

CITY OF MONTCLAIR
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2013

CITY OF MONTCLAIR
FINANCIAL STATEMENTS
Year Ended June 30, 2013

City of Montclair
Financial Statements
Year Ended June 30, 2013

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Independent Auditor's Report

The Honorable City Council
City of Montclair, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Montclair (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Montclair, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedules listed in the Supplementary Information section of the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 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* in considering the City's internal control over financial reporting and compliance.

Van Lant + Fankhaed, LLP

December 20, 2013

BASIC FINANCIAL STATEMENTS

City of Montclair
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Pooled Cash and Investments	\$ 20,118,587	\$ 1,491,988	\$ 21,610,575
Receivables:			
Accounts	2,501,995	170,109	2,672,104
Notes and Loans	2,616,784	-	2,616,784
Accrued Interest	23,422	-	23,422
Internal Balances	88,459	(88,459)	-
Prepaid Costs	96,302	-	96,302
Due From Other Governments	2,227,198	630	2,227,828
Restricted Assets:			
Cash with Fiscal Agent	2,259,461	-	2,259,461
Capital Assets Not Being Depreciated	13,226,488	-	13,226,488
Capital Assets, Net of Depreciation	87,425,611	2,391,145	89,816,756
	<u>130,584,307</u>	<u>3,965,413</u>	<u>134,549,720</u>
LIABILITIES			
Accounts Payable	1,576,989	327,325	1,904,314
Accrued Liabilities	516,469	18,085	534,554
Accrued Interest	299,359	-	299,359
Deposits Payable	115,855	-	115,855
Due to Other Governments	10,604	-	10,604
Noncurrent Liabilities:			
Due Within One Year	2,007,432	43,185	2,050,617
Due in More Than One Year	29,930,321	30,981	29,961,302
	<u>34,457,029</u>	<u>419,576</u>	<u>34,876,605</u>
NETPOSITION			
Net Investment in Capital Assets	73,677,099	2,391,145	76,068,244
Restricted for:			
Housing	5,425,723	-	5,425,723
Public Safety	22,332	-	22,332
Transportation	6,618,551	-	6,618,551
Community Development	1,876,189	-	1,876,189
Debt Service	1,930,580	-	1,930,580
Unrestricted	6,576,804	1,154,692	7,731,496
	<u>\$ 96,127,278</u>	<u>\$ 3,545,837</u>	<u>\$ 99,673,115</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ (11,347,390)	\$ 712,857	\$ -	\$ -
Public Safety	(15,801,665)	1,366,553	327,725	-
Community Development	(4,120,179)	456,422	2,055,732	604,531
Public Works	(4,277,757)	2,716,593	10,626	5,420,466
Interest on Long-Term Debt	(1,219,260)	-	-	-
Total Governmental Activities	<u>(36,766,251)</u>	<u>5,252,425</u>	<u>2,394,083</u>	<u>6,024,997</u>
Business-type Activities:				
Sewer Maintenance	<u>(2,788,047)</u>	<u>3,168,057</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>(2,788,047)</u>	<u>3,168,057</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ (39,554,298)</u>	<u>\$ 8,420,482</u>	<u>\$ 2,394,083</u>	<u>\$ 6,024,997</u>

General Revenues:

Taxes:

- Property Taxes
- Transient Occupancy Taxes
- Sales Taxes
- Franchise Taxes
- Business Licenses Taxes
- Utility Users Tax
- Other Taxes

Miscellaneous Revenues

Transfers

Transfers from Fiduciary Fund

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Restatement of Net Position

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (10,634,533)	\$ -	\$ (10,634,533)
(14,107,387)	-	(14,107,387)
(1,003,494)	-	(1,003,494)
3,869,928	-	3,869,928
<u>(1,219,260)</u>	<u>-</u>	<u>(1,219,260)</u>
	-	
<u>(23,094,746)</u>	<u>-</u>	<u>(23,094,746)</u>
<u>-</u>	<u>380,010</u>	<u>380,010</u>
<u>-</u>	<u>380,010</u>	<u>380,010</u>
<u>(23,094,746)</u>	<u>380,010</u>	<u>(22,714,736)</u>
5,295,304	-	5,295,304
28,628	-	28,628
12,947,917	-	12,947,917
693,312	-	693,312
685,542	-	685,542
1,642,282	-	1,642,282
19,241	-	19,241
847,026	83	847,109
105,143	(105,143)	-
<u>(5,535,607)</u>	<u>-</u>	<u>(5,535,607)</u>
<u>16,728,788</u>	<u>(105,060)</u>	<u>16,623,728</u>
(6,365,958)	274,950	(6,091,008)
102,803,358	3,248,484	106,051,842
<u>(310,122)</u>	<u>22,403</u>	<u>(287,719)</u>
<u>\$ 96,127,278</u>	<u>\$ 3,545,837</u>	<u>\$ 99,673,115</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue		Capital Projects
		Montclair Housing Corporation	Montclair Housing Authority	Project Area Bond Proceeds
ASSETS				
Pooled Cash and Investments	\$ 8,562,605	\$ 2,353,570	\$ 494,324	\$ -
Receivables:				
Accounts	2,213,412	162	462	-
Notes and Loans	15,918	958	2,599,908	-
Accrued Interest	23,422	-	-	-
Prepaid Costs	96,302	-	-	-
Due from Other Governments	1,495,661	-	-	-
Due from Other Funds	1,121,679	-	-	-
Advances to Other Funds	-	-	5,358,772	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	197,851	38,376	-	-
Total Assets	\$ 13,726,850	\$ 2,393,066	\$ 8,453,466	\$ -
LIABILITIES				
Accounts Payable	\$ 1,384,374	\$ 17,181	\$ -	\$ -
Accrued Liabilities	450,157	8,629	-	-
Deposits Payable	78,403	36,227	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	-	-	-	-
Advances from Other Funds	-	5,358,772	-	-
Total Liabilities	1,912,934	5,420,809	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	78,907	-	-	-
Total Deferred Inflows of Resources	78,907	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	96,302	-	-	-
Restricted	-	38,376	8,453,466	-
Assigned	6,733,621	-	-	-
Unassigned	4,905,086	(3,066,119)	-	-
Total Fund Balances (Deficits)	11,735,009	(3,027,743)	8,453,466	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 13,726,850	\$ 2,393,066	\$ 8,453,466	\$ -

