

CITY OF MONTCLAIR
FINANCIAL STATEMENTS
Year Ended June 30, 2012

City of Montclair
Financial Statements
Year Ended June 30, 2012

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Independent Auditors' Report

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 (the "City"), California, as of and for the year ended June 30, 2012, 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 basic 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 opinions.

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, California, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, there have been recent changes in legislation affecting redevelopment agencies in the State of California which required the dissolution of redevelopment agencies as of February 1, 2012, including the Montclair Redevelopment Agency.

The City has not presented the 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 accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information included in the Required Supplementary Information section, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to

the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montclair's financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Teaman Ramirez & Smith, Llc.

March 6, 2013

BASIC FINANCIAL STATEMENTS

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City of Montclair
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Pooled Cash and Investments	\$ 33,772,109	\$ 1,129,023	\$ 34,901,132
Receivables:			
Accounts	2,128,143	233,792	2,361,935
Taxes	-	-	-
Notes and Loans	14,815	-	14,815
Accrued Interest	43,533	-	43,533
Internal Balances	165,715	(165,715)	-
Prepaid Costs	162,840	-	162,840
Due From Other Governments	2,682,759	632	2,683,391
Deferred Charges	478,487	-	478,487
Restricted Assets:			
Cash with Fiscal Agent	2,160,779	-	2,160,779
Capital Assets Not Being Depreciated	12,699,981	-	12,699,981
Capital Assets, Net of Depreciation	<u>89,677,250</u>	<u>2,433,458</u>	<u>92,110,708</u>
 Total Assets	 <u>143,986,411</u>	 <u>3,631,190</u>	 <u>147,617,601</u>
LIABILITIES			
Accounts Payable	2,141,598	263,521	2,405,119
Accrued Liabilities	527,679	20,413	548,092
Accrued Interest	311,200	-	311,200
Deposits Payable	417,759	-	417,759
Due to Other Governments	98,362	-	98,362
Unearned Revenue	601,344	-	601,344
Advances from Fiduciary Funds	5,358,771	-	5,358,771
Noncurrent Liabilities:			
Due Within One Year	2,073,131	54,000	2,127,131
Due in More Than One Year	<u>29,653,209</u>	<u>44,772</u>	<u>29,697,981</u>
 Total Liabilities	 <u>41,183,053</u>	 <u>382,706</u>	 <u>41,565,759</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	74,717,231	2,433,458	77,150,689
Restricted for:			
Community Development Projects	11,583,682	-	11,583,682
Public Safety	-	-	-
Transportation	3,497,246	-	3,497,246
Capital Projects	1,912,503	-	1,912,503
Debt Service	1,930,580	-	1,930,580
Unrestricted	<u>9,162,116</u>	<u>815,026</u>	<u>9,977,142</u>
 Total Net Assets	 <u>\$ 102,803,358</u>	 <u>\$ 3,248,484</u>	 <u>\$ 106,051,842</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ (10,408,562)	\$ 552,941	\$ 772,702	\$ -
Public Safety	(16,918,140)	1,210,063	661,446	-
Community Development	(6,564,706)	1,325,751	3,018,998	291,574
Public Works	(4,726,850)	2,707,430	270,744	1,336,255
Interest on Long-Term Debt	(1,455,949)	-	-	-
Total Governmental Activities	<u>(40,074,207)</u>	<u>5,796,185</u>	<u>4,723,890</u>	<u>1,627,829</u>
Business-type Activities:				
Sewer Maintenance	<u>(2,324,975)</u>	<u>2,613,785</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>(2,324,975)</u>	<u>2,613,785</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ (42,399,182)</u>	<u>\$ 8,409,970</u>	<u>\$ 4,723,890</u>	<u>\$ 1,627,829</u>

General Revenues:

Taxes:

Property Taxes

Transient Occupancy Taxes

Sales Taxes

Franchise Taxes

Business Licenses Taxes

Utility Users Tax

Other Taxes

Miscellaneous Revenues

Other

Transfers from Fiduciary Fund

Total General Revenues and Transfers

Extraordinary Item

Change in Net Assets

Net Assets - Beginning of Year

Restatement of Net Assets

Net Assets - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activites</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (9,082,919)	\$ -	\$ (9,082,919)
(15,046,631)	-	(15,046,631)
(1,928,383)	-	(1,928,383)
(412,421)	-	(412,421)
<u>(1,455,949)</u>	<u>-</u>	<u>(1,455,949)</u>
-	-	-
<u>(27,926,303)</u>	<u>-</u>	<u>(27,926,303)</u>
-	288,810	288,810
<u>-</u>	<u>288,810</u>	<u>288,810</u>
(27,926,303)	288,810	(27,637,493)
<u>(27,926,303)</u>	<u>288,810</u>	<u>(27,637,493)</u>
12,211,540	-	12,211,540
30,678	-	30,678
9,556,545	-	9,556,545
628,707	-	628,707
644,133	-	644,133
1,661,290	-	1,661,290
2,049,463	-	2,049,463
2,264,573	2,735	2,267,308
310,786	-	310,786
<u>(7,796,675)</u>	<u>-</u>	<u>(7,796,675)</u>
<u>21,561,040</u>	<u>2,735</u>	<u>21,563,775</u>
<u>24,270,555</u>	<u>-</u>	<u>24,270,555</u>
17,905,292	291,545	18,196,837
83,986,499	2,956,939	86,943,438
<u>911,567</u>	<u>-</u>	<u>911,567</u>
<u>\$ 102,803,358</u>	<u>\$ 3,248,484</u>	<u>\$ 106,051,842</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Balance Sheet
Governmental Funds
June 30, 2012

		Special Revenue	Capital Projects	
	General Fund	Montclair Housing Corporation	Project Area Bond Proceeds	Montclair Redevelopment Agency
ASSETS				
Pooled Cash and Investments	\$ 10,986,967	\$ 2,683,055	\$ 14,154,996	\$ -
Receivables:				
Accounts	1,819,781	131,735	-	-
Notes and Loans	13,418	1,397	-	-
Accrued Interest	38,682	-	-	-
Prepaid Costs	162,840	-	-	-
Due from Other Governments	1,698,132	-	-	-
Due from Other Funds	711,355	-	5,649	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	118,301	36,486	-	-
Total Assets	\$ 15,549,476	\$ 2,852,673	\$ 14,160,645	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,512,273	\$ 151,388	\$ -	\$ -
Accrued Liabilities	464,178	5,021	-	-
Deferred Revenues	193,767	-	-	-
Unearned Revenue	-	-	-	-
Deposits Payable	376,307	40,227	-	-
Due to Other Governments	78,015	2,642	-	-
Due to Other Funds	15,040	-	-	-
Advances from Fiduciary Fund	-	5,358,771	-	-
Total Liabilities	2,639,580	5,558,049	-	-
Fund Balances:				
Nonspendable	162,840	-	-	-
Restricted	-	-	14,160,645	-
Committed	-	-	-	-
Assigned	8,307,077	-	-	-
Unassigned	4,439,979	(2,705,376)	-	-
Total Fund Balances	12,909,896	(2,705,376)	14,160,645	-
Total Liabilities and Fund Balances	\$ 15,549,476	\$ 2,852,673	\$ 14,160,645	\$ -

The accompanying notes are an integral part of this statement.

<u>Debt Service</u> <u>Montclair</u> <u>Redevelopment</u> <u>Agency</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$	\$ 5,947,091	\$ 33,772,109
-	176,627	2,128,143
-	-	14,815
-	4,851	43,533
-	-	162,840
-	984,627	2,682,759
-	588,472	1,305,476
-	2,005,992	2,160,779
<u>\$ -</u>	<u>\$ 9,707,660</u>	<u>\$ 42,270,454</u>
\$ -	\$ 477,937	\$ 2,141,598
-	58,480	527,679
-	25,000	218,767
-	601,344	601,344
-	1,225	417,759
-	17,705	98,362
-	1,124,721	1,139,761
-	-	5,358,771
-	2,306,412	10,504,041
-	-	162,840
-	8,052,354	22,212,999
-	-	-
-	-	8,307,077
-	(651,106)	1,083,497
-	7,401,248	31,766,413
<u>\$ -</u>	<u>\$ 9,707,660</u>	<u>\$ 42,270,454</u>

The accompanying notes are an integral part of this statement.

