%	154,385	131.0%
Total	\$ 1,283,145	\$ 1,078,241	\$ 204,904	84.0%	\$ 160,332	127.8%
6/30/2004						
Miscellaneous	\$ 37,498	\$ 34,159	\$ 3,339	91.1%	\$ 6,168	54.1%
Safety	5,383,922	4,424,587	959,335	82.2%	575,296	166.8%
Total	\$ 5,421,420	\$ 4,458,746	\$ 962,674	82.2%	\$ 581,464	165.6%

Because of a change in reporting, data for the Risk Pool for safety employees are not available for the period ending June 30, 2002.

For fiscal year 2004-2005, the City of Montclair participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003 valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

Note 8: Other Post-Employment Employee Benefits

The City provides certain post-employment health care benefits. Substantially all of the City's employees may become eligible for those benefits if they retire after 15 years of continuous service to the City under a normal service retirement. Those and similar benefits for active employees are provided through several insurance companies whose premiums are based on the benefits paid during the year. The expenditure is accounted for within the general government funds and is funded on a pay-as-you-go (cash) basis. The total post-employment health insurance expenditures for fiscal year 2004-2005 were \$128,201. There are currently 43 participants receiving benefits.

**City of Montclair
Notes to Financial Statements (Continued)**

Note 9: Self-Insurance Program

The City has a self-insurance program for workers' compensation liability claims administered by Colen & Lee. The City is self-insured up to \$500,000 for each occurrence. The City is also self-insured for general liability claims up to \$200,000.

Excess liability coverage above the self-insurance amounts is provided through the California Insurance Pool Authority (CIPA). CIPA, a public entity risk pool was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management, and claims administration. Portions of general liability and workers' compensation claims exceeding the above mentioned amounts are covered by CIPA up to a maximum \$2,000,000 per claim and \$15,000,000 annual aggregate for general liability and \$3,000,000 for workers' compensation claims. Member cities make payments to CIPA based on underwriting estimates. Additional coverage for general liability claims is maintained through CIPA from a commercial insurer for claims in excess of per claim and annual aggregate amounts. Complete financial statements for CIPA may be obtained from their offices at the following address: CIPA, 240 Newport Center Drive, Suite 210, Newport Beach, CA 92660.

As of June 30, 2005, Colen & Lee and Carl Warren & Co., indicated a need for potential liability reserves of approximately \$2,346,862 for general liability and workers' compensation claims representing estimates of amounts to be paid for reported claims, based upon past experience, modified for current trends and information. The City has not experienced a significant reduction in insurance coverage from coverage in the prior year. Additionally, the amount of settlements has not exceeded budgeted coverage for each of the past three fiscal years.

At June 30, 2005, this amount has been recorded as a long-term liability, less current liabilities accrued at June 30, 2005, totaling \$125,607 in the General Fund. While the ultimate amount of losses incurred through June 30, 2005 are dependent on future developments, based upon information from the City Attorney, outside counsel, service agent and others involved with the administration of the programs, City management believes that the aggregate amount is adequate to cover such losses. Costs relating to the litigation of claims are charged to expenditures as incurred. There are other claims pending for which it is not probable that a loss has been incurred or where the amount cannot be determined.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that has been incurred but not reported. At June 30, 2005, the amount of these liabilities was \$2,346,862. The amount represents an estimate of \$2,200,408 for reported claims through June 30, 2005 and \$146,454 of estimated incurred but not reported claims. This liability is the City's best estimate based on available information.

The following is a summary of the changes in the claims liability over the past two fiscal years:

<u>Year</u>	<u>Liability at Beginning</u>	<u>Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>Liability at End</u>
2003-2004	\$ 1,099,254	\$ 577,520	\$ (530,100)	\$ 1,146,674
2004-2005	1,146,674	1,786,004	(585,816)	2,346,862

Note 10: Joint Ventures

I.R.N.E.T.

The City of Montclair is a member of Inland Regional Narcotics Enforcement Team (I.R.N.E.T.), a joint powers authority of the police departments of 10 cities in San Bernardino and Riverside Counties, and participating county, federal and state law enforcement agencies. The Organization was formed September 18, 1989, with the mission to promote coordinated law enforcement efforts and to address emerging criminal justice issues, mainly in the areas of drug trafficking and money

City of Montclair
Notes to Financial Statements (Continued)

Note 10: Joint Ventures (Continued)

laundering. The executive council consists of police chiefs of the cities and resident agents in charge of the federal and state law enforcement agencies. All financial decisions were made by the executive council. The members received monetary distributions from the asset seizures based on their respective contribution to the effort. The City of Montclair's percentage of participation is 3.57%. Financial information for I.R.N.E.T. is not available.

SBWESTNET

The City of Montclair is a member of San Bernardino County West End Narcotic Enforcement Team (SBWESTNET). SBWESTNET is a narcotics task force comprised of the Chino Police Department, Montclair Police Department and the State Department of Justice (DOJ)/Bureau of Narcotic Enforcement (BNE). The task force falls under the guidelines of DOJ/BNE and is supervised by a DOJ/BNE Special Agent Supervisor.

The mission of SBWESTNET is to ensure public safety by significantly diminishing the availability, use and manufacturing of illegal drugs in the cities of Chino, Montclair, and in the unincorporated west county areas of San Bernardino County, and to apprehend the responsible offenders, thereby increasing public safety.