The accompanying notes are an integral part of this statement.

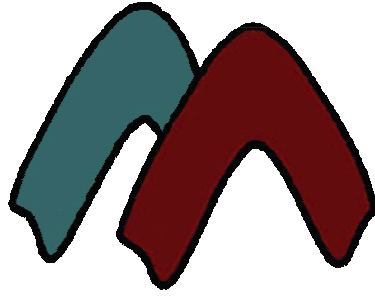
Other Governmental Funds	Total Governmental Funds
\$ 8,708,088	\$ 20,118,587
287,959	2,501,995
-	2,616,784
-	23,422
-	96,302
731,537	2,227,198
159,147	1,280,826
-	5,358,772
<u>2,023,234</u>	<u>2,259,461</u>
<u>\$ 11,909,965</u>	<u>\$ 36,483,347</u>
\$ 175,434	\$ 1,576,989
57,683	516,469
1,225	115,855
10,604	10,604
1,192,367	1,192,367
-	5,358,772
<u>1,437,313</u>	<u>8,771,056</u>
<u>25,000</u>	<u>103,907</u>
<u>25,000</u>	<u>103,907</u>
-	96,302
10,831,765	19,323,607
-	6,733,621
<u>(384,113)</u>	<u>1,454,854</u>
<u>10,447,652</u>	<u>27,608,384</u>
<u>\$ 11,909,965</u>	<u>\$ 36,483,347</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Fund Balances of Governmental Funds	\$	27,608,384
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		100,652,099
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		(29,178,313)
Compensated Absences		(1,892,440)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(299,359)
Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures, but in the Statement of Net Position any excess or deficiencies in relation to the ARC are recorded as an asset or a liability.		(867,000)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		103,907
Net Position of Governmental Activities	\$	96,127,278

The accompanying notes are an integral part of this statement.



CITY OF MONTCLAIR

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City of Montclair
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	General Fund	Special Revenue		Capital Projects
		Montclair Housing Corporation	Montclair Housing Authority	Project Area Bond Proceeds
REVENUES				
Taxes	\$ 19,106,773	\$ -	\$ -	\$ -
Licenses and Permits	213,098	-	-	-
Intergovernmental	666,524	-	-	-
Charges for Services	3,088,974	-	-	-
Use of Money and Property	42,302	712,830	37,998	-
Fines and Forfeitures	799,273	-	-	-
Miscellaneous	197,883	-	156,415	-
Total Revenues	24,114,827	712,830	194,413	-
EXPENDITURES				
Current:				
General Government	7,131,588	1,035,197	-	-
Public Safety	13,978,321	-	-	-
Community Development	1,788,339	-	365,985	-
Public Works	2,738,964	-	-	-
Capital Outlay	182,041	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	25,819,253	1,035,197	365,985	-
Excess (Deficiency) of Revenues Over Expenditures	(1,704,426)	(322,367)	(171,572)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	368,152	-	-	-
Transfers Out	(428,978)	-	-	-
Transfers from Fiduciary Fund	-	-	8,625,038	-
Transfers to Fiduciary Fund	-	-	-	(14,160,645)
Total Other Financing Sources (Uses)	(60,826)	-	8,625,038	(14,160,645)
Net Change in Fund Balances	(1,765,252)	(322,367)	8,453,466	(14,160,645)
Fund Balance, Beginning of Year	12,909,896	(2,705,376)	-	14,160,645
Prior Period Adjustments	590,365	-	-	-
Fund Balance, End of Year	\$ 11,735,009	\$ (3,027,743)	\$ 8,453,466	\$ -

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 3,056,336	\$ 22,163,109
-	213,098
6,128,171	6,794,695
999,415	4,088,389
75,787	868,917
333,639	1,132,912
330,198	684,496
<u>10,923,546</u>	<u>35,945,616</u>
10,801	8,177,586
823,997	14,802,318
1,937,623	4,091,947
3,023,640	5,762,604
330,949	512,990
685,000	685,000
<u>1,231,101</u>	<u>1,231,101</u>
<u>8,043,111</u>	<u>35,263,546</u>
<u>2,880,435</u>	<u>682,070</u>
1,654,994	2,023,146
(1,489,025)	(1,918,003)
-	8,625,038
<u>-</u>	<u>(14,160,645)</u>
<u>165,969</u>	<u>(5,430,464)</u>
3,046,404	(4,748,394)
7,401,248	31,766,413
-	590,365
<u>\$ 10,447,652</u>	<u>\$ 27,608,384</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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (4,748,395)

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	2,414,922
Depreciation Expense	(3,797,982)
Loss on Disposal	(342,072)

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 premium discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities.