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City of Montclair
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Fund Balances of Governmental Funds	\$	31,766,413
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		102,377,231
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the Statement of Net Assets.		478,487
Long-term debt and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-term Liabilities		(29,546,377)
Compensated Absences		(2,179,963)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(311,200)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		<u>218,767</u>
Net Assets of Governmental Activities	\$	<u><u>102,803,358</u></u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	General Fund	Special Revenue	Capital Projects	
		Montclair Housing Corporation	Project Area Bond Proceeds	Montclair Redevelopment Agency
REVENUES				
Taxes	\$ 20,221,964	\$ -	\$ -	\$ 1,409,513
Licenses and Permits	546,505	-	-	-
Intergovernmental	1,344,343	-	-	-
Charges for Services	2,937,424	-	-	-
Use of Money and Property	178,202	784,814	17,205	(2,011)
Fines and Forfeitures	774,843	-	-	-
Miscellaneous	411,215	4,918	-	2,001,711
Total Revenues	<u>26,414,496</u>	<u>789,732</u>	<u>17,205</u>	<u>3,409,213</u>
EXPENDITURES				
Current:				
General Government	5,584,332	1,021,365	-	828,494
Public Safety	14,816,550	-	-	-
Community Development	1,956,350	-	-	-
Public Works	3,205,759	-	-	-
Capital Outlay	96,507	-	693,443	23,624
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Pass Through Agreement Payments	-	-	-	219,808
Total Expenditures	<u>25,659,498</u>	<u>1,021,365</u>	<u>693,443</u>	<u>1,071,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>754,998</u>	<u>(231,633)</u>	<u>(676,238)</u>	<u>2,337,287</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,773,438	-	-	-
Transfers Out	(3,807,357)	-	-	-
Transfers from Fiduciary Fund	324,529	-	-	-
Transfers to Fiduciary Fund	-	-	(8,121,204)	-
Total Other Financing Sources (Uses)	<u>(1,709,390)</u>	<u>-</u>	<u>(8,121,204)</u>	<u>-</u>
Extraordinary Item	-	-	-	(15,701,327)
Net Change in Fund Balances	(954,392)	(231,633)	(8,797,442)	(13,364,040)
Fund Balance, Beginning of Year	13,043,506	(2,473,743)	22,958,087	13,314,550
Prior Period Adjustments	820,782	-	-	49,490
End of Year	<u>\$ 12,909,896</u>	<u>\$ (2,705,376)</u>	<u>\$ 14,160,645</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Debt Service		
Montclair Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
\$ 5,638,054	\$ 1,313,186	\$ 28,582,717
-	-	546,505
-	3,694,632	5,038,975
-	244,154	3,181,578
7,978	68,295	1,054,483
-	134,795	909,638
-	725,508	3,143,352
<u>5,646,032</u>	<u>6,180,570</u>	<u>42,457,248</u>
-	1,256	7,435,447
-	923,363	15,739,913
-	2,143,881	4,100,231
-	1,568,025	4,773,784
16,178	1,382,007	2,211,759
-	655,000	655,000
115,067	1,257,901	1,372,968
2,216,435	-	2,436,243
<u>2,347,680</u>	<u>7,931,433</u>	<u>38,725,345</u>
<u>3,298,352</u>	<u>(1,750,863)</u>	<u>3,731,903</u>
-	5,817,791	7,591,229
-	(3,783,872)	(7,591,229)
-	-	324,529
-	-	(8,121,204)
<u>-</u>	<u>2,033,919</u>	<u>(7,796,675)</u>
<u>(17,063,387)</u>	<u>-</u>	<u>(32,764,714)</u>
(13,765,035)	283,056	(36,829,486)
13,765,035	7,076,897	67,684,332
-	41,295	911,567
<u>\$ -</u>	<u>\$ 7,401,248</u>	<u>\$ 31,766,413</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (36,829,486)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as an expenditures. However in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Acquisition of Capital Assets	2,343,765
Depreciation Expense	(3,848,803)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premium discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal Repayments	655,000
Amortization of Deferred Charges	(92,681)

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. (477,420)

Accrued interest payable is not reported in the governmental funds. 9,700

To record the net change in compensated absences in the Statement of Activities. 61,577

Governmental funds do not report certain long-term assets and long-term liabilities that are reflected in the Statement of Net Assets. This amount represents the difference in the extraordinary loss in the governmental funds and the extraordinary gain in the Statement of Activities, due to the dissolution of the Redevelopment Agency. 57,035,269

Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds. (951,629)

Change in Net Assets of Governmental Activities \$ 17,905,292

City of Montclair
Statement of Net Assets
Proprietary Funds
June 30, 2012

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
ASSETS	
Current:	
Pooled Cash and Investments	\$ 1,129,023
Receivables:	
Accounts (net of allowance)	233,792
Due from Other Governments	632
Total Current Assets	<u>1,363,447</u>
Noncurrent:	
Capital Assets - Net of Accumulated Depreciation	<u>2,433,458</u>
Total Noncurrent Assets	<u>2,433,458</u>
Total Assets	<u><u>\$ 3,796,905</u></u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Current:	
Accounts Payable	\$ 263,521
Accrued Liabilities	20,413
Due to Other Funds	165,715
Accrued Compensated Absences	54,000
Total Current Liabilities	<u>503,649</u>
Noncurrent:	
Accrued Compensated Absences	<u>44,772</u>
Total Noncurrent Liabilities	<u>44,772</u>
Total Liabilities	<u>548,421</u>
Net Assets:	
Invested in Capital Assets	2,433,458
Unrestricted	815,026
Total Net Assets	<u>3,248,484</u>
Total Liabilities and Net Assets	<u><u>\$ 3,796,905</u></u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
OPERATING REVENUES	
Sales and Service Charges	<u>\$ 2,613,785</u>
Total Operating Revenues	<u>2,613,785</u>
OPERATING EXPENSES	
Salaries and Benefits	584,182
Supplies and Services	203,005
Treatment	1,472,670
Depreciation Expense	<u>65,118</u>
Total Operating Expenses	<u>2,324,975</u>
Operating Income (Loss)	<u>288,810</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	<u>2,735</u>
Total Nonoperating Revenues (Expenses)	<u>2,735</u>
Changes in Net Assets	291,545
Net Assets, Beginning of Year	2,956,939
Prior Period Adjustments	<u>-</u>
Net Assets, End of Fiscal Year	<u><u>\$ 3,248,484</u></u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds Sewer Maintenance Fund
Cash Flows from Operating Activities	
Cash Received from Customers and Users	\$ 2,446,032
Cash Paid to Suppliers for Goods and Services	(1,685,625)
Cash Paid to Employees for Services	(587,273)
	173,134
Net Cash Provided (Used) by Operating Activities	
Cash Flows from Non-Capital Financing Activities	
Cash Received From (Paid to) Other Funds	201,464
	201,464
Net Cash Provided (Used) by Non-Capital Financing Activities	
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(4,043)
	(4,043)
Net Cash Provided (Used) by Capital and Related Financing Activities	
Cash Flows from Investing Activities	
Interest Received	2,735
	2,735
Net Cash Provided (Used) by Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	373,290
Cash and Cash Equivalents at Beginning of Year	755,733
Cash and Cash Equivalents at End of Year	\$ 1,129,023
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 288,810
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:	
Depreciation	65,118
(Increase) Decrease in Accounts Receivable	(167,825)
(Increase) Decrease in Due from Other Governments	72
Increase (Decrease) in Accounts Payable	(9,950)
Increase (Decrease) in Accrued Liabilities	964
Increase (Decrease) in Compensated Absences	(4,055)
	(115,676)
Total Adjustments	
Net Cash Provided (Used) by Operating Activities	\$ 173,134

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Pooled Cash and Investments	\$ 19,992,711	\$ 2,740,659
Restricted Cash with Fiscal Agent	4,073,747	
Notes Receivable	2,943,138	
Accounts Receivable	8,236	
Interest Receivable	12,259	
Deferred Charges	1,551,997	
Due from Governments	2,107	
Advances to Housing Corporation	5,358,771	
Total Assets	33,942,966	\$ 2,740,659
LIABILITIES		
Accounts Payable	69,600	\$ 145,050
Accrued Liabilities	20,848	
Deferred Revenue	400	
Deposits Payable	2,722	1,914,950
Due to Other Governments	1,016,531	680,659
Due to Other Funds	-	
Interest Payable	740,610	
Bonds Payable	49,020,694	
Total Liabilities	50,871,405	\$ 2,740,659
NET ASSETS		
Net Assets Held in Trust for Successor Agency	\$ (16,928,439)	

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2012

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 5,070,669
Investment Income	71,243
Other Revenue	2,888
	5,144,800
DEDUCTIONS	
Administrative Costs	775,383
Pass-through Payments	1,707,645
Interest on Bonds	3,116,331
	5,599,359
Transfers from the City of Montclair	8,121,204
Transfers to the City of Montclair	(324,529)
Change in Net Assets before Extraordinary Items	7,342,116
Extraordinary Loss	(24,270,555)
Change in Net Assets	(16,928,439)
Net Assets - Beginning of Year	-
Net Assets - End of Year	(16,928,439)

The accompanying notes are an integral part of this statement.

City of Montclair
Notes to Financial Statements
June 30, 2012

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 (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. However, the Agency was dissolved as of February 1, 2012 as a result of state legislation. The activities and balances subsequent to that date are reported in a private-purpose trust fund.

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.

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.

City of Montclair
Notes to Financial Statements
June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Government-Wide and Fund Financial Statements - Continued

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 revenue 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 period, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for state gas tax revenue which the City consider to be available if collected within 310 days. 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.

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.

City of Montclair
Notes to Financial Statements
June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The *Project Area Bond Proceeds Fund* accounts for Redevelopment Agency debt proceeds yet to be expended or distributed.

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

The City reports the following major proprietary fund:

The *Sewer Maintenance Fund* accounts for sewer service revenues and the corresponding sewer maintenance expenses.

Additionally, the City reports the following fund types:

The *Agency funds* are used to account for assets held by a governmental unit as an agent for individual, private organizations and/or other governmental units.

The *Successor Agency Private-Purpose Trust Fund* accounts for the balances and activities relating to the dissolution of the Redevelopment Agency.

Private-sector standards of accounting and financial reporting issued after November 30, 1989, 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 functions 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 reporting 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, as they are needed.

City of Montclair
Notes to Financial Statements
June 30, 2012

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 costs. 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 nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation.

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 pass 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
June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D) Assets, Liabilities and Net Assets or Equity - 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 development and maintenance.
- Debt Service includes those activities that account for the payment of long-term 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.

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, intangible assets and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets 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
June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D) Assets, Liabilities and Net Assets or Equity - Continued

Capital Assets - Continued

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

Sewer Lines	100 years
Structures and Improvements	20 to 99 years
Furniture and Equipment	5 to 20 years
Infrastructure Assets	5 to 30 years

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, when 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 or her 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 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.