SBWESTNET was established in August 1997 and allow for local control over task force operations while being able to draw upon resources from the State. SBWESTNET derives its authority from a formal agreement (Memorandum of Understanding) between the Chief Executive Officers of Montclair Police Department, Chino Police Department, and the Bureau of Narcotic Enforcement/Riverside regional office. The CEO's constitute the governing body/Executive Board of SBWESTNET. All financial decisions are made and approved by the task force Executive Board. The annual budget for the fiscal year 2004/05 is \$136,485.

Note 11: Fund Equity and Net Assets Restatements

Beginning fund equity has been restated as follows:

Major governmental funds:

Montclair Housing Corporation	
Prior year expenditures understated	\$ 192,627
Montclair Redevelopment Agency - Capital Project	
Expenditures incurred in prior years but not recorded	(1,340,001)

Nonmajor governmental funds:

Building Maintenance and Infrastructure- Special Revenue Fund	
Expenditures not properly accrued in the prior year	<u>(76,990)</u>
Subtotal Governmental Funds	(1,224,364)

Net assets have been restated as follows:

Governmental activities:

Capital assets understated in prior years	<u>4,660,123</u>
Total fund equity and net asset restatements	<u>\$ 3,435,759</u>

CITY OF MONTCLAIR
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special Revenue Funds			
	Gas Tax	Measure I	Traffic Safety	Park Development
Assets:				
Pooled cash and investments	\$ 2,041,935	\$ 1,930,277	\$ 378,111	\$ -
Receivables:				
Accounts	3,020	-	-	4,221
Accrued interest	11,881	3,886	-	-
Due from other governments	62,513	65,614	22,431	-
Due from other funds	1,193	290	6,516	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	500
Total Assets	\$ 2,120,542	\$ 2,000,067	\$ 407,058	\$ 4,721
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 44	\$ 26	\$ -	\$ 8,893
Accrued liabilities	-	-	-	-
Due to other funds	-	-	398,944	96,022
Deferred revenues	-	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	133,858
Deposits payable	-	-	-	500
Due to other governments	206,626	-	8,114	-
Total Liabilities	206,670	26	407,058	239,273
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Unreserved:				
Undesignated	1,913,872	2,000,041	-	(234,552)
Total Fund Balances	1,913,872	2,000,041	-	(234,552)
Total Liabilities and Fund Balances	\$ 2,120,542	\$ 2,000,067	\$ 407,058	\$ 4,721

Special Revenue Funds

Community Development Block Grant	Air Quality Improvement	Older American Act	State Asset Forfeiture	Public Safety
\$ -	\$ 26,789	\$ -	\$ 3,534	\$ 51,533
-	-	-	-	-
-	-	-	-	-
155,698	10,230	21,338	504	64,772
-	18	-	4	125,035
-	-	-	-	-
\$ 155,698	\$ 37,037	\$ 21,338	\$ 4,042	\$ 241,340
\$ 14,645	\$ 551	\$ 4,115	\$ 2,696	\$ 14,871
-	-	420	-	1,763
123,849	-	12,499	195	1,917
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,590	-	-	-	-
149,084	551	17,034	2,891	18,551
72,366	-	2,582	-	8,629
(65,752)	36,486	1,722	1,151	214,160
6,614	36,486	4,304	1,151	222,789
\$ 155,698	\$ 37,037	\$ 21,338	\$ 4,042	\$ 241,340

CITY OF MONTCLAIR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special Revenue Funds			
	Federal Asset Forfeiture-DOJ	State Asset Forfeiture Section 11489	Federal Asset Forfeiture- Treasury	Ontario-Montclair School District Grant
Assets:				
Pooled cash and investments	\$ -	\$ 21,653	\$ 225	\$ -
Receivables:				
Accounts	-	-	-	32,000
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	16	-	794
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ -	\$ 21,669	\$ 225	\$ 32,794
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,654
Accrued liabilities	-	-	-	1,195
Due to other funds	3,424	-	-	25,945
Deferred revenues	-	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	3,424	-	-	32,794
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Unreserved:				
Undesignated	(3,424)	21,669	225	-
Total Fund Balances	(3,424)	21,669	225	-
Total Liabilities and Fund Balances	\$ -	\$ 21,669	\$ 225	\$ 32,794

Special Revenue Funds					
State Supplemental Law Enforcement	Local Law Enforcement Block Grant	Crime Prevention PC 1202.5	Used Oil Recycling Block Grant	Human Services Grant	California Nutrition Grant
\$ 100,968	\$ 18,261	\$ 7,089	\$ 15,218	\$ 63,496	\$ -
-	-	-	-	6,700	-
-	-	10	-	215,948	46,110
79	211	5	12	1,986	-
-	-	-	-	-	-
\$ 101,047	\$ 18,472	\$ 7,104	\$ 15,230	\$ 288,130	\$ 46,110
\$ 58,748	\$ 17,103	\$ -	\$ 7,664	\$ 91,954	\$ 1,228
-	-	-	-	4,933	741
-	90	-	-	29,098	20,013
-	4,081	-	-	71,117	29,931
-	-	-	-	-	-
-	-	-	-	225	-
-	-	-	-	-	-
58,748	21,274	-	7,664	197,327	51,913
-	-	-	5,152	15,533	689
42,299	(2,802)	7,104	2,414	75,270	(6,492)
42,299	(2,802)	7,104	7,566	90,803	(5,803)
\$ 101,047	\$ 18,472	\$ 7,104	\$ 15,230	\$ 288,130	\$ 46,110