Principal Repayments	685,000
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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. (316,936)

The net OPEB Obligation reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. The following amount represents the net change in the OPEB obligation. (445,000)

Accrued interest payable is not reported in the governmental funds. 11,841

To record the net change in compensated absences in the Statement of Activities. 287,523

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. (114,860)

Change in Net Position of Governmental Activities \$ (6,365,959)

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
ASSETS	
Current:	
Pooled Cash and Investments	\$ 1,491,988
Receivables:	
Accounts (net of allowance)	170,109
Due from Other Governments	630
Total Current Assets	<u>1,662,727</u>
Noncurrent:	
Capital Assets - Net of Accumulated Depreciation	<u>2,391,145</u>
Total Noncurrent Assets	<u>2,391,145</u>
Total Assets	<u>\$ 4,053,872</u>
LIABILITIES	
Current:	
Accounts Payable	327,325
Accrued Liabilities	18,085
Due to Other Funds	88,459
Accrued Compensated Absences	43,185
Total Current Liabilities	<u>477,054</u>
Noncurrent:	
Accrued Compensated Absences	<u>30,981</u>
Total Noncurrent Liabilities	<u>30,981</u>
Total Liabilities	<u>508,035</u>
NET POSITION	
Net Investment in Capital Assets	2,391,145
Unrestricted	<u>1,154,692</u>
Total Net Position	<u>\$ 3,545,837</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2013

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
OPERATING REVENUES	
Sales and Service Charges	<u>\$ 3,168,057</u>
Total Operating Revenues	<u>3,168,057</u>
OPERATING EXPENSES	
Salaries and Benefits	557,975
Supplies and Services	251,416
Treatment	1,913,940
Depreciation Expense	<u>64,716</u>
Total Operating Expenses	<u>2,788,047</u>
Operating Income (Loss)	<u>380,010</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	<u>83</u>
Total Nonoperating Revenues (Expenses)	<u>83</u>
Income Before Transfers	380,093
Transfers Out	<u>(105,143)</u>
Changes in Net Position	274,950
Net Position, Beginning of Year	3,248,484
Prior Period Adjustments	<u>22,403</u>
Net Position, End of Fiscal Year	<u><u>\$ 3,545,837</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, 2013

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers and Users	\$ 3,231,742
Cash Paid to Suppliers for Goods and Services	(2,101,552)
Cash Paid to Employees for Services	(584,912)
Net Cash Provided (Used) by Operating Activities	<u>545,278</u>
Cash Flows from Non-Capital Financing Activities	
Cash Received From (Paid to) Other Funds	<u>(182,396)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(182,396)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>
Cash Flows from Investing Activities	
Interest Received	<u>83</u>
Net Cash Provided (Used) by Investing Activities	<u>83</u>
Net Increase (Decrease) in Cash and Cash Equivalents	362,965
Cash and Cash Equivalents at Beginning of Year	<u>1,129,023</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,491,988</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>\$ 380,010</u>
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:	
Depreciation	64,716
(Increase) Decrease in Accounts Receivable	63,683
(Increase) Decrease in Due from Other Governments	2
Increase (Decrease) in Accounts Payable	63,804
Increase (Decrease) in Accrued Liabilities	(2,328)
Increase (Decrease) in Compensated Absences	(24,609)
Total Adjustments	<u>165,268</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 545,278</u></u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Pooled Cash and Investments	\$ 16,672,048	\$ 2,746,961
Restricted Cash with Fiscal Agent	3,963,777	-
Interest Receivable	129,847	-
Total Assets	20,765,672	\$ 2,746,961
LIABILITIES		
Accrued Liabilities	9,758	\$ -
Due to Other Governments	-	2,746,961
Interest Payable	546,033	-
Bonds Payable	48,923,656	-
Total Liabilities	49,479,447	\$ 2,746,961
NET POSITION		
Net Position Held in Trust for Successor Agency	\$ (28,713,775)	

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013

	<u>Successor Agency Private-purpose Trust Fund</u>
ADDITIONS	
Taxes	\$ 12,175,953
Investment Income	(423,371)
	11,752,582
DEDUCTIONS	
Administrative Costs	804,067
RDA Dissolution Payments	15,545,972
Pass-through Payments	7,713,114
Interest on Bonds	2,283,798
	26,346,951
Transfers from the City of Montclair	14,160,645
Transfers to the City of Montclair	(8,625,038)
Change in Net Position	(9,058,762)
Net Position - Beginning of Year	(16,928,439)
Restatement of Net Position	(2,726,574)
Net Position - End of Year	\$ (28,713,775)

The accompanying notes are an integral part of this statement.

City of Montclair
Notes to Financial Statements

June 30, 2013

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 Housing Corporation and the Montclair Housing Authority.
2. The City, Housing Corporation, and Housing Authority are financially interdependent.
3. The Housing Corporation and Housing Authority are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Housing Corporation and Housing Authority 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 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. The Corporation presently manages 98 residential units which are occupied by over 300 people. Those properties are covered by 55 year deed restrictions for affordability and approximately 80 percent of those deed restrictions are for very low income families.