City of Montclair
Notes to Financial Statements
June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D) Assets, Liabilities and Net Assets or Equity - Continued

Long-Term Obligations - Continued

In the fund financial statements, governmental funds 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.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) Deficit Fund Balances

The following non-major funds have deficit fund balances at June 30, 2012:

Special Revenue Funds:		
Community Development Block Grant	\$	405,000
Older American Act		7,913
Public Safety		153,492
California Nutrition Grant		23,140
E.M.S. Paramedic		114,348

These deficits will be funded with future years' revenues.

3) CASH AND INVESTMENTS

As of June 30, 2012 cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$	35,932,888
Business-Type Activities		1,129,023
Fiduciary Funds		<u>26,807,117</u>
 Total Cash and Investments	 \$	 <u>63,869,028</u>

The City of Montclair maintains a cash and investment pool that is available for use for all funds. Each fund'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.

City of Montclair
Notes to Financial Statements
June 30, 2012

3) CASH AND INVESTMENTS - Continued

Deposits

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 \$250,000 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.

Investments

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

- Bonds issued 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 City's investment policy.

City of Montclair
Notes to Financial Statements
June 30, 2012

3) CASH AND INVESTMENTS - Continued

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the 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 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, 2012, 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 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, 2012, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty 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, 2012, 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, 2012, 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. In accordance with GASB Statement No. 40, if the City has invested more than 5% of its investments in any

City of Montclair
Notes to Financial Statements
June 30, 2012

3) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk - Continued

one issuer, then they are exposed to credit risk. The following investments are in excess of 5% of total investments: FHLMC and FNMA.

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, 2012, 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	\$ 15,159,624	\$ -	\$ -	\$ -	\$ 15,159,624
Federal Home Loan Mortgage Corp.	-	-	2,500,000	-	2,500,000
Federal Home Loan Bank	-	-	-	500,000	500,000
Farmer MAC	-	-	549,339	-	549,339
Federal National Mortgage Assoc.	-	-	500,000	4,000,000	4,500,000
Certificates of Deposit	-	-	628,000	-	628,000
Cash with Fiscal Agent:					
Money Market Mutual Funds	5,968,771	-	-	-	5,968,771
Total	\$ 21,128,395	\$ -	\$ 4,177,339	\$ 4,500,000	\$ 29,805,734

City of Montclair
Notes to Financial Statements
June 30, 2012

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 10,226,591	\$ -	\$ -	\$ -	\$ 10,226,591
Work in Progress	40,939,232	-	2,082,066	43,021,298	-
Land Improvements	2,473,390	-	-	-	2,473,390
Total Capital Assets Not Depreciated	53,639,213	-	2,082,066	43,021,298	12,699,981
Capital Assets, Being Depreciated:					
Structures and Improvements	10,132,087	-	10,312,488	-	20,444,575
Furniture and Equipment	7,789,130	-	261,699	-	8,050,829
Infrastructure	50,751,043	-	32,708,810	-	83,459,853
Total Capital Assets Being Depreciated	68,672,260	-	43,282,997	-	111,955,257
Less Accumulated Depreciation:					
Structures and Improvements	5,020,927	-	476,328	-	5,497,255
Furniture and Equipment	6,245,835	-	380,188	-	6,626,023
Infrastructure	7,162,442	-	2,992,287	-	10,154,729
Total Accumulated Depreciation	18,429,204	-	3,848,803	-	22,278,007
Total Capital Assets Being Depreciated, Net	50,243,056	-	39,434,194	-	89,677,250
Governmental Activities Capital Assets, Net	\$103,882,269	\$ -	\$ 41,516,260	\$ 43,021,298	\$102,377,231

City of Montclair
Notes to Financial Statements
June 30, 2012

4) CAPITAL ASSETS - Continued

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Business-Type Activities:					
Capital Assets, Not Depreciated:					
Work in Progress	\$ 106,985	\$ -	\$ -	\$ -	\$ 106,985
Total Capital Assets Not Depreciated	<u>106,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,985</u>
Capital Assets, Being Depreciated:					
Sewer Lines	3,333,838	-	-	-	3,333,838
Furniture and Equipment	890,705	-	4,043	-	894,748
Total Capital Assets Being Depreciated	<u>4,224,543</u>	<u>-</u>	<u>4,043</u>	<u>-</u>	<u>4,228,586</u>
Less Accumulated Depreciation:					
Sewer Lines	1,275,136	-	33,338	-	1,308,474
Furniture and Equipment	561,859	-	31,780	-	593,639
Total Accumulated Depreciation	<u>1,836,995</u>	<u>-</u>	<u>65,118</u>	<u>-</u>	<u>1,902,113</u>
Total Capital Assets Being Depreciated, Net	<u>2,387,548</u>	<u>-</u>	<u>(61,075)</u>	<u>-</u>	<u>2,326,473</u>
Business-Type Activities					
Capital Assets, Net	<u>\$ 2,494,533</u>	<u>\$ -</u>	<u>\$ (61,075)</u>	<u>\$ -</u>	<u>\$ 2,433,458</u>

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

Governmental Activities:	
General Government	\$ 2,557,272
Public Safety	1,178,227
Community Development	28,232
Public Works	<u>85,072</u>
Total Governmental Activities	<u>\$ 3,848,803</u>
Business-Type Activities:	
Sewer	<u>\$ 65,118</u>

City of Montclair
Notes to Financial Statements
June 30, 2012

5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012, was as follows:

Due To/From Other Funds

		DUE TO OTHER FUNDS			
		General Fund	Sewer Maintenance	Non-Major Funds	Total
DUE FROM	General Fund	\$ -	\$ 165,715	\$ 545,640	\$ 711,355
	RDA Capital Projects	-	-	5,649	5,649
	Non-major Funds	15,040	-	573,432	588,472
Total		\$ 15,040	\$ 165,715	\$ 1,124,721	\$ 1,305,476

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

Advances To/From Other Funds

The former Redevelopment Agency advanced \$5,358,771 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 advance to the Housing Corporation (receivable) is now reported in the Successor Agency Private-Purpose Trust Fund, due to the dissolution of the Redevelopment Agency.

Transfers

		TRANSFERS IN		
		General Fund	Non-major Funds	Total
TRANSFERS OUT	General Fund	\$ -	\$ 3,807,357	\$ 3,807,357
	Non-major Funds	1,773,438	2,010,434	3,783,872
Total		\$ 1,773,438	\$ 5,817,791	\$ 7,591,229

The General Fund transferred \$1,912,901 to the 2005 Lease Revenue Bond fund for the annual debt service funding requirement. The General Fund made additional transfers of \$1,894,456 to non-major funds to reimburse various costs. Non-major funds transferred \$1,773,438 to the General Fund, and \$2,010,434 to other non-major funds to provide funds for various projects.

City of Montclair
Notes to Financial Statements
June 30, 2012

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, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Revenue Bonds	\$ 28,315,000	\$ -	\$ 655,000	\$ 27,660,000	\$ 685,000
Tax Allocation Notes	7,800,000	-	7,800,000	-	-
Tax Allocation Bonds	51,455,000	-	51,455,000	-	-
Claims and Judgments	1,408,957	477,420	-	1,886,377	1,263,873
Compensated Absences	2,241,540	1,458,033	1,519,610	2,179,963	124,258
	<u>\$ 91,220,497</u>	<u>\$ 1,935,453</u>	<u>\$ 61,429,610</u>	<u>\$ 31,726,340</u>	<u>\$ 2,073,131</u>

Lease Revenue Bonds

2005 Lease Revenue Bonds

During fiscal year 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, 2012 is \$27,660,000. The annual requirements to amortize the outstanding indebtedness as of June 30, 2012, including interest, are as follows:

City of Montclair
Notes to Financial Statements
June 30, 2012

6) LONG-TERM DEBT - Continued

A) Governmental Long-Term Debt - Continued

2005 Lease Revenue Bonds - Continued

Year Ending June 30,	2005 Lease Revenue Bonds	
	Principal	Interest Payments
2013	\$ 685,000	\$ 1,231,101
2014	710,000	1,202,314
2015	740,000	1,173,814
2016	770,000	1,145,964
2017	795,000	1,116,123
2018-2022	4,490,000	5,056,803
2023-2027	5,580,000	3,934,800
2028-2032	7,005,000	2,471,144
2033-2036	6,885,000	665,638
	<u>\$ 27,660,000</u>	<u>\$ 17,997,701</u>

Claims and Judgments

The City is self-insured for general liability and workers' compensation. For more detail, see Note 9. The balance of claims payable at June 30, 2012 is \$1,886,377.

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, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	\$ 102,827	\$ 49,945	\$ 54,000	\$ 98,772	\$ 54,000

City of Montclair
Notes to Financial Statements
June 30, 2012

6) LONG-TERM DEBT - Continued

C) Fiduciary Fund Long-Term Debt

Fiduciary Fund long-term debt activity for the 2011-12 fiscal year is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Tax Allocation Notes	\$ -	\$ 7,800,000	\$ 7,800,000	\$ -	\$ -
Tax Allocation Bonds	-	<u>51,455,000</u>	<u>1,185,000</u>	<u>50,270,000</u>	<u>1,240,000</u>
	<u>\$ -</u>	<u>\$ 59,255,000</u> *	<u>\$ 8,985,000</u>	50,270,000	<u>\$ 1,240,000</u>
Less: Unamortized Loss on Defeasance				(1,174,577)	
Less: Unamortized Discount				<u>(74,729)</u>	
Net Long-Term Debt				<u>\$ 49,020,694</u>	

*The amount represents transfers from the City to the Successor Agency for the Montclair Redevelopment Agency.