CITY OF MONTCLAIR

COMBINING BALANCE SHEET
 NONGOVERNMENTAL FUNDS
 JUNE 30, 2005

	Special Revenue Funds				
	E.M.T. Paramedic	OCJP Grant	Automated Traffic Enforcement	Office of Traffic Safety Grant	Equipment Replacement
Assets:					
Pooled cash and investments	\$ -	\$ 4,929	\$ -	\$ 2,918	\$ 1,356,116
Receivables:					
Accounts	28,319	-	-	-	-
Accrued interest	-	-	-	-	330
Due from other governments	-	-	23,221	-	-
Due from other funds	-	436	14,832	-	275
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Total Assets	\$ 28,319	\$ 5,365	\$ 38,053	\$ 2,918	\$ 1,356,721
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 15,013	\$ 18,683	\$ 57,373	\$ -	\$ 9
Accrued liabilities	2,758	354	-	-	-
Due to other funds	68,043	808	379,352	-	-
Deferred revenues	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other governments	-	-	-	-	-
Total Liabilities	85,814	19,845	436,725	-	9
Fund Balances:					
Reserved:					
Reserved for encumbrances	-	36	-	-	53,322
Unreserved:					
Undesignated	(57,495)	(14,516)	(398,672)	2,918	1,303,390
Total Fund Balances	(57,495)	(14,480)	(398,672)	2,918	1,356,712
Total Liabilities and Fund Balances	\$ 28,319	\$ 5,365	\$ 38,053	\$ 2,918	\$ 1,356,721

Special Revenue Funds			Capital Projects Funds			Total Governmental Funds
Building Maintenance & Infrastructure	Refuse Fee Impound	Montclair Youth Sponsorship	Monte Vista Grade Separation Project	Ramona Grade Separation Project	City Facility Improvement	
\$ 3,201	\$ 493,280	\$ -	\$ -	\$ -	\$ 928,140	\$ 7,447,673
-	-	-	-	-	-	74,260
-	2,445	-	-	-	-	18,542
-	-	-	-	-	-	688,389
-	-	-	-	-	-	151,702
-	-	45,183	-	-	-	45,683
<u>\$ 3,201</u>	<u>\$ 495,725</u>	<u>\$ 45,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928,140</u>	<u>\$ 8,426,249</u>
\$ -	\$ 7,692	\$ -	\$ -	\$ -	\$ -	\$ 326,962
-	1,382	-	-	-	-	13,546
-	217,138	-	499,389	1,100	-	1,877,826
-	-	-	-	-	-	101,048
-	-	-	-	-	-	4,081
-	-	-	-	-	-	133,858
-	-	-	-	-	-	725
-	-	-	-	-	-	225,330
-	226,212	-	499,389	1,100	-	2,683,376
-	-	-	-	-	-	158,309
3,201	269,513	45,183	(499,389)	(1,100)	928,140	5,584,564
3,201	269,513	45,183	(499,389)	(1,100)	928,140	5,742,873
<u>\$ 3,201</u>	<u>\$ 495,725</u>	<u>\$ 45,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928,140</u>	<u>\$ 8,426,249</u>

CITY OF MONTCLAIR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Special Revenue Funds			
	Gas Tax	Measure I	Traffic Safety	Park Development
Revenues:				
Taxes	\$ 651,824	\$ -	\$ -	\$ -
Intergovernmental	347,961	509,246	-	168,072
Charges for services	-	-	-	-
Use of money and property	37,527	38,105	-	27,205
Fines and forfeitures	-	-	384,112	-
Miscellaneous	3,020	-	-	104,003
Total Revenues	1,040,332	547,351	384,112	299,280
Expenditures:				
Current:				
General government	1,085	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	32,993
Capital outlay	889,084	7,154	-	459,101
Total Expenditures	890,169	7,154	-	492,094
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,163	540,197	384,112	(192,814)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(6,000)	-	(384,112)	-
Total Other Financing Sources (Uses)	(6,000)	-	(384,112)	-
Net Change in Fund Balances	144,163	540,197	-	(192,814)
Fund Balances, Beginning of Year, as originally reported	1,769,709	1,459,844	-	(41,738)
Restatements	-	-	-	-
Fund Balances, Beginning of Year	1,769,709	1,459,844	-	(41,738)
Fund Balances, End of Year	\$ 1,913,872	\$ 2,000,041	\$ -	\$ (234,552)

Special Revenue Funds

Community Development Block Grant	Air Quality Improvement	Older American Act	State Asset Forfeiture	Public Safety
\$ -	\$ -	\$ -	\$ -	\$ 244,568
246,933	40,853	62,516	-	-
-	302	-	21	131
-	-	-	1,261	-
-	-	28,872	-	-
246,933	41,155	91,388	1,282	244,699
-	-	-	-	-
-	-	-	1,954	93,864
53,519	31,940	91,842	-	-
58,553	-	-	-	-
143,302	154,487	-	3,020	21,196
255,374	186,427	91,842	4,974	115,060
(8,441)	(145,272)	(454)	(3,692)	129,639
-	-	-	-	-
-	-	-	(952)	-
-	-	-	(952)	-
(8,441)	(145,272)	(454)	(4,644)	129,639
15,055	181,758	4,758	5,795	93,150
-	-	-	-	-
15,055	181,758	4,758	5,795	93,150
\$ 6,614	\$ 36,486	\$ 4,304	\$ 1,151	\$ 222,789