The Montclair Housing Authority (the Authority) was established on July 18, 2011. The primary purpose of the Authority is to minimize the amount of unsanitary and unsafe inhabited dwelling accommodations and to provide decent, safe, sanitary, and affordable dwelling accommodations to persons of low income. On January 12, 2012, the Authority elected to serve as the Successor Housing Agency of the City of Montclair Redevelopment Agency (former redevelopment agency) and in accordance with that role it has received transferred Low and Moderate Housing assets of the former redevelopment agency as part of the dissolution process.

Since the governing body of the Corporation and the Authority are the same as the City, their data has been blended into that of the financial reporting entity. Separate financial statements are not prepared for the Corporation or the Authority.

B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information 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, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The *Montclair Housing Authority* is presented as a special revenue fund and accounts for the activities associated with the successor housing activities of the former redevelopment agency.

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

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.

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.

D) Assets, Liabilities and Net Position 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.

City of Montclair
Notes to Financial Statements
June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

City of Montclair
Notes to Financial Statements
June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- 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. No amounts for interest costs were capitalized for the year ended June 30, 2013.

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

City of Montclair
Notes to Financial Statements
June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 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.

In the fund financial statements, governmental funds recognize bond premiums and discounts, 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has no items that qualify for reporting in this category.

City of Montclair
Notes to Financial Statements
June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net Investment in Capital Assets – this category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – this category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - this category represents the net position of the City that is not externally restricted for any project or other purpose.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position, is applied.

Fund Balances

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. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

City of Montclair
Notes to Financial Statements
June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 Manager with the 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.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) Deficit Fund Balances

The following non-major funds have deficit fund balances at June 30, 2013:

Special Revenue Funds:		
Community Development Block Grant	\$	62,988
Older American Act		4,557
California Nutrition Grant		6,352
E.M.S. Paramedic		310,216

These deficits will be funded with future years' revenues.

3) CASH AND INVESTMENTS

As of June 30, 2013 cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$	22,378,048
Business-Type Activities		1,491,988
Fiduciary Funds		<u>23,382,786</u>
Total Cash and Investments	\$	<u>47,252,822</u>

City of Montclair
Notes to Financial Statements

June 30, 2013

3) CASH AND INVESTMENTS

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.

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 Unites 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

City of Montclair
Notes to Financial Statements

June 30, 2013

3) CASH AND INVESTMENTS

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.

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, 2013, 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 "AA" by Moody's and by S&P. The City's investments in various State and local agency bonds are rated "A" or better 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, 2013, 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, 2013, none of the City's deposits or investments were exposed to custodial credit risk.

City of Montclair
Notes to Financial Statements
June 30, 2013

3) CASH AND INVESTMENTS

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, 2013, 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 one issuer, then they are exposed to credit risk. The following investments are in excess of 5% of total investments: FFCB – 6.2%, FHLB – 6.2%, FNMA – 15.5%, California State Government – 19.9%, Bay Area Toll Authority – 5.8%, Los Angeles County Metropolitan Transportation Authority - 7.5% and Chabot-Las Positas Community Collection District – 5.1%.

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, 2013, 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 5 Years	5 to 8 Years	
Local Agency Investment Fund	\$ 2,623,502	\$ -	\$ -	\$ -	\$ 2,623,502
Federal Farm Credit Bank	-	1,961,800	-	-	1,961,800
Federal Home Loan Bank	-	-	1,953,260	-	1,953,260
Farmer MAC	-	553,679	-	-	553,679
Federal National Mortgage Assoc. Certificates of Deposit	1,000,870	-	3,917,000	-	4,917,870
State of California and California Local Agency Bonds	388,000	-	-	-	388,000
Cash with Fiscal Agent:					
Money Market Mutual Funds	-	-	-	13,333,746	13,333,746
	5,986,011	-	-	-	5,986,011
Total	\$ 9,998,383	\$ 2,515,479	\$5,870,260	\$13,333,746	\$31,717,868

City of Montclair
Notes to Financial Statements
June 30, 2013

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$10,226,591	\$ -	\$ 70,208	\$ -	\$10,156,383
Work in Progress	-	2,205,394	-	(1,608,679)	596,715
Land Improvements	2,473,390	-	-	-	2,473,390
Total Capital Assets Not Depreciated	<u>12,699,981</u>	<u>2,205,394</u>	<u>70,208</u>	<u>(1,608,679)</u>	<u>13,226,488</u>
Capital Assets, Being Depreciated:					
Structures and Improvements	20,444,575	-	266,311	45,299	20,223,563
Furniture and Equipment	8,050,829	209,528	59,522	-	8,200,835
Infrastructure	83,459,853	-	-	1,563,380	85,023,233
Total Capital Assets Being Depreciated	<u>111,955,257</u>	<u>209,528</u>	<u>325,833</u>	<u>1,608,679</u>	<u>113,447,631</u>
Less Accumulated Depreciation:					
Structures and Improvements	5,497,255	470,803	26,631	-	5,941,427
Furniture and Equipment	6,626,023	331,774	27,338	-	6,930,459
Infrastructure	10,154,729	2,995,405	-	-	13,150,134
Total Accumulated Depreciation	<u>22,278,007</u>	<u>3,797,982</u>	<u>53,969</u>	<u>-</u>	<u>26,022,020</u>
Total Capital Assets Being Depreciated, Net	<u>89,677,250</u>	<u>(3,588,454)</u>	<u>(271,864)</u>	<u>1,608,679</u>	<u>87,425,611</u>
Governmental Activities Capital Assets, Net	<u>\$102,377,231</u>	<u>\$(1,383,060)</u>	<u>\$ (342,072)</u>	<u>\$ -</u>	<u>\$100,652,099</u>