Tax Allocation Notes

2008 Tax Allocation Notes

On July 25, 2008, the Agency issued Tax Allocation Notes of 2008 in the amount of \$7,800,000 as a joint project with the County of San Bernardino. The 2008 Notes were issued to finance a portion of the costs of the Redevelopment Project, pay the costs in connection with the issuance of the notes and make certain other deposits as required. Interest on the notes is payable semi-annually on June 1 and December 1, in each year, commencing on December 1, 2008. The notes carry an interest rate of 5.00%. During the 2011-12 fiscal year, these Notes were entirely paid off.

Tax Allocation Bonds

2007A Taxable Allocation Refunding Bonds, Project Area III

On October 1, 2007, the Agency issued Taxable Allocation Refunding Bonds 2007A in the amount of \$25,450,000. The Bonds were issued with the purpose of refunding the 1997 Tax Allocation Bonds in the amount of \$14,485,000, refunding a portion of the 1998 Taxable Allocation Bonds and to provide monies to finance the redevelopment project. Interest on the bonds is payable semi-annually on March 1 and September 1 commencing on March 1, 2008. The bonds carry interest rates ranging from 3.4% to 5.00%. Serial bonds maturities begin September 1, 2008, and continue annually through September 1, 2021, ranging from \$440,000 to \$735,000 and term bonds mature in the amount of \$5,135,000 on September 1, 2027, \$5,565,000 on September 1, 2031 and \$6,705,000 on September 1, 2035. The balance at June 30, 2012 is \$23,520,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest, are as follows:

City of Montclair
Notes to Financial Statements
June 30, 2012

6) LONG-TERM DEBT - Continued

C) Fiduciary Fund Long-Term Debt - Continued

Tax Allocation Bonds - Continued

2007A Taxable Allocation Refunding Bonds, Project Area III - Continued

Year Ending June 30,	2007A Taxable Tax Allocation Bonds Project Area III	
	Principal	Interest
2013	\$ 495,000	\$ 1,079,269
2014	525,000	1,056,938
2015	545,000	1,032,863
2016	570,000	1,007,775
2017	600,000	981,450
2018-2022	3,380,000	4,485,872
2023-2027	4,185,000	3,664,144
2028-2032	6,515,000	2,483,991
2033-2036	6,705,000	690,875
Total	\$ 23,520,000	\$ 16,483,177

2007B Taxable Allocation Bonds, Project Area III

On October 1, 2007, the Agency issued Taxable Allocation Bonds 2007B in the amount of \$3,500,000. The bonds were issued to provide monies to advance refund the 1998 Tax Allocation Bonds. Interest on the bonds is payable semi-annually on March 1 and September 1, in each year, commencing on March 1, 2008. The bonds carry interest rates ranging from 5.17% to 6.00%. Term bonds mature in the amount of \$575,000 on September 1, 2012, \$705,000 on September 1, 2017 and \$2,220,000 on September 1, 2027. The balance at June 30, 2012 is \$3,050,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest, are as follows:

Year Ending June 30,	2007B Taxable Tax Allocation Bonds Project Area III	
	Principal	Interest
2013	\$ 125,000	\$ 176,052
2014	125,000	169,309
2015	135,000	162,003
2016	140,000	154,275
2017	145,000	146,267
2018-2022	900,000	584,696
2023-2027	1,195,000	273,450
2028	285,000	8,550
Total	\$ 3,050,000	\$ 1,674,602

City of Montclair
Notes to Financial Statements
June 30, 2012

6) LONG-TERM DEBT - Continued

C) Fiduciary Fund Long-Term Debt - Continued

Tax Allocation Bonds - Continued

2006A Tax Allocation Refunding Bonds, Project Area V

On June 1, 2006, the Agency issued Taxable Allocation Refunding Bonds 2006A in the amount of \$8,235,000. The Bonds were issued to pay monies in accordance with a Disposition and Development Agreement with Costco Wholesale Corporation in the amount of \$2,500,000, to advance refund the 1995 Tax Allocation Bonds in the amount of \$1,155,000, and to provide monies to finance the redevelopment project. Interest on the bonds is payable semi-annually on April 1 and October 1, in each year, commencing on October 1, 2006. The bonds carry interest rates ranging from 5.55% to 6.15%. Serial bonds maturities begin October 1, 2007, and continue through October 1, 2016, ranging from \$160,000 to \$420,000 and term bonds mature in the amount of \$2,365,000 on October 1, 2025, and \$3,200,000 on October 1, 2033. The balance at June 30, 2012 is \$6,530,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest, are as follows:

Year Ending June 30,	Project Area No. V, Taxable Tax Allocation Bonds, Issue of 2006A	
	Principal	Interest
2013	\$ 170,000	\$ 393,099
2014	185,000	382,901
2015	190,000	372,091
2016	205,000	360,685
2017	215,000	348,504
2018-2022	1,305,000	1,520,434
2023-2027	1,135,000	1,090,549
2028-2032	1,220,000	871,455
2033-2036	1,905,000	118,849
Total	\$ 6,530,000	\$ 5,458,567

2006B Tax Allocation Bonds, Project Area V

On June 1, 2006, the Agency issued Tax Allocation Bonds 2006B in the amount of \$3,280,000. The bonds were issued to provide monies to finance the redevelopment project. Interest on the bonds is payable semi-annually on April 1 and October 1, in each year, commencing on October 1, 2006. The bonds carry an interest rate of 4.75%. Term bonds in the amount of \$3,280,000 mature October 1, 2033. The balance at June 30, 2012 is \$3,280,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest, are as follows:

City of Montclair
Notes to Financial Statements
June 30, 2012

6) LONG-TERM DEBT - Continued

C) Fiduciary Fund Long-Term Debt - Continued

Tax Allocation Bonds – Continued

2006B Tax Allocation Bonds, Project Area V - Continued

Year Ending June 30,	Project Area No. V, Taxable Tax Allocation Bonds, Issue of 2006B	
	Principal	Interest
2013	\$ -	\$ 155,800
2014	-	155,800
2015	-	155,800
2016	-	155,800
2017	-	155,800
2018-2022	-	779,000
2023-2027	620,000	749,788
2028-2032	1,810,000	424,650
2033-2034	850,000	40,850
Total	\$ 3,280,000	\$ 2,773,288

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 April 1 and October 1 of each year, commencing on October 1, 2004. The bonds carry interest rates ranging from 2.00% to 5.00%. Serial bonds maturities begin October 1, 2004, and continue annually through October 1, 2013, ranging from \$115,000 to \$215,000 and term bonds mature in the amount of \$4,320,000 on October 1, 2031. The outstanding balance at June 30, 2012 is \$4,610,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest, are as follows:

Year Ending June 30,	2004 Tax Allocation Refunding Bonds Project Area IV	
	Principal	Interest
2013	\$ 140,000	\$ 225,175
2014	150,000	219,188
2015	155,000	212,125
2016	160,000	204,250
2017	170,000	196,000
2018-2022	980,000	840,750
2023-2027	1,255,000	563,125
2028-2032	1,600,000	207,500
Total	\$ 4,610,000	\$ 2,668,113

City of Montclair
Notes to Financial Statements
June 30, 2012

6) LONG-TERM DEBT - Continued

C) Fiduciary Fund Long-Term Debt - Continued

Tax Allocation Bonds – Continued

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 of each year, commencing October 1, 2001. Principal maturities on the term bonds are October 1, 2020 and October 1, 2030, and carry interest rates of 5.00% and 5.30%, respectively. The outstanding balance as of June 30, 2012 is \$9,070,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest, are as follows:

Year Ending June 30,	2001 Tax Allocation Refunding Bonds Project Area V	
	Principal	Interest
2013	\$ 295,000	\$ 463,585
2014	310,000	448,460
2015	325,000	432,585
2016	340,000	415,960
2017	360,000	398,460
2018-2022	2,075,000	1,697,243
2023-2027	2,670,000	1,082,525
2028-2031	2,695,000	294,548
Total	\$ 9,070,000	\$ 5,233,366

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%. Term bonds in the amount of \$325,000 mature on October 1, 2021. The outstanding balance as of June 30, 2012 is \$210,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest, are as follows:

Year Ending June 30,	1997 Taxable Tax Allocation Bonds Project Area 1	
	Principal	Interest
2013	15,000	17,010
2014	15,000	15,750
2015	15,000	14,490
2016	20,000	13,020
2017	20,000	11,340
2018-2022	125,000	27,930
Total	\$ 210,000	\$ 99,540

City of Montclair
Notes to Financial Statements
June 30, 2012

6) LONG-TERM DEBT - Continued

C) Fiduciary Fund Long-Term Debt - Continued

Tax Allocation Bonds – Continued

1997 Taxable Tax Allocation Bonds, Project Area 1 - Continued

The Agency has pledged, as security for bonds it has issued, a portion of the tax increment revenue that it receives. These bonds were to provide financing for various capital projects and to defease previously issued bonds. The Agency has committed to appropriate each year, from these resources, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$84,660,652 with debt service requirements as indicated above.

During the fiscal year 2011-2012, the City of Montclair Redevelopment Agency was in existence from July 1, 2011 through January 31, 2012. During that time, tax increment was collected, appropriate set-asides were made to Low and Moderate Income Housing Funds and taxing entity pass through obligations incurred and subsequently paid. From February 1, 2012 through June 30, 2012, the City of Montclair as Successor Agency was in existence. During that period, a payment was received from the Redevelopment Property Tax Trust Fund, maintained by San Bernardino County, representing the net amount of taxes collected and utilized for the Successor Agency. Below is a summarization, by project area, which shows the gross amount of property taxes, county and tax entity payments made for the fiscal year to these entities.