CITY OF MONTCLAIR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Special Revenue Funds			
	Federal Asset Forfeiture-DOJ	State Asset Forfeiture Section 11489	Federal Asset Forfeiture- Treasury	Ontario-Montclair School District Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	74,000
Charges for services	-	-	-	-
Use of money and property	-	65	2	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	65	2	74,000
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	74,000
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	74,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	65	2	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	65	2	-
Fund Balances, Beginning of Year, as originally reported	(3,424)	21,604	223	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year	(3,424)	21,604	223	-
Fund Balances, End of Year	\$ (3,424)	\$ 21,669	\$ 225	\$ -

Special Revenue Funds					
State Supplemental Law Enforcement	Local Law Enforcement Block Grant	Crime Prevention PC 1202.5	Used Oil Recycling Block Grant	Human Services Grant	California Nutrition Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100,181	24,262	-	19,400	845,544	46,341
242	52	22	35	3,185	-
-	-	416	-	192	-
-	-	-	-	100	-
<u>100,423</u>	<u>24,314</u>	<u>438</u>	<u>19,435</u>	<u>849,021</u>	<u>46,341</u>
-	-	-	15,157	1,684	-
68,409	26,443	-	-	-	-
-	-	-	-	865,952	53,467
60,293	474	-	-	-	-
<u>128,702</u>	<u>26,917</u>	<u>-</u>	<u>15,157</u>	<u>34,635</u>	<u>-</u>
<u>(28,279)</u>	<u>(2,603)</u>	<u>438</u>	<u>4,278</u>	<u>(53,250)</u>	<u>(7,126)</u>
-	952	-	-	-	-
-	-	-	-	-	-
-	952	-	-	-	-
<u>(28,279)</u>	<u>(1,651)</u>	<u>438</u>	<u>4,278</u>	<u>(53,250)</u>	<u>(7,126)</u>
70,578	(1,151)	6,666	3,288	144,053	1,323
-	-	-	-	-	-
<u>70,578</u>	<u>(1,151)</u>	<u>6,666</u>	<u>3,288</u>	<u>144,053</u>	<u>1,323</u>
<u>\$ 42,299</u>	<u>\$ (2,802)</u>	<u>\$ 7,104</u>	<u>\$ 7,566</u>	<u>\$ 90,803</u>	<u>\$ (5,803)</u>

CITY OF MONTCLAIR

COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Special Revenue Funds				
	E.M.T. Paramedic	OCJP Grant	Automated Traffic Enforcement	Office of Traffic Safety Grant	Equipment Replacement
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	23,902	-	13,976	-
Charges for services	147,844	-	-	-	-
Use of money and property	-	-	-	-	33,472
Fines and forfeitures	-	-	234,694	-	-
Miscellaneous	498	-	-	-	38,370
Total Revenues	148,342	23,902	234,694	13,976	71,842
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	226,980	24,133	345,668	-	33,060
Community development	-	-	-	-	-
Public works	-	-	-	2,772	-
Capital outlay	-	8,551	-	-	148,230
Total Expenditures	226,980	32,684	345,668	2,772	181,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,638)	(8,782)	(110,974)	11,204	(109,448)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	158,000
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	158,000
Net Change in Fund Balances	(78,638)	(8,782)	(110,974)	11,204	48,552
Fund Balances, Beginning of Year, as originally reported	21,143	(5,698)	(287,698)	(8,286)	1,308,160
Restatements	-	-	-	-	-
Fund Balances, Beginning of Year	21,143	(5,698)	(287,698)	(8,286)	1,308,160
Fund Balances, End of Year	\$ (57,495)	\$ (14,480)	\$ (398,672)	\$ 2,918	\$ 1,356,712

Special Revenue Funds			Capital Project Funds			Total Governmental Funds
Building Maintenance & Infrastructure	Refuse Fee Impound	Montclair Youth Sponsorship	Monte Vista Grade Separation Project	Ramona Grade Separation Project	City Facility Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 896,392
-	-	-	-	-	-	2,523,187
-	-	-	-	-	-	151,029
-	12,141	3,103	-	-	13,262	165,879
-	250	8,508	-	-	-	620,483
-	<u>12,391</u>	<u>11,611</u>	-	-	<u>13,262</u>	<u>183,621</u>
-	108,154	-	-	-	-	126,080
-	9,624	-	-	-	-	904,135
156,489	-	9,807	9,095	-	-	1,106,527
-	-	-	-	-	193,277	259,902
<u>156,489</u>	<u>117,778</u>	<u>9,807</u>	<u>9,095</u>	-	<u>193,277</u>	<u>2,122,804</u>
(156,489)	(105,387)	1,804	(9,095)	-	(180,015)	21,143
250,000	-	-	-	-	250,000	658,952
-	-	-	-	-	-	(391,064)
<u>250,000</u>	-	-	-	-	<u>250,000</u>	<u>267,888</u>
93,511	(105,387)	1,804	(9,095)	-	69,985	289,031
(13,320)	374,900	43,379	(490,294)	(1,100)	858,155	5,530,832
(76,990)	-	-	-	-	-	(76,990)
(90,310)	374,900	43,379	(490,294)	(1,100)	858,155	5,453,842
<u>\$ 3,201</u>	<u>\$ 269,513</u>	<u>\$ 45,183</u>	<u>\$ (499,389)</u>	<u>\$ (1,100)</u>	<u>\$ 928,140</u>	<u>\$ 5,742,873</u>