City of Montclair
Notes to Financial Statements
June 30, 2013

4) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Adjustments	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	894,748	-	-	-	894,748
Total Capital Assets Being Depreciated	<u>4,228,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,228,586</u>
Less Accumulated Depreciation:					
Sewer Lines	1,308,474	33,340	-	-	1,341,814
Furniture and Equipment	593,639	31,376	-	22,403	602,612
Total Accumulated Depreciation	<u>1,902,113</u>	<u>64,716</u>	<u>-</u>	<u>22,403</u>	<u>1,944,426</u>
Total Capital Assets Being Depreciated, Net	<u>2,326,473</u>	<u>(64,716)</u>	<u>-</u>	<u>22,403</u>	<u>2,284,160</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,433,458</u>	<u>\$ (64,716)</u>	<u>\$ -</u>	<u>\$ 22,403</u>	<u>\$ 2,391,145</u>

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

Governmental Activities:	
General Government	\$ 2,551,630
Public Safety	1,143,108
Community Development	28,232
Public Works	75,012
Total Governmental Activities	<u>\$ 3,797,982</u>
Business-Type Activities:	
Sewer	<u>\$ 64,716</u>

City of Montclair
Notes to Financial Statements
June 30, 2013

5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, was as follows:

Due To/From Other Funds

		DUE TO		
		Sewer Maintenance	Non-Major Funds	Total
DUE FROM	General Fund	\$ 88,459	\$ 1,033,220	\$ 1,121,679
	Non-major Funds	-	159,147	159,147
Total		<u>\$ 88,459</u>	<u>\$ 1,192,367</u>	<u>\$ 1,280,826</u>

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 \$5,358,772 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 Montclair Housing Authority, due to the dissolution of the Redevelopment Agency.

Transfers

		TRANSFERS IN		
		General Fund	Non-major Funds	Total
TRANSFERS OUT	General Fund	-	\$ 428,978	\$ 428,978
	Sewer Maintenance	105,143	-	105,143
	Non-major Funds	263,009	1,226,016	1,489,025
Total		<u>\$ 368,152</u>	<u>\$ 1,654,994</u>	<u>\$ 2,023,146</u>

The General Fund made transfers of \$428,978 to non-major funds to reimburse various costs. Non-major funds transferred \$263,009 to the General Fund, and \$1,226,016 to other non-major funds to provide funds for various projects. The Sewer Maintenance Fund transferred \$105,143 to the General Fund to reimburse various costs.

Transfers to/from Fiduciary Fund

Pursuant to a review by the California State Controller's Office in March 2013, the Capital Projects Project Area Bond Proceeds Fund transferred \$14,160,645 to the Successor Agency to the Montclair Redevelopment Agency (Fiduciary Fund). In addition, the Successor Agency to the Montclair Redevelopment Agency (Fiduciary Fund) transferred \$8,625,038 of residual low and moderate income housing fund assets to the Montclair Housing Authority as allowed by law.

City of Montclair
Notes to Financial Statements
June 30, 2013

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, 2013:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Revenue Bonds	\$ 27,660,000	\$ -	\$ 685,000	\$ 26,975,000	\$ 710,000
Claims and Judgments	1,886,377	316,936	-	2,203,313	1,200,000
OPEB	-	867,000	-	867,000	-
Compensated Absences	2,179,963	1,427,191	1,714,714	1,892,440	97,432
	<u>\$ 31,726,340</u>	<u>\$ 2,611,127</u>	<u>\$ 2,399,714</u>	<u>\$ 31,937,753</u>	<u>\$ 2,007,432</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, 2013 is \$26,975,000. The annual requirements to amortize the outstanding indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	2005 Lease Revenue Bonds	
	Principal	Interest Payments
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	825,000	1,084,220
2019-2023	4,680,000	4,859,968
2024-2028	5,840,000	3,670,283
2029-2033	7,335,000	2,134,153
2034-2036	5,280,000	379,760
	<u>\$ 26,975,000</u>	<u>\$ 16,766,599</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, 2013 is \$2,203,313.

City of Montclair
Notes to Financial Statements
June 30, 2013

6) LONG-TERM DEBT

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, 2013:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	\$ 98,772	\$ 42,173	\$ 66,779	\$ 74,166	\$ 43,185

C) Fiduciary Fund Long-Term Debt

Fiduciary Fund long-term debt activity for the 2012-13 fiscal year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds	\$ 50,270,000	\$ -	\$ 1,240,000	\$ 49,030,000	\$ 1,310,000
	<u>\$ 50,270,000</u>	<u>\$ -</u>	<u>\$ 1,240,000</u>	49,030,000	<u>\$ 1,310,000</u>
Less: Unamortized Discount				(106,344)	
Net Long-Term Debt				<u>\$ 48,923,656</u>	

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, 2013 is \$23,025,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