Items	Project Area I	Project Area II	Project Area III	Project Area IV	Project Area V	Mission Blvd Project Area	Total
City of Montclair Redevelopment Agency							
<u>Tax Increment Collections</u>							
Tax Increment Fund	\$ 52,161	\$ -	\$ 2,432,151	\$ 947,755	\$ 1,897,848	\$ 391,207	\$ 5,721,122
Low and Moderate Housing Fund	13,040	-	608,038	236,939	474,462	97,802	1,430,281
Subtotal	65,201	-	3,040,189	1,184,694	2,372,310	489,009	7,151,403
Pass through payments to taxing Entities	(1,407)	-	(1,126,015)	(307,791)	(312,455)	(58,016)	(1,805,684)
Net Tax Increment Collections	<u>\$ 63,794</u>	<u>\$ -</u>	<u>\$ 1,914,174</u>	<u>\$ 876,903</u>	<u>\$ 2,059,855</u>	<u>\$ 430,993</u>	<u>\$ 5,345,719</u>
City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency							
<u>Allocations to Redevelopment Obligation</u>							
<u>Retirement Fund (RORF)</u>							
Tax Increment Collections	\$ 41,967	\$ -	\$ 2,054,521	\$ 822,118	\$ 1,757,234	\$ 290,993	\$ 4,966,833
County Administration Charges	(1,587)	-	(73,898)	(28,069)	(59,106)	(11,921)	(174,581)
Pass Through Payments to Taxing Entities	(2,301)	-	(1,559,131)	(245,833)	(472,815)	(58,123)	(2,338,203) (1)
Net Allocation of RORF Accounts	<u>\$ 38,079</u>	<u>\$ -</u>	<u>\$ 421,492</u>	<u>\$ 548,216</u>	<u>\$ 1,225,313</u>	<u>\$ 220,949</u>	<u>\$ 2,454,049</u>
Totals							
Tax Increment Collections	\$ 107,168	\$ -	\$ 5,094,710	\$ 2,006,812	\$ 4,129,544	\$ 780,002	\$12,118,236
County Administration Charges	(1,587)	-	(73,898)	(28,069)	(59,106)	(11,921)	(174,581)
Pass through payments to Taxing entities	(3,708)	-	(2,685,146)	(553,624)	(785,270)	(116,139)	(4,143,887) (1)
Net Tax Increment Available for Debt Service	<u>\$ 101,873</u>	<u>\$ -</u>	<u>\$ 2,335,666</u>	<u>\$ 1,425,119</u>	<u>\$ 3,285,168</u>	<u>\$ 651,942</u>	<u>\$ 7,799,768</u>

(1) Payments made to pass through entities, by the County of San Bernardino, exceeded the amounts due those agencies by \$1,133,519 for the fiscal year. This overpayment is being deducted from the taxing entities in the January 2013 RPTTF distribution. However, reduction of the pass through amounts does not increase the tax increment due the Successor Agency as its share is fixed to enforceable obligations. Therefore, this overpayment adjustment will result in a larger residual amount remaining which will again be distributed to taxing entities.

City of Montclair
Notes to Financial Statements
June 30, 2012

6) LONG-TERM DEBT - Continued

D) 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.

7) CITY EMPLOYEES RETIREMENT PLAN (Defined Benefit Pension Plan)

Miscellaneous 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.

Funding Policy

Participants are required to contribute 8% 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 17.56% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

City of Montclair
Notes to Financial Statements
June 30, 2012

7) CITY EMPLOYEES RETIREMENT PLAN (Defined Benefit Pension Plan) - Continued

Miscellaneous Plan - Continued

Annual Pension Cost

For 2012, the City's annual pension cost of \$1,333,893 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method.

THREE-YEAR TREND INFORMATION FOR PERS
(Amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 1,417	100%	\$ -
6/30/11	1,164	100%	-
6/30/12	1,334	100%	-

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

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	24 Years as of the Valuation Date for the Miscellaneous Plans
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 plans' 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 30-year rolling period, which results in an amortization of 6% of unamortized gains and losses every 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.

City of Montclair
Notes to Financial Statements
June 30, 2012

7) CITY EMPLOYEES RETIREMENT PLAN (Defined Benefit Pension Plan) - Continued

Miscellaneous Plan - Continued

Annual Pension Cost

SCHEDULE OF FUNDING PROGRESS FOR PERS MISCELLANEOUS PLAN
MOST RECENT AVAILABLE
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
06/30/2007	\$ 48,336	\$ 43,342	\$ 4,994	89.7%	\$ 7,107	70.3%
06/30/2008	51,871	46,436	5,435	89.5%	7,560	71.9%
06/30/2009	57,205	48,716	8,489	85.2%	7,335	115.7%

Safety Plan

Plan Description

The City of Montclair contributes to the California Public Employees Retirement System (PERS), a cost-sharing 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 the PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 9% 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 of annual covered payroll; the current rate is 38.308% for police safety first tier employees, 21.252% for police safety second tier employees, 47.844% for fire safety first tier employees, and 23.006% for fire safety second tier employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

The following represents the required contributions for the past three fiscal years (amounts in thousands):

Fiscal Year	Required Contributions	Percent Contributed
6/30/10	\$ 2,257	100%
6/30/11	\$ 2,411	100%
6/30/12	\$ 2,605	100%

City of Montclair
Notes to Financial Statements
June 30, 2012

8) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS

Plan Description

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 2011-2012 were \$541,000. There are currently 72 participants receiving benefits.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City's Board of Directors, and/or the employee associations. Currently, contributions are not required from plan members. The City is currently funding this OPEB obligation on a pay-as-you-go basis. This obligation is typically liquidated from the General Fund.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The following table shows the component of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset:

Annual Required Contribution (ARC)		\$	974,000
Interest on Net OPEB Obligation			(11,000)
Adjustment to ARC			
Annual OPEB Cost			963,000
Contribution Made			(541,000)
Increase in Net OPEB Obligation			422,000
Net OPEB Obligation at June 30, 2011			-
Net OPEB Obligation at June 30, 2012		\$	422,000

Annual OPEB cost, percentage of Annual OPEB Cost contributed, and Net OPEB Obligation (only available for the one year), are presented below:

THREE-YEAR TREND INFORMATION				
Fiscal Year Ended	Annual OPEB Cost	Annual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/12	\$ 963,000	\$ 541,000	56.18%	\$ 422,000

City of Montclair
Notes to Financial Statements
June 30, 2012

8) OTHER POST-EMPLOYMENT BENEFITS - Continued

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$12,456,000, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAL) of \$12,456,000. The covered payroll (annual payroll of active employees covered by the plan) was \$11,679,000 and the ratio of the UAAL to the covered payroll was 106.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the entry age normal cost level percent of pay method was used. The actuarial assumptions included a 4.25% investment rate of return (net of administrative expenses), inflation rate of 3.25%, and an annual healthcare cost trend rate of 9.5% initially, to an ultimate rate of 5%. The City's unfunded actuarial accrued liability will be amortized as a level of percentage pay over a closed period of 28 years. It is assumed the City's payroll will increase 3.25% per year.

9) SELF-INSURANCE PROGRAM

The City is self-insured for workers' compensation claims up to \$200,000 for each occurrence and for general liability claims up to \$2,000,000, except for employment practices liability which is \$1,000,000.

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 risk, purchase excess insurance and share costs for professional risk management, and claims administration. Workers' Compensation and Employers Liability Pool Contract is limited per accident at \$3,000,000 in excess of the City's self-insurance retention stated in the above paragraph. Portions of general liability exceeded the above mentioned amounts are covered by CIPA up to a maximum \$40,000,000 each occurrence and in the aggregate by Everest National Insurance Company (up to \$10,000,000), and American Merchants Casualty Insurance Company (up to \$15,000,000), by Arch Specialty Insurance Company (up to \$15,000,000) in that order. 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

City of Montclair
Notes to Financial Statements
June 30, 2012

9) SELF-INSURANCE PROGRAM - Continued

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, 2012, Adminsure and Carl Warren & Co., indicated a need for potential liability reserves of approximately \$1,408,957 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.

While the ultimate amount of losses incurred through June 30, 2012, 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, 2012, the amount of these liabilities was \$1,886,377. 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:

Year	Beginning of Year Liability	Current Year Claims and Changes In Estimates	Claim Payments For Current and Prior Years	End of Year Liability
2010-2011	\$ 1,549,145	\$ 770,599	\$ (910,787)	\$ 1,408,957
2011-2012	1,408,957	477,420	-	1,886,377

10) JOINT VENTURES

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.

City of Montclair
Notes to Financial Statements
June 30, 2012

10) JOINT VENTURES - Continued

SBWESTNET - Continued

SBWESTNET was established in August 1997, and allows 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.