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,769,709	\$ 1,769,709	\$ 1,769,709	\$ -
Resources (Inflows):				
Taxes	631,000	631,000	651,824	20,824
Intergovernmental	-	-	347,961	347,961
Use of money and property	100,000	100,000	37,527	(62,473)
Other	-	3,020	3,020	-
Amounts Available for Appropriation	2,500,709	2,503,729	2,810,041	306,312
Charges to Appropriation (Outflow):				
General government	1,300	1,300	1,085	215
Public works	-	3,107,471	-	3,107,471
Capital outlay	-	-	889,084	(889,084)
Transfers to other funds	-	6,000	6,000	-
Total Charges to Appropriations	1,300	3,114,771	896,169	2,218,602
Budgetary Fund Balance, June 30	\$ 2,499,409	\$ (611,042)	\$ 1,913,872	\$ 2,524,914

**BUDGETARY COMPARISON SCHEDULE
MEASURE I
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,459,844	\$ 1,459,844	\$ 1,459,844	\$ -
Resources (Inflows):				
Intergovernmental	435,000	435,000	509,246	74,246
Use of money and property	30,000	30,000	38,105	8,105
Amounts Available for Appropriation	1,924,844	1,924,844	2,007,195	82,351
Charges to Appropriation (Outflow):				
Public works	-	1,438,564	-	1,438,564
Capital outlay	-	-	7,154	(7,154)
Total Charges to Appropriations	-	1,438,564	7,154	1,431,410
Budgetary Fund Balance, June 30	\$ 1,924,844	\$ 486,280	\$ 2,000,041	\$ 1,513,761

**BUDGETARY COMPARISON SCHEDULES
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Fines and forfeitures	375,000	375,000	384,112	9,112
Amounts Available for Appropriation	375,000	375,000	384,112	9,112
Charges to Appropriation (Outflow):				
Transfers to other funds	-	375,000	384,112	(9,112)
Total Charges to Appropriations	-	375,000	384,112	(9,112)
Budgetary Fund Balance, June 30	\$ 375,000	\$ -	\$ -	\$ -

**BUDGETARY COMPARISON SCHEDULE
PARK DEVELOPMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (41,738)	\$ (41,738)	\$ (41,738)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	168,072	168,072
Use of money and property	28,800	28,800	27,205	(1,595)
Other	200,000	200,000	104,003	(95,997)
Amounts Available for Appropriation	187,062	187,062	257,542	70,480
Charges to Appropriation (Outflow):				
Public works	8,400	594,678	32,993	561,685
Capital outlay	-	-	459,101	(459,101)
Total Charges to Appropriations	8,400	594,678	492,094	102,584
Budgetary Fund Balance, June 30	\$ 178,662	\$ (407,616)	\$ (234,552)	\$ 173,064

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,055	\$ 15,055	\$ 15,055	\$ -
Resources (Inflows):				
Intergovernmental	404,600	451,622	246,933	(204,689)
Amounts Available for Appropriation	419,655	466,677	261,988	(204,689)
Charges to Appropriation (Outflow):				
Community development	7,000	374,600	53,519	321,081
Public works	30,000	270,022	58,553	211,469
Capital outlay	-	-	143,302	(143,302)
Total Charges to Appropriations	37,000	644,622	255,374	389,248
Budgetary Fund Balance, June 30	\$ 382,655	\$ (177,945)	\$ 6,614	\$ 184,559

CITY OF MONTCLAIR

Schedule 3F

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 181,758	\$ 181,758	\$ 181,758	\$ -
Resources (Inflows):				
Intergovernmental	38,000	38,000	40,853	2,853
Charges for Services	-	-	-	-
Use of money and property	2,000	2,000	302	(1,698)
Amounts Available for Appropriation	221,758	221,758	222,913	1,155
Charges to Appropriation (Outflow):				
Community development	139,775	30,498	31,940	(1,442)
Capital outlay	-	157,000	154,487	2,513
Total Charges to Appropriations	139,775	187,498	186,427	1,071
Budgetary Fund Balance, June 30	\$ 81,983	\$ 34,260	\$ 36,486	\$ 2,226

**BUDGETARY COMPARISON SCHEDULE
 OLDER AMERICAN ACT
 YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,758	\$ 4,758	\$ 4,758	\$ -
Resources (Inflows):				
Intergovernmental	54,561	56,561	62,516	5,955
Other	38,340	38,340	28,872	(9,468)
Amounts Available for Appropriation	97,659	99,659	96,146	(3,513)
Charges to Appropriation (Outflow):				
Community development	92,309	101,309	91,842	9,467
Total Charges to Appropriations	92,309	101,309	91,842	9,467
Budgetary Fund Balance, June 30	\$ 5,350	\$ (1,650)	\$ 4,304	\$ 5,954

**BUDGETARY COMPARISON SCHEDULE
STATE ASSET FORFEITURE
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,795	\$ 5,795	\$ 5,795	\$ -
Resources (Inflows):				
Use of money and property	100	100	21	(79)
Fines and forfeitures	-	-	1,261	1,261
Amounts Available for Appropriation	5,895	5,895	7,077	1,182
Charges to Appropriation (Outflow):				
Public safety	-	6,275	1,954	4,321
Capital outlay	-	-	3,020	(3,020)
Debt Service:				
Transfers to other funds	-	-	952	(952)
Total Charges to Appropriations	-	6,275	5,926	349
Budgetary Fund Balance, June 30	\$ 5,895	\$ (380)	\$ 1,151	\$ 1,531