City of Montclair
Notes to Financial Statements
June 30, 2013

6) LONG-TERM DEBT - Continued

Year Ending June 30,	2007A Taxable Tax Allocation Bonds Project Area III	
	Principal	Interest
2014	\$ 525,000	\$ 1,056,938
2015	545,000	1,032,863
2016	570,000	1,007,775
2017	600,000	981,450
2018	620,000	954,000
2019-2023	3,525,000	4,338,366
2024-2028	4,370,000	3,471,656
2029-2033	7,120,000	2,166,359
2034-2036	5,150,000	394,500
Total	\$ 23,025,000	\$ 15,403,907

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, 2013 is \$2,925,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	2007B Taxable Tax Allocation Bonds Project Area III	
	Principal	Interest
2014	\$ 125,000	\$ 169,309
2015	135,000	162,003
2016	140,000	154,275
2017	145,000	146,267
2018	160,000	137,696
2019-2023	950,000	529,500
2024-2028	1,270,000	199,500
Total	\$ 2,925,000	\$ 1,498,550

City of Montclair
Notes to Financial Statements
June 30, 2013

6) LONG-TERM DEBT - 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, 2013 is \$6,360,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Project Area No. V, Taxable Tax Allocation Bonds, Issue of 2006A	
	Principal	Interest
2014	\$ 185,000	\$ 382,901
2015	190,000	372,091
2016	205,000	360,685
2017	215,000	348,504
2018	230,000	335,175
2019-2023	1,385,000	1,437,716
2024-2028	900,000	1,027,973
2029-2033	2,070,000	770,288
2034-2036	980,000	30,135
Total	\$ 6,360,000	\$ 5,065,468

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, 2013 is \$3,280,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

City of Montclair
Notes to Financial Statements
June 30, 2013

6) LONG-TERM DEBT - Continued

Year Ending June 30,	Project Area No. V, Taxable Tax Allocation Bonds, Issue of 2006B	
	Principal	Interest
2014	\$ -	\$ 155,800
2015	-	155,800
2016	-	155,800
2017	-	155,800
2018	-	155,800
2019-2023	-	779,000
2024-2028	950,000	712,500
2029-2033	1,895,000	336,656
2034	435,000	10,331
Total	\$ 3,280,000	\$ 2,617,487

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, 2013 is \$4,470,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	2004 Tax Allocation Refunding Bonds Project Area IV	
	Principal	Interest
2014	\$ 150,000	\$ 219,188
2015	155,000	212,125
2016	160,000	204,250
2017	170,000	196,000
2018	180,000	187,250
2019-2023	1,025,000	790,625
2024-2028	1,320,000	498,750
2029-2032	1,310,000	134,750
Total	\$ 4,470,000	\$ 2,442,938

City of Montclair
Notes to Financial Statements
June 30, 2013

6) LONG-TERM DEBT - 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, 2013 is \$8,775,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	2001 Tax Allocation Refunding Bonds Project Area V	
	Principal	Interest
2014	\$ 310,000	\$ 448,460
2015	325,000	432,585
2016	340,000	415,960
2017	360,000	398,460
2018	375,000	380,085
2019-2023	2,180,000	1,588,783
2024-2028	2,815,000	937,173
2029-2031	2,070,000	168,275
Total	\$ 8,775,000	\$ 4,769,781

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, 2013 is \$195,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	1997 Taxable Tax Allocation Bonds Project Area 1	
	Principal	Interest
2014	\$ 15,000	\$ 15,750
2015	15,000	14,490
2016	20,000	13,020
2017	20,000	11,340
2018	20,000	9,660
2019-2022	105,000	18,270
Total	\$ 195,000	\$ 82,530

City of Montclair
Notes to Financial Statements
June 30, 2013

6) LONG-TERM DEBT - 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 \$80,910,661 with debt service requirements as indicated above.

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 as Successor Agency for the City of Montclair Redevelopment Agency							
<u>Allocations to Redevelopment Obligation</u>							
<u>Retirement Fund (RORF)</u>							
Tax Increment Collections	\$ 118,580	\$ -	\$4,969,090	\$1,974,207	\$4,292,654	\$ 821,422	\$ 12,175,953
County Administration Charges	(774)	-	(42,199)	(14,246)	(30,771)	(5,550)	(93,540)
Pass Through Payments to Taxing Entities	(5,449)	-	(513,350)	(631,522)	(657,838)	(206,382)	(2,014,541)
Residual Payments to Taxing Entities	(38,088)	-	(2,317,386)	(889,145)	(1,905,126)	(548,828)	(5,698,573)
Net Tax Increment Available for Debt service	<u>\$ 74,269</u>	<u>\$ -</u>	<u>\$2,096,155</u>	<u>\$ 439,294</u>	<u>\$1,698,919</u>	<u>\$ 60,662</u>	<u>\$ 4,369,299</u>

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.

City of Montclair
Notes to Financial Statements
June 30, 2013

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 17.471% 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.

Annual Pension Cost

For 2013, the City's annual pension cost of \$1,305,642 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, 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
6/30/11	\$ 1,164	100%	\$ -
6/30/12	1,334	100%	-
6/30/13	1,306	100%	-

City of Montclair
Notes to Financial Statements
June 30, 2013

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

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

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	23 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	3.55% 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.

Annual Pension Cost

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

Actuarial Valuation Date	Actuarial Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
06/30/2010	59,069	51,428	7,641	87.1%	6,790	112.5%

City of Montclair
Notes to Financial Statements
June 30, 2013

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

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 42.262% for police safety first tier employees, 20.999% for police safety second tier employees, 54.500% for fire safety first tier employees, and 22.744% 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):

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percent Contributed</u>
6/30/11	\$ 2,411	100%
6/30/12	\$ 2,605	100%
6/30/13	\$ 2,620	100%

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 2012-2013 were \$566,000. There are currently 72 participants receiving benefits. The City's plan does not issue a publicly available financial report.