11) FUND BALANCES

The details of the fund balances as of June 30, 2012 are presented below:

	General Fund	Montclair Housing Corporation	Project Area Bond Proceeds	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 162,840	\$ -	\$ -	\$ -	\$ 162,840
Restricted for:					
Debt Service	-	-	-	1,930,580	1,930,580
Redevelopment Projects	-	-	14,160,645	-	14,160,645
Public Safety	-	-	-	172,559	172,559
Transportation	-	-	-	2,489,818	2,489,818
Community Development	-	-	-	3,459,397	3,459,397
Committed to:					
Assigned to:					
Post-employment Benefits	3,500,000	-	-	-	3,500,000
Technology	500,000	-	-	-	500,000
Senior Center Subsidies	200,000	-	-	-	200,000
Self Insurance	1,000,000	-	-	-	1,000,000
Equipment Replacement	1,818,539	-	-	-	1,818,539
Unanticipated Personnel Cost	-	-	-	-	-
Adjustments	600,000	-	-	-	600,000
Building Maintenance	588,538	-	-	-	588,538
Other	100,000	-	-	-	100,000
Unassigned:	<u>4,439,979</u>	<u>(2,705,376)</u>	<u>-</u>	<u>(651,106)</u>	<u>1,083,497</u>
Total Fund Balance	<u>\$ 12,909,896</u>	<u>\$ (2,705,376)</u>	<u>\$ 14,160,645</u>	<u>\$ 7,401,248</u>	<u>\$ 31,766,413</u>

City of Montclair
Notes to Financial Statements
June 30, 2012

11) FUND BALANCES - Continued

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts constrained for a specific purpose by City Council action. It would require the same action by City Council to remove the constraint. Currently, the City does not report any committed fund balance.

Assigned Fund Balance - Amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

12) NEW STANDARDS

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 63

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The City has elected not to early implement GASB No. 63 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 65

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred

City of Montclair
Notes to Financial Statements
June 30, 2012

12) NEW STANDARDS - Continued

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 65 - Continued

inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in the financial statements. Statement No. 65 is effective for periods beginning after December 15, 2012. The City has elected not to early implement GASB No. 65 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The City has elected not to early implement GASB No. 68 and has not determined its effect on the City's financial statements.

13) COMMITMENTS AND CONTINGENCIES

The City participates in several federal and state programs. These programs are subject to examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time.

14) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Montclair that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 12-2934.

City of Montclair
Notes to Financial Statements
June 30, 2012

14) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. The State Controller Office review has been done and is currently in a draft stage pending action by the Department of Finance on State Controller Office mandated actions.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final several months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary gain (loss) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

City of Montclair
Notes to Financial Statements
June 30, 2012

14) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY - Continued

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund.	\$ 32,764,714
Accrued bond interest reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	(776,453)
Unamortized bond issuance cost reported in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund.	1,620,136
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	<u>(57,878,952)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City).	<u>\$ (24,270,555)</u>

15) PRIOR PERIOD ADJUSTMENTS

Beginning fund balance in governmental funds and net assets of governmental activities were adjusted as follows:

- The General Fund fund balance increased by \$820,782 as a result of reimbursements from other funds for prior years' costs.
- Fund balance in the Redevelopment Agency capital project fund increased by \$49,490 as a result of correcting prior years' balances and activities.
- Fund balance for non-major funds was increased by \$41,295 for prior year revenue.

16) SUBSEQUENT EVENTS

Reduction in available resources of Successor Agency

As part of the elimination of the City of Montclair Redevelopment Agency, AB 1484 required that "due diligence" reviews be conducted on the City of Montclair's Successor Agency to determine amounts that were to be paid to the county for allocation to taxing entities. Two reviews were required. The first related to Low and Moderate Income Housing Funds held by the Successor Agency and the second was for all other funds of the Successor Agency. The Low and Moderate Income Housing review was completed and approved by the Department of Finance and resulted in \$7,884,598 being paid to the County of San Bernardino for allocation to the respective taxing entities. The Other Funds review has been completed by the Successor Agency and it is currently being reviewed by the Department of Finance. Should that review be approved, as submitted, the Successor Agency would be required to pay an additional \$6,323,562, in April 2013, to the County of San Bernardino again for allocation to the respective taxing entities.

REQUIRED SUPPLEMENTARY INFORMATION

City of Montclair
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 13,864,288	\$ 13,864,288	\$ 13,864,288	\$ -
Resources (Inflows):				
Taxes	20,207,800	20,522,153	20,221,964	(300,189)
Licenses and Permits	581,000	585,688	546,505	(39,183)
Intergovernmental	410,250	248,254	1,344,343	1,096,089
Charges for Services	2,896,350	3,033,909	2,937,424	(96,485)
Use of Money and Property	632,140	151,600	178,202	26,602
Fines and Forfeitures	527,500	748,317	774,843	26,526
Miscellaneous	380,860	459,377	411,215	(48,162)
Transfers In	294,751	294,751	2,097,967	1,803,216
Amounts Available for Appropriation	39,794,939	39,908,337	42,376,751	2,468,414
Charges to Appropriation (Outflow):				
General Government				
City Council	257,270	257,270	200,058	57,212
City Manager	210,595	210,595	180,121	30,474
Administration	92,793	97,018	140,681	(43,663)
Financial Services	537,131	537,131	606,230	(69,099)
Solid Waste Disposal	2,004,663	1,990,560	1,853,954	136,606
City Clerk	121,384	121,384	109,004	12,380
Personnel/Risk Assessment	390,380	390,380	382,398	7,982
Information Technology Services	651,891	585,856	637,808	(51,952)
Central Services	389,416	373,486	479,455	(105,969)
Records Retention	42,044	42,044	60,127	(18,083)
Redevelopment	-	-	99	(99)
Reeder Heritage Foundation	-	-	-	-
City Attorney	238,743	358,743	601,769	(243,026)
Contingency	100,000	69,755	-	69,755
Non-Departmental	-	-	332,628	(332,628)
Public Safety				
Police Administration	519,326	518,081	964,101	(446,020)
Police Support Services	237,981	238,972	172,274	66,698
Technical Services	360,207	362,034	289,353	72,681
Records Bureau	754,137	754,937	674,689	80,248
Investigations	1,527,366	1,528,497	1,293,343	235,154
Uniform Patrol	6,003,256	6,005,456	5,988,070	17,386
Communications	749,095	749,095	660,827	88,268
Volunteer Services	150,754	150,183	93,953	56,230
Fire Administration	459,627	459,627	432,235	27,392
Fire Prevention	377,592	378,192	379,892	(1,700)
Emergency Services	3,839,821	3,797,415	3,297,207	500,208
Personnel Development	207,363	207,363	231,206	(23,843)
Equipment Maintenance	47,162	48,662	47,710	952
Buildings and Grounds	62,001	62,001	70,893	(8,892)
Emergency Preparedness	38,664	38,064	34,928	3,136
Code Enforcement	187,463	188,567	185,869	2,698

City of Montclair
Budgetary Comparison Schedule by Department - Continued
General Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriation (Outflow): - Continued				
Community Development				
Planning Commission	\$ 15,852	\$ 15,852	\$ 6,721	\$ 9,131
Community Development Administration	178,097	203,144	192,000	11,144
Current Planning	192,199	191,647	186,301	5,346
Advance Planning	92,941	92,527	89,541	2,986
Field Inspection	135,655	135,305	136,059	(754)
Plan Check	76,507	76,157	63,423	12,734
Building Operations	144,818	144,468	143,318	1,150
Recreation	860,345	860,345	765,957	94,388
Service Center	169,466	169,466	193,829	(24,363)
Senior Citizens	128,767	125,333	104,808	20,525
Nutritional Meals	47,685	47,685	53,875	(6,190)
Health Education	17,855	17,855	11,038	6,817
Even Start Family Literacy	15,170	15,170	9,480	5,690
Public Works				
Management and Construction	376,886	376,886	405,419	(28,533)
Public Works Inspection	118,257	118,257	116,299	1,958
Traffic Safety Engineering	50,802	50,802	21,933	28,869
Graffiti Abatement	145,525	145,525	171,208	(25,683)
Street Maintenance	241,674	241,674	409,707	(168,033)
Signing/Painting	101,852	101,852	87,496	14,356
Street Sweeping	182,129	182,129	164,913	17,216
Parks Maintenance	817,502	817,502	822,712	(5,210)
Tree Maintenance	28,312	28,312	23,664	4,648
Vehicle Maintenance	413,904	435,404	412,454	22,950
Building Maintenance Services	206,300	317,300	199,838	117,462
Heating and Air Conditioning	114,858	109,858	107,212	2,646
Janitorial Services	344,485	324,985	262,904	62,081
Capital Outlay	-	-	96,507	(96,507)
Transfers Out	1,912,901	1,921,896	3,807,357	(1,885,461)
Total Charges to Appropriations	<u>27,688,869</u>	<u>27,788,704</u>	<u>29,466,855</u>	<u>(1,678,151)</u>
Budgetary Fund Balance, June 30	<u>\$ 12,106,070</u>	<u>\$ 12,119,633</u>	<u>\$ 12,909,896</u>	<u>\$ 790,263</u>

City of Montclair
Budgetary Comparison Schedule
Montclair Housing Corporation
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (2,473,743)	\$ (2,473,743)	\$ (2,473,743)	\$ -
Resources (Inflows):				
Use of Money and Property	1,673,800	673,800	784,814	111,014
Miscellaneous	<u>5,600</u>	<u>5,600</u>	<u>4,918</u>	<u>(682)</u>
Amounts Available for Appropriation	<u>(794,343)</u>	<u>(1,794,343)</u>	<u>(1,684,011)</u>	<u>110,332</u>
Charges to Appropriation (Outflow):				
General Government	<u>2,758,685</u>	<u>3,030,657</u>	<u>1,021,365</u>	<u>2,009,292</u>
Total Charges to Appropriations	<u>2,758,685</u>	<u>3,030,657</u>	<u>1,021,365</u>	<u>2,009,292</u>
Budgetary Fund Balance, June 30	<u><u>\$ (3,553,028)</u></u>	<u><u>\$ (4,825,000)</u></u>	<u><u>\$ (2,705,376)</u></u>	<u><u>\$ 2,119,624</u></u>

City of Montclair
Notes to Required Supplementary Information
June 30, 2012

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 following funds did not have an adopted budget:

- State Asset Forfeiture
- Federal Asset Forfeiture Fund - Treasury
- OCJP Grant Fund
- Office of Traffic Safety Grant
- Police Facility Capital Project Grant

City of Montclair
Schedule of Funding Progress
For the Year Ended June 30, 2012

Other Post-Employment Benefits Plan
(Amounts in 000's)

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
06/30/11	\$ -	\$ 12,456	\$ 12,456	0.00%	\$ 11,679	106.7%

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SUPPLEMENTARY INFORMATION

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2012

	Special Revenue Funds			
	Gas Tax	Measure I	Traffic Safety	Park Development
ASSETS				
Pooled Cash and Investments	\$ 2,253,581	\$ 755,604	\$ 80,215	\$ 414,772
Receivables:				
Accounts	3,853	76,289	-	5,317
Accrued Interest	4,851	-	-	-
Due from Other Governments	194,763	87,694	11,290	-
Due from Other Funds	902	32,225	5,197	3,420
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	1,000
Total Assets	<u>\$ 2,457,950</u>	<u>\$ 951,812</u>	<u>\$ 96,702</u>	<u>\$ 424,509</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 64,663	\$ 25,993	\$ -	\$ 12,646
Accrued Liabilities	-	-	-	-
Deferred Revenues	-	-	-	-
Unearned Revenues	-	-	-	-
Deposits Payable	-	-	-	1,000
Due to Other Governments	-	-	17,705	-
Due to Other Funds	-	3,377	-	318
Total Liabilities	<u>64,663</u>	<u>29,370</u>	<u>17,705</u>	<u>13,964</u>
Fund Balances:				
Restricted	2,393,287	922,442	78,997	410,545
Unassigned	-	-	-	-
Total Fund Balances	<u>2,393,287</u>	<u>922,442</u>	<u>78,997</u>	<u>410,545</u>
Total Liabilities and Fund Balances	<u>\$ 2,457,950</u>	<u>\$ 951,812</u>	<u>\$ 96,702</u>	<u>\$ 424,509</u>

Special Revenue Funds

Community Development Block Grant	Air Quality Improvement	Older American Act	State Asset Forfeiture	Public Safety	Forfeiture DOJ
\$ -	\$ 91,020	\$ -	\$ 4,284	\$ 149	\$ 18,676
-	-	-	-	1,016	4,543
-	-	-	-	-	-
166,701	11,466	17,563	-	73,020	-
-	34	-	2	-	5
-	-	-	-	-	-
<u>\$ 166,701</u>	<u>\$ 102,520</u>	<u>\$ 17,563</u>	<u>\$ 4,286</u>	<u>\$ 74,185</u>	<u>\$ 23,224</u>
\$ -	\$ -	\$ 9,081	\$ -	\$ 18,811	\$ -
-	-	671	-	2,443	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
571,701	-	15,724	-	206,423	-
<u>571,701</u>	<u>-</u>	<u>25,476</u>	<u>-</u>	<u>227,677</u>	<u>-</u>
-	102,520	-	4,286	-	23,224
(405,000)	-	(7,913)	-	(153,492)	-
<u>(405,000)</u>	<u>102,520</u>	<u>(7,913)</u>	<u>4,286</u>	<u>(153,492)</u>	<u>23,224</u>
<u>\$ 166,701</u>	<u>\$ 102,520</u>	<u>\$ 17,563</u>	<u>\$ 4,286</u>	<u>\$ 74,185</u>	<u>\$ 23,224</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds - Continued
June 30, 2012

	Special Revenue Funds			
	State Asset Forfeiture Section 11489	Federal Asset Forfeiture Treasury	School District Grant	State Supplement Law Enforcement
ASSETS				
Pooled Cash and Investments	\$ 20,454	\$ 230	\$ -	\$ 62,204
Receivables:				
Accounts	-	-	-	-
Accrued Interest	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	8	-	129	30
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	-
Total Assets	\$ 20,462	\$ 230	\$ 129	\$ 62,234
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,137
Accrued Liabilities	-	-	-	4,855
Deferred Revenues	-	-	-	-
Unearned Revenues	-	-	-	-
Deposits Payable	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	-	-	129	455
Total Liabilities	-	-	129	9,447
Fund Balances:				
Restricted	20,462	230	-	-
Unassigned	-	-	-	52,787
Total Fund Balances	20,462	230	-	52,787
Total Liabilities and Fund Balances	\$ 20,462	\$ 230	\$ 129	\$ 62,234

Special Revenue Funds

Local Law Enforcement Block Grant	Crime Prevention PC 1202.5	Recycling Block Grant	After School Program	Fire Department Grant	Human Services Grant
\$ 115,226	\$ 11,345	\$ 22,743	\$ -	\$ -	\$ 28,019
-	-	-	9,337	-	3,857
-	-	-	-	-	-
-	35	-	153,788	10,800	-
46	4	7	-	-	-
-	-	-	-	-	-
<u>\$ 115,272</u>	<u>\$ 11,384</u>	<u>\$ 22,750</u>	<u>\$ 163,125</u>	<u>\$ 10,800</u>	<u>\$ 31,876</u>
\$ 2,299	\$ -	\$ -	\$ 14,338	\$ -	\$ -
-	-	-	45,033	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	225	-	-
-	-	-	-	-	-
-	-	-	78,646	10,800	-
2,299	-	-	138,242	10,800	-
112,973	11,384	22,750	24,883	-	31,876
-	-	-	-	-	-
112,973	11,384	22,750	24,883	-	31,876
<u>\$ 115,272</u>	<u>\$ 11,384</u>	<u>\$ 22,750</u>	<u>\$ 163,125</u>	<u>\$ 10,800</u>	<u>\$ 31,876</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds - Continued
June 30, 2012

	Special Revenue Funds			
	California Nutrition Grant	E.M.S. Paramedic	OCJP Grant	Automated Traffic Enforcement
ASSETS				
Pooled Cash and Investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	61,943	-	-
Accrued Interest	-	-	-	-
Due from Other Governments	13,514	-	-	-
Due from Other Funds	-	-	-	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	-
Total Assets	\$ 13,514	\$ 61,943	\$ -	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,275	\$ 920	\$ -	\$ -
Accrued Liabilities	1,475	4,003	-	-
Deferred Revenues	-	-	-	-
Unearned Revenues	-	-	-	-
Deposits Payable	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	33,904	171,368	-	-
Total Liabilities	36,654	176,291	-	-
Fund Balances:				
Restricted	-	-	-	-
Unassigned	(23,140)	(114,348)	-	-
Total Fund Balances	(23,140)	(114,348)	-	-
Total Liabilities and Fund Balances	\$ 13,514	\$ 61,943	\$ -	\$ -

Special Revenue Funds			Capital Projects Funds		
Office of Traffic Safety Grant	Infrastructure	Montclair Youth Sponsorship	Developer Impact Fee	Pavement Impact Fees	Monte Vista Grade Separation
\$ -	\$ 541,176	\$ -	\$ 1,513,449	\$ 13,944	\$ -
-	-	-	-	10,472	-
-	-	-	-	-	-
-	243,993	-	-	-	-
-	545,861	-	596	6	-
-	-	74,412	-	-	-
<u>\$ -</u>	<u>\$ 1,331,030</u>	<u>\$ 74,412</u>	<u>\$ 1,514,045</u>	<u>\$ 24,422</u>	<u>\$ -</u>
\$ -	\$ 323,774	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	25,000	-	-	-	-
-	-	-	601,344	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	31,876	-	-	-	-
-	380,650	-	601,344	-	-
-	950,380	74,412	912,701	24,422	-
-	-	-	-	-	-
-	950,380	74,412	912,701	24,422	-
<u>\$ -</u>	<u>\$ 1,331,030</u>	<u>\$ 74,412</u>	<u>\$ 1,514,045</u>	<u>\$ 24,422</u>	<u>\$ -</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds - Continued
June 30, 2012

	Capital Projects Funds		
	Ramona Grade Separation Project	City Facility Improvement	Parking Lot Expansion
ASSETS			
Pooled Cash and Investments	\$ -	\$ -	\$ -
Receivables:			
Accounts	-	-	-
Accrued Interest	-	-	-
Due from Other Governments	-	-	-
Due from Other Funds	-	-	-
Restricted Assets:			
Cash and Investments with Fiscal Agents	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-
Deferred Revenues	-	-	-
Unearned Revenues	-	-	-
Deposits Payable	-	-	-
Due to Other Governments	-	-	-
Due to Other Funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Debt Service Funds</u>	
2005 Lease Revenue Bonds	Non-Major Governmental Total
\$ -	\$ 5,947,091
-	176,627
-	4,851
-	984,627
-	588,472
<u>1,930,580</u>	<u>2,005,992</u>
<u>\$ 1,930,580</u>	<u>\$ 9,707,660</u>
\$ -	\$ 477,937
-	58,480
-	25,000
-	601,344
-	1,225
-	17,705
<u>-</u>	<u>1,124,721</u>
<u>-</u>	<u>2,306,412</u>
1,930,580	8,052,354
<u>-</u>	<u>(651,106)</u>
<u>1,930,580</u>	<u>7,401,248</u>
<u>\$ 1,930,580</u>	<u>\$ 9,707,660</u>

City of Montclair
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Non-major Funds
June 30, 2012