CITY OF MONTCLAIR

Schedule 3I

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 93,150	\$ 93,150	\$ 93,150	\$ -
Resources (Inflows):				
Taxes	215,000	215,000	244,568	29,568
Use of money and property	2,000	2,000	131	(1,869)
Amounts Available for Appropriation	310,150	310,150	337,849	27,699
Charges to Appropriation (Outflow):				
Public safety	197,929	191,343	93,864	97,479
Capital outlay	59,775	-	21,196	(21,196)
Total Charges to Appropriations	257,704	191,343	115,060	76,283
Budgetary Fund Balance, June 30	\$ 52,446	\$ 118,807	\$ 222,789	\$ 103,982

CITY OF MONTCLAIR

Schedule 3J

**BUDGETARY COMPARISON SCHEDULE
FEDERAL ASSET FORFEITURE - DOJ
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (3,424)	\$ (3,424)	\$ (3,424)	\$ -
Amounts Available for Appropriation	(3,424)	(3,424)	(3,424)	-
Charges to Appropriation (Outflow):				
General government	1,000	1,000	-	1,000
Total Charges to Appropriations	1,000	1,000	-	1,000
Budgetary Fund Balance, June 30	\$ (4,424)	\$ (4,424)	\$ (3,424)	\$ 1,000

CITY OF MONTCLAIR

Schedule 3K

**BUDGETARY COMPARISON SCHEDULE
STATE ASSET FORFEITURE SECTION 11489
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 21,604	\$ 21,604	\$ 21,604	\$ -
Resources (Inflows):				
Use of money and property	150	150	65	(85)
Amounts Available for Appropriation	21,754	21,754	21,669	(85)
Budgetary Fund Balance, June 30	\$ 21,754	\$ 21,754	\$ 21,669	\$ (85)

**BUDGETARY COMPARISON SCHEDULE
ONTARIO-MONTCLAIR SCHOOL DISTRICT GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	64,000	74,000	74,000	-
Amounts Available for Appropriation	64,000	74,000	74,000	-
Charges to Appropriation (Outflow):				
Public safety	64,000	74,000	74,000	-
Total Charges to Appropriations	64,000	74,000	74,000	-
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

**BUDGETARY COMPARISON SCHEDULE
STATE SUPPLEMENTAL LOCAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 70,578	\$ 70,578	\$ 70,578	\$ -
Resources (Inflows):				
Intergovernmental	-	100,000	100,181	181
Use of money and property	-	-	242	242
Amounts Available for Appropriation	70,578	170,578	171,001	423
Charges to Appropriation (Outflow):				
Public safety	-	163,491	68,409	95,082
Capital outlay	-	-	60,293	(60,293)
Total Charges to Appropriations	-	163,491	128,702	34,789
Budgetary Fund Balance, June 30	\$ 70,578	\$ 7,087	\$ 42,299	\$ 35,212

**BUDGETARY COMPARISON SCHEDULE
LOCAL LAW ENFORCEMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,151)	\$ (1,151)	\$ (1,151)	\$ -
Resources (Inflows):				
Intergovernmental	-	17,584	24,262	6,678
Investment income	-	-	52	52
Transfers from other funds	-	-	952	952
Amounts Available for Appropriation	(1,151)	16,433	24,115	7,682
Charges to Appropriation (Outflow):				
Public safety	-	31,251	26,443	4,808
Public works	-	-	474	(474)
Total Charges to Appropriations	-	31,251	26,917	4,334
Budgetary Fund Balance, June 30	\$ (1,151)	\$ (14,818)	\$ (2,802)	\$ 12,016

CITY OF MONTCLAIR

Schedule 30

**BUDGETARY COMPARISON SCHEDULE
CRIME PREVENTION PC 1202.5
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,666	\$ 6,666	\$ 6,666	\$ -
Resources (Inflows):				
Investment income	50	50	22	(28)
Use of money and property	150	150	416	266
Amounts Available for Appropriation	6,866	6,866	7,104	238
Budgetary Fund Balance, June 30	\$ 6,866	\$ 6,866	\$ 7,104	\$ 238

CITY OF MONTCLAIR

Schedule 3P

BUDGETARY COMPARISON SCHEDULE
 USED OIL RECYCLING BLOCK GRANT
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,288	\$ 3,288	\$ 3,288	\$ -
Resources (Inflows):				
Intergovernmental	22,555	22,555	19,400	(3,155)
Investment income	-	-	35	35
Amounts Available for Appropriation	25,843	25,843	22,723	(3,120)
Charges to Appropriation (Outflow):				
General government	22,555	29,568	15,157	14,411
Total Charges to Appropriations	22,555	29,568	15,157	14,411
Budgetary Fund Balance, June 30	\$ 3,288	\$ (3,725)	\$ 7,566	\$ 11,291

CITY OF MONTCLAIR

Schedule 3Q

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 144,053	\$ 144,053	\$ 144,053	\$ -
Resources (Inflows):				
Intergovernmental	729,830	926,055	845,544	(80,511)
Charges for services	-	-	3,185	3,185
Investment income	3,000	3,000	192	(2,808)
Other	-	-	100	100
Amounts Available for Appropriation	876,883	1,073,108	993,074	(80,034)
Charges to Appropriation (Outflow):				
General government	-	3,737	1,684	2,053
Public services	694,831	941,424	865,952	75,472
Public works	-	-	34,635	(34,635)
Total Charges to Appropriations	694,831	945,161	902,271	42,890
Budgetary Fund Balance, June 30	\$ 182,052	\$ 127,947	\$ 90,803	\$ (37,144)