City of Montclair
Notes to Financial Statements
June 30, 2013

8) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS - Continued

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)	\$ 1,037,000
Interest on Net OPEB Obligation	6,000
Adjustment to ARC	<u>(32,000)</u>
Annual OPEB Cost	1,011,000
Contribution Made	<u>(566,000)</u>
Increase in Net OPEB Obligation	445,000
Net OPEB Obligation at June 30, 2012	<u>422,000</u>
 Net OPEB Obligation at June 30, 2013	 <u><u>\$ 867,000</u></u>

Annual OPEB cost, percentage of Annual OPEB Cost contributed, and Net OPEB Obligation (only available for two years), 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)
6/30/13	\$ 1,011,000	\$ 566,000	55.98%	\$ 867,000
6/30/12	963,000	\$ 541,000	56.18%	422,000

City of Montclair
Notes to Financial Statements
June 30, 2013

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 excess of

City of Montclair
Notes to Financial Statements
June 30, 2013

9) SELF-INSURANCE PROGRAM - Continued

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, 2013, Adminsure and Carl Warren & Co., indicated a need for potential liability reserves of approximately \$2,203,313 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, 2013, 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 have been incurred but not reported. At June 30, 2013, the amount of these liabilities was \$2,203,313. 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
2011-2012	\$ 1,408,957	\$ 477,420	-	\$ 1,886,377
2012-2013	1,886,377	316,936	-	2,203,313

City of Montclair
Notes to Financial Statements
June 30, 2013

10) FUND BALANCES

The details of the fund balances as of June 30, 2013 are presented below:

	General Fund	Montclair Housing Corporation	Montclair Housing Authority	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 96,302	\$ -	\$ -	\$ -	\$ 96,302
Restricted for:					
Debt Service	-	-	-	1,930,580	1,930,580
Housing	-	38,376	8,453,466	-	8,491,842
Public Safety	-	-	-	332,548	332,548
Transportation	-	-	-	6,618,551	6,618,551
Community Development	-	-	-	1,950,086	1,950,086
Committed to:					
	-	-	-	-	-
Assigned to:					
Post-employment Benefits	3,000,000	-	-	-	3,000,000
Technology	380,915	-	-	-	380,915
Senior Center Subsidies	200,000	-	-	-	200,000
Self Insurance	750,000	-	-	-	750,000
Equipment Replacement	1,532,706	-	-	-	1,532,706
Unanticipated Personnel	-	-	-	-	-
Cost Adjustments	600,000	-	-	-	600,000
Infrastructure	170,000	-	-	-	170,000
Contingencies	100,000	-	-	-	100,000
Unassigned	4,905,086	(3,066,119)	-	(384,113)	1,454,854
Total Fund Balance	<u>\$11,735,009</u>	<u>\$(3,027,743)</u>	<u>\$ 8,453,466</u>	<u>\$ 10,447,652</u>	<u>\$ 27,608,384</u>

11) NEW STANDARDS

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.

City of Montclair
Notes to Financial Statements
June 30, 2013

12) 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.

13) PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS

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

- The General Fund and Governmental Activities fund balance/net position increased by \$590,365 as a result of removing old liability balances from prior years.
- The Sewer Maintenance Fund/Business-type Activities net position increased by \$22,403 from adjustments to beginning accumulated depreciation.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year 2012-13. As a result, the beginning net position in the Statement of Activities and in the Statement of Changes in Net Position – Fiduciary Funds were restated by \$478,487 and \$2,726,574, respectively, to reflect the cumulative effect of applying this statement.

The beginning Net OPEB Obligation of \$422,000 as shown in Note 8 was not recorded in the prior year. This adjustment is reflected in the Restatement of Net Position on the Statement of Activities – Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION

City of Montclair
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 13,500,261	\$ 13,500,261	\$ 13,500,261	\$ -
Resources (Inflows):				
Taxes	19,501,951	19,593,944	19,106,773	(487,171)
Licenses and Permits	337,300	212,350	213,098	748
Intergovernmental	260,000	260,000	666,524	406,524
Charges for Services	3,233,700	3,274,700	3,088,974	(185,726)
Use of Money and Property	155,000	165,000	42,302	(122,698)
Fines and Forfeitures	796,500	936,600	799,273	(137,327)
Miscellaneous	327,600	354,700	197,883	(156,817)
Transfers In	980,783	980,783	368,152	(612,631)
Amounts Available for Appropriation	39,093,095	39,278,338	37,983,240	(1,295,098)
Charges to Appropriation (Outflow):				
General Government				
City Council	303,034	302,134	205,494	96,640
City Manager	293,965	293,965	237,239	56,726
Administration	109,553	109,053	70,883	38,170
Financial Services	613,558	613,558	614,881	(1,323)
Solid Waste Disposal	2,174,729	2,174,729	2,218,634	(43,905)
City Clerk	78,509	78,509	75,935	2,574
Personnel/Risk Assessment	396,042	396,042	380,185	15,857
Information Technology Services	712,662	758,927	740,332	18,595
Central Services	391,304	391,304	390,430	874
Records Retention	70,075	70,075	56,651	13,424
City Attorney	313,764	578,764	521,110	57,654
Contingency	100,000	67,540	-	67,540
Non-Departmental	-	10,400	1,619,814	(1,609,414)
Public Safety				
Police Administration	599,274	593,874	715,584	(121,710)
Police Support Services	359,329	361,029	347,399	13,630
Technical Services	216,059	216,059	369,397	(153,338)
Records Bureau	700,578	700,578	642,641	57,937
Investigations	1,355,910	1,379,003	1,305,365	73,638
Uniform Patrol	5,894,497	5,977,773	5,014,141	963,632
Communications	636,730	636,730	598,782	37,948
Volunteer Services	131,279	131,279	91,170	40,109
Fire Administration	535,216	534,716	230,277	304,439
Fire Prevention	246,006	245,406	220,723	24,683
Emergency Services	3,876,433	3,822,433	3,814,317	8,116
Personnel Development	221,750	221,750	301,180	(79,430)
Equipment Maintenance	7,550	7,550	5,081	2,469
Buildings and Grounds	56,368	56,368	61,650	(5,282)
Emergency Preparedness	35,750	35,750	45,726	(9,976)