	Special Revenue Funds			
	Gas Tax	Measure I	Traffic Safety	Park Development
REVENUES				
Taxes	\$ 1,046,799	\$ -	\$ -	\$ -
Intergovernmental	155,000	808,897	-	-
Charges for Services	-	-	-	2,800
Use of Money and Property	18,116	7,193	245	38,140
Fines and Forfeitures	-	-	134,145	-
Miscellaneous	-	-	-	402,500
Total Revenues	1,219,915	816,090	134,390	443,440
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	934,327	-	-	-
Capital Outlay	168,141	661,410	-	447,592
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	1,102,468	661,410	-	447,592
Excess (Deficiency) of Revenues Over (Under) Expenditures	117,447	154,680	134,390	(4,152)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(6,000)	(150,427)	(230,100)	-
Total Other Financing Sources (Uses)	(6,000)	(150,427)	(230,100)	-
Net Change in Fund Balances	111,447	4,253	(95,710)	(4,152)
Fund Balance, Beginning of Year	2,281,840	876,894	174,707	414,697
Prior Period Adjustments	-	41,295	-	-
Fund Balance, End of Year	\$ 2,393,287	\$ 922,442	\$ 78,997	\$ 410,545

Special Revenue Funds

Community Development Block Grant	Air Quality Improvement	Older American Act	State Asset Forfeiture	Public Safety	Forfeiture DOJ
\$ -	\$ -	\$ -	\$ -	\$ 266,387	\$ -
291,574	46,446	122,822	-	-	23,219
-	-	-	-	-	-
-	92	-	5	-	5
-	-	-	-	-	-
-	-	-	237	-	-
<u>291,574</u>	<u>46,538</u>	<u>122,822</u>	<u>242</u>	<u>266,387</u>	<u>23,224</u>
-	-	-	-	-	-
-	-	-	-	413,472	-
-	26,258	119,827	-	-	-
5,189	-	-	-	-	-
3,266	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,455</u>	<u>26,258</u>	<u>119,827</u>	<u>-</u>	<u>413,472</u>	<u>-</u>
283,119	20,280	2,995	242	(147,085)	23,224
-	-	-	-	-	-
<u>(577,276)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(577,276)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(294,157)	20,280	2,995	242	(147,085)	23,224
(110,843)	82,240	(10,908)	4,044	(6,407)	-
-	-	-	-	-	-
<u>\$ (405,000)</u>	<u>\$ 102,520</u>	<u>\$ (7,913)</u>	<u>\$ 4,286</u>	<u>\$ (153,492)</u>	<u>\$ 23,224</u>

Continued

City of Montclair
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Non-major Funds - Continued
June 30, 2012

	Special Revenue Funds			
	State Asset Forfeiture Section 11489	Federal Asset Forfeiture Treasury	School District Grant	State Supplement Law Enforcement
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	64,000	100,067
Charges for Services	-	-	-	-
Use of Money and Property	23	-	-	103
Fines and Forfeitures	-	-	-	-
Miscellaneous	42	-	-	264,935
Total Revenues	<u>65</u>	<u>-</u>	<u>64,000</u>	<u>365,105</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	64,000	261,802
Community Development	-	-	-	-
Public Works	-	-	-	-
Capital Outlay	-	-	-	920
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>64,000</u>	<u>262,722</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>65</u>	<u>-</u>	<u>-</u>	<u>102,383</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	578,815	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>578,815</u>	<u>-</u>
Net Change in Fund Balances	65	-	578,815	102,383
Fund Balance, Beginning of Year	20,397	230	(578,815)	(49,596)
Prior Period Adjustments	-	-	-	-
Fund Balance, End of Year	<u>\$ 20,462</u>	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ 52,787</u>

Special Revenue Funds

Local Law Enforcement Block Grant	Crime Prevention PC 1202.5	Recycling Block Grant	After School Program	Fire Department Grant	Human Services Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,080	-	20,954	1,534,193	91,756	42,037
-	-	-	-	-	-
123	11	9	-	2	-
-	650	-	-	-	-
-	-	44	-	-	-
<u>19,203</u>	<u>661</u>	<u>21,007</u>	<u>1,534,193</u>	<u>91,758</u>	<u>42,037</u>
-	-	1,256	-	-	-
3,488	-	-	-	10,799	-
-	-	-	1,906,755	-	10,161
-	-	-	-	-	-
5,278	-	-	-	89,952	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,766</u>	<u>-</u>	<u>1,256</u>	<u>1,906,755</u>	<u>100,751</u>	<u>10,161</u>
<u>10,437</u>	<u>661</u>	<u>19,751</u>	<u>(372,562)</u>	<u>(8,993)</u>	<u>31,876</u>
-	-	-	-	8,993	-
-	-	-	(600,000)	-	-
-	-	-	(600,000)	8,993	-
10,437	661	19,751	(972,562)	-	31,876
102,536	10,723	2,999	997,445	-	-
-	-	-	-	-	-
<u>\$ 112,973</u>	<u>\$ 11,384</u>	<u>\$ 22,750</u>	<u>\$ 24,883</u>	<u>\$ -</u>	<u>\$ 31,876</u>

Continued

City of Montclair
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Non-major Funds - Continued
June 30, 2012

	Special Revenue Funds			
	California Nutrition Grant	E.M.S. Paramedic	OCJP Grant	Automated Traffic Enforcement
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	49,829	-	-	-
Charges for Services	-	175,169	-	-
Use of Money and Property	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	20,000	-	-
Total Revenues	49,829	195,169	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	169,802	-	-
Community Development	65,338	-	-	-
Public Works	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	65,338	169,802	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,509)	25,367	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	76,718	438,837
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	76,718	438,837
Net Change in Fund Balances	(15,509)	25,367	76,718	438,837
Fund Balance, Beginning of Year	(7,631)	(139,715)	(76,718)	(438,837)
Prior Period Adjustments	-	-	-	-
Fund Balance, End of Year	\$ (23,140)	\$ (114,348)	\$ -	\$ -

Special Revenue Funds			Capital Projects Funds		
Office of Traffic Safety Grant	Infrastructure	Montclair Youth Sponsorship	Developer Impact Fee	Pavement Impact Fees	Monte Vista Grade Separation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	243,993	-	-	-	-
-	-	-	41,769	24,416	-
-	7	3,663	712	6	-
-	-	-	-	-	-
-	37,750	-	-	-	-
-	281,750	3,663	42,481	24,422	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	15,542	-	-	-
-	628,509	-	-	-	-
-	-	-	-	-	4,511
-	-	-	-	-	-
-	-	-	-	-	-
-	628,509	15,542	-	-	4,511
-	(346,759)	(11,879)	42,481	24,422	(4,511)
-	1,272,138	-	-	-	1,361,613
(2,918)	(934,420)	-	-	-	-
(2,918)	337,718	-	-	-	1,361,613
(2,918)	(9,041)	(11,879)	42,481	24,422	1,357,102
2,918	959,421	86,291	870,220	-	(1,357,102)
-	-	-	-	-	-
\$ -	\$ 950,380	\$ 74,412	\$ 912,701	\$ 24,422	\$ -

Continued

City of Montclair
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Non-major Funds - Continued
June 30, 2012

	Ramona Grade Separation Project	City Facility Improvement	<u>Capital Projects Funds</u> Parking Lot Expansion
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	80,765	-	-
Charges for Services	-	-	-
Use of Money and Property	(157)	(3)	-
Fines and Forfeitures	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	80,608	(3)	-
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Community Development	-	-	-
Public Works	-	-	-
Capital Outlay	937	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	937	-	-
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	79,671	(3)	-
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	166,415	1,361
Transfers Out	(1,282,731)	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,282,731)	166,415	1,361
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(1,203,060)	166,412	1,361
	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	1,203,060	(166,412)	(1,361)
	<hr/>	<hr/>	<hr/>
Prior Period Adjustments	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Debt Service Funds</u>		
<u>2005 Lease Revenue Bonds</u>		<u>Non-Major Governmental Total</u>
\$ -	\$	1,313,186
-		3,694,632
-		244,154
-		68,295
-		134,795
-		725,508
<u>-</u>		<u>6,180,570</u>
-		1,256
-		923,363
-		2,143,881
-		1,568,025
-		1,382,007
655,000		655,000
<u>1,257,901</u>		<u>1,257,901</u>
<u>1,912,901</u>		<u>7,931,433</u>
<u>(1,912,901)</u>		<u>(1,750,863)</u>
1,912,901		5,817,791
<u>-</u>		<u>(3,783,872)</u>
<u>1,912,901</u>		<u>2,033,919</u>
-		283,056
1,930,580		7,076,897
<u>-</u>		<u>41,295</u>
<u>\$ 1,930,580</u>	<u>\$</u>	<u>7,401,248</u>

City of Montclair
Combining Balance Sheet
Agency Fund
June 30, 2012

	Sewer Plant
ASSETS	
Pooled Cash and Investments	\$ 2,740,659
Due From Other Governments	-
Total Assets	\$ 2,740,659
LIABILITIES	
Accounts Payable	\$ 145,050
Due to Other Governments	680,659
Deposits	1,914,950
Total Liabilities	\$ 2,740,659

City of Montclair
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2012

<u>Sewer Plant</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Pooled cash and investments	\$ 930,082	\$ 2,105,301	\$ 294,724	\$ 2,740,659
Due from other governments	-	-	-	-
Total Assets	<u>\$ 930,082</u>	<u>\$ 2,105,301</u>	<u>\$ 294,724</u>	<u>\$ 2,740,659</u>
Liabilities				
Accounts Payable	\$ -	\$ 439,774	\$ 294,724	\$ 145,050
Due to other governments	930,082	2,105,301	2,354,724	680,659
Deposits	-	1,914,950	-	1,914,950
Total Liabilities	<u>\$ 930,082</u>	<u>\$ 4,460,025</u>	<u>\$ 2,649,448</u>	<u>\$ 2,740,659</u>