**BUDGETARY COMPARISON SCHEDULE
CALIFORNIA NUTRITION GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	- Final		
Budgetary Fund Balance, July 1	\$ 1,323	\$ 1,323	\$ 1,323	\$ -
Resources (Inflows):				
Intergovernmental	84,532	84,532	46,341	(38,191)
Amounts Available for Appropriation	85,855	85,855	47,664	(38,191)
Charges to Appropriation (Outflow):				
Public services	82,235	82,235	53,467	28,768
Total Charges to Appropriations	82,235	82,235	53,467	28,768
Budgetary Fund Balance, June 30	\$ 3,620	\$ 3,620	\$ (5,803)	\$ (9,423)

BUDGETARY COMPARISON SCHEDULE
E.M.T. PARAMEDIC
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 21,143	\$ 21,143	\$ 21,143	\$ -
Resources (Inflows):				
Charges for services	170,250	170,250	147,844	(22,406)
Investment income	1,000	1,000	-	(1,000)
Other	200	200	498	298
Amounts Available for Appropriation	192,593	192,593	169,485	(23,108)
Charges to Appropriation (Outflow):				
Public safety	201,268	201,268	226,980	(25,712)
Total Charges to Appropriations	201,268	201,268	226,980	(25,712)
Budgetary Fund Balance, June 30	\$ (8,675)	\$ (8,675)	\$ (57,495)	\$ (48,820)

CITY OF MONTCLAIR

Schedule 3T

BUDGETARY COMPARISON SCHEDULE
 OCJP GRANT
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (5,698)	\$ (5,698)	\$ (5,698)	\$ -
Resources (Inflows):				
Intergovernmental	23,900	23,900	23,902	2
Amounts Available for Appropriation	18,202	18,202	18,204	2
Charges to Appropriation (Outflow):				
Public safety	22,000	32,572	24,133	8,439
Public works	-	-	8,551	(8,551)
Total Charges to Appropriations	22,000	32,572	32,684	(112)
Budgetary Fund Balance, June 30	\$ (3,798)	\$ (14,370)	\$ (14,480)	\$ (110)

**BUDGETARY COMPARISON SCHEDULE
OFFICE OF TRAFFIC SAFETY GRANT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (8,286)	\$ (8,286)	\$ (8,286)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	13,976	13,976
Amounts Available for Appropriation	(8,286)	(8,286)	5,690	13,976
Charges to Appropriation (Outflow):				
Parks and Recreation	-	2,807	2,772	35
Total Charges to Appropriations	-	2,807	2,772	35
Budgetary Fund Balance, June 30	\$ (8,286)	\$ (11,093)	\$ 2,918	\$ 14,011

**BUDGETARY COMPARISON SCHEDULE
EQUIPMENT REPLACEMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,308,160	\$ 1,308,160	\$ 1,308,160	\$ -
Resources (inflows):				
Invest Income	20,000	20,000	33,472	13,472
Other	-	14,025	38,370	24,345
Transfers from other funds	-	158,000	158,000	-
Amounts Available for Appropriation	1,328,160	1,500,185	1,538,002	37,817
Charges to Appropriation (outflow):				
Public safety	-	33,060	33,060	-
Public works	158,800	199,866	148,230	51,636
Total Charges to Appropriations	158,800	232,926	181,290	51,636
Budgetary Fund Balance, June 30	\$ 1,169,360	\$ 1,267,259	\$ 1,356,712	\$ 89,453

**BUDGETARY COMPARISON SCHEDULE
BUILDING MAINTENANCE AND INFRASTRUCTURE
YEAR ENDED JUNE 30, 2005**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (90,310)	\$ (90,310)	\$ (90,310)	\$ -
Resources (inflows):				
Invest income	2,500	2,500	-	(2,500)
Transfers from other funds	-	250,000	250,000	-
Amounts Available for Appropriation	(87,810)	162,190	159,690	(2,500)
Charges to Appropriation (outflow):				
Parks and recreation	-	359,653	156,489	203,164
Budgetary Fund Balance, June 30	\$ (87,810)	\$ (197,463)	\$ 3,201	\$ 200,664

**BUDGETARY COMPARISON SCHEDULE
REFUSE FEE IMPOUND
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 374,900	\$ 374,900	\$ 374,900	\$ -
Resources (inflows):				
Invest Income	20,000	20,000	12,141	(7,859)
Other	-	-	250	250
Amounts Available for Appropriation	394,900	394,900	387,291	(7,609)
Charges to Appropriation (outflow):				
General government	104,465	122,958	108,154	14,804
Public safety	16,500	17,430	9,624	7,806
Total Charges to Appropriations	120,965	140,388	117,778	22,610
Budgetary Fund Balance, June 30	\$ 273,935	\$ 254,512	\$ 269,513	\$ 15,001

**BUDGETARY COMPARISON SCHEDULE
MONTCLAIR YOUTH SPONSORSHIP
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 43,379	\$ 43,379	\$ 43,379	\$ -
Resources (inflows):				
Invest income	2,000	2,000	3,103	1,103
Other	6,000	6,000	8,508	2,508
Amounts Available for Appropriation	51,379	51,379	54,990	3,611
Charges to Appropriation (outflow):				
Public services	-	-	9,807	(9,807)
Total Charges to Appropriations	-	-	9,807	(9,807)
Budgetary Fund Balance, June 30	\$ 51,379	\$ 51,379	\$ 45,183	\$ (6,196)