City of Montclair
Budgetary Comparison Schedule by Department - Continued
General Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Charges to Appropriation (Outflow): - Continued				
Community Development				
Planning Commission	\$ 16,576	\$ 16,576	\$ 6,459	\$ 10,117
Community Development Administration	181,961	181,161	199,148	(17,987)
Current Planning	192,522	192,522	222,212	(29,690)
Advance Planning	95,350	95,350	91,117	4,233
Field Inspection	127,304	127,304	137,787	(10,483)
Plan Check	68,503	68,503	66,625	1,878
Building Operations	146,658	146,658	139,650	7,008
Code Enforcement	299,750	299,750	214,888	84,862
Recreation	796,514	797,014	588,424	208,590
Service Center	113,022	132,454	115,557	16,897
Senior Citizens	136,670	136,670	116,769	19,901
Nutritional Meals	53,567	53,567	50,836	2,731
Health Education	1,800	1,800	1,368	432
Family Education	-	-	52,387	(52,387)
Public Works				
Management and Construction	543,418	549,109	486,044	63,065
Public Works Inspection	122,106	122,106	118,302	3,804
Traffic Safety Engineering	45,192	45,192	42,168	3,024
Graffiti Abatement	154,980	154,980	157,204	(2,224)
Street Maintenance	96,608	101,808	108,900	(7,092)
Signing/Painting	36,313	36,313	23,416	12,897
Street Sweeping	53,542	53,542	38,192	15,350
Parks Maintenance	701,721	707,721	796,398	(88,677)
Tree Maintenance	28,104	28,104	24,338	3,766
Vehicle Maintenance	466,184	491,184	441,374	49,810
Building Maintenance Services	210,262	210,262	183,850	26,412
Heating and Air Conditioning	112,430	112,430	98,996	13,434
Janitorial Services	197,621	223,521	219,782	3,739
Capital Outlay	192,255	192,255	182,041	10,214
Transfers Out	144,800	144,800	428,978	(284,178)
	<u>25,765,657</u>	<u>26,187,954</u>	<u>26,248,231</u>	<u>(10,339)</u>
Budgetary Fund Balance, June 30	<u>\$ 13,327,438</u>	<u>\$ 13,090,384</u>	<u>\$ 11,735,009</u>	<u>\$ (1,355,375)</u>

City of Montclair
Budgetary Comparison Schedule
Montclair Housing Corporation
Year Ended June 30, 2013

	<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	\$ (2,705,376)	\$ (2,705,376)	\$ (2,705,376)	\$ -
Resources (Inflows):				
Use of Money and Property	<u>746,300</u>	<u>746,300</u>	<u>712,830</u>	<u>(33,470)</u>
Amounts Available for Appropriation	<u>(1,959,076)</u>	<u>(1,959,076)</u>	<u>(1,992,546)</u>	<u>(33,470)</u>
Charges to Appropriation (Outflow):				
General Government	<u>1,750,772</u>	<u>1,750,722</u>	<u>1,035,197</u>	<u>715,525</u>
Total Charges to Appropriations	<u>1,750,772</u>	<u>1,750,722</u>	<u>1,035,197</u>	<u>715,525</u>
Budgetary Fund Balance, June 30	<u><u>\$ (3,709,848)</u></u>	<u><u>\$ (3,709,798)</u></u>	<u><u>\$ (3,027,743)</u></u>	<u><u>\$ 682,055</u></u>

City of Montclair
Notes to Required Supplementary Information
June 30, 2013

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).

Expenditures in Excess of Appropriations

The following funds reported total expenditures in excess of appropriations for the year ended June 30, 2013:

General Fund \$10,339

The following funds did not have an adopted budget:

- Montclair Housing Authority
- 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, 2013

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%

SUPPLEMENTARY INFORMATION

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2013

	Special Revenue Funds			
	Gas Tax	Measure I	Traffic Safety	Park Development
ASSETS				
Pooled Cash and Investments	\$ 1,256,156	\$ 1,021,555	\$ 41,298	\$ 468,908
Receivables:				
Accounts	10,389	-	-	1,979
Due from Other Governments	142,670	135,896	18,129	-
Due from Other Funds	6,460	37,725	14,305	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	1,000
Total