**BUDGETARY COMPARISON SCHEDULE
MONTE VISTA GRADE SEPARATION PROJECT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (490,294)	\$ (490,294)	\$ (490,294)	\$ -
Resources (Inflows):				
Amounts Available for Appropriation	(490,294)	(490,294)	(490,294)	-
Charges to Appropriation (Outflow):				
Public works	-	20,593,712	9,095	20,584,617
Total Charges to Appropriations	-	20,593,712	9,095	20,584,617
Budgetary Fund Balance, June 30	\$ (490,294)	\$ (21,084,006)	\$ (499,389)	\$ 20,584,617

**BUDGETARY COMPARISON SCHEDULE
RAMONA GRADE SEPARATION PROJECT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,100)	\$ (1,100)	\$ (1,100)	\$ -
Amounts Available for Appropriation	(1,100)	(1,100)	(1,100)	-
Charges to Appropriation (Outflow):				
Public works	-	6,936,900	-	6,936,900
Total Charges to Appropriations	-	6,936,900	-	6,936,900
Budgetary Fund Balance, June 30	\$ (1,100)	\$ (6,938,000)	\$ (1,100)	\$ 6,936,900

**BUDGETARY COMPARISON SCHEDULE
CITY FACILITY IMPROVEMENT
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 858,155	\$ 858,155	\$ 858,155	\$ -
Resources (Inflows):				
Use of money and property	13,000	13,000	13,262	262
Transfers from other funds	-	250,000	250,000	-
Amounts Available for Appropriation	871,155	1,121,155	1,121,417	262
Charges to Appropriation (Outflow):				
Public safety	-	16,097	-	16,097
Public works	-	54,355	-	54,355
Capital outlay	-	-	193,277	(193,277)
Total Charges to Appropriations	-	70,452	193,277	(122,825)
Budgetary Fund Balance, June 30	\$ 871,155	\$ 1,050,703	\$ 928,140	\$ (122,563)

**BUDGETARY COMPARISON STATEMENT
MONTCLAIR REDEVELOPMENT AGENCY
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 23,863,419	\$ 23,863,419	\$ 23,863,419	\$ -
Resources (Inflows):				
Taxes	1,311,401	611,401	1,612,000	1,000,599
Intergovernmental	35,000	35,000	15,728	(19,272)
Use of money and property	570,380	1,912,669	808,043	(1,104,626)
Other	349,653	263,820	643,421	379,601
Transfers from other funds	246,625	-	9	9
Amounts Available for Appropriation	26,376,478	26,686,309	26,942,620	256,311
Charges to Appropriation (Outflow):				
General government	4,477,535	5,232,535	2,406,402	2,826,133
Public safety	-	-	3,261,747	(3,261,747)
Community development	13,255,800	14,244,593	-	14,244,593
Total Charges to Appropriations	17,733,335	19,477,128	5,668,149	13,808,979
Budgetary Fund Balance, June 30	\$ 8,643,143	\$ 7,209,181	\$ 21,274,471	\$ 14,065,290

CITY OF MONTCLAIR

Schedule 5

**BUDGETARY COMPARISON STATEMENT
MONTCLAIR REDEVELOPMENT AGENCY
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,601,975	\$ 11,601,975	\$ 11,601,975	\$ -
Resources (Inflows):				
Taxes	3,602,970	3,602,970	5,249,258	1,646,288
Use of money and property	101,000	101,000	227,866	126,866
Transfers from other funds	3,818,134	3,818,134	-	(3,818,134)
Amounts Available for Appropriation	19,124,079	19,124,079	17,079,099	(2,044,980)
Charges to Appropriations (Outflow):				
General government	109,277	109,277	631,516	(522,239)
Debt service:				
Principal	830,000	830,000	830,000	-
Interest and fiscal charges	2,535,927	2,099,927	2,593,701	(493,774)
Transfers to other funds	(4,064,759)	(4,064,759)	9	(4,064,768)
Total Charges to Appropriations	(589,555)	(1,025,555)	4,055,226	(5,080,781)
Budgetary Fund Balance, June 30	\$ 19,713,634	\$ 20,149,634	\$ 13,023,873	\$ (7,125,761)

CITY OF MONTCLAIR

Schedule 6

COMBINING BALANCE SHEET
AGENCY FUND
JUNE 30, 2005

	<u>Agency Fund</u>
	<u>Sewer Plant</u>
Assets:	
Cash and investments	\$ 932,053
Total Assets	\$ 932,053
Liabilities:	
Liabilities:	
Accounts payable	\$ 520
Due to other governments	931,533
Total Liabilities	\$ 932,053

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
<u>Sewer Plant</u>				
Assets:				
Cash and investments	\$ 1,109,833	\$ 686,284	\$ 864,064	\$ 932,053
Total Assets	<u>\$ 1,109,833</u>	<u>\$ 686,284</u>	<u>\$ 864,064</u>	<u>\$ 932,053</u>
Liabilities:				
Accounts payable	\$ -	\$ 520	\$ -	\$ 520
Due to other governments	1,109,833	686,284	864,584	931,533
Total Liabilities	<u>\$ 1,109,833</u>	<u>\$ 686,804</u>	<u>\$ 864,584</u>	<u>\$ 932,053</u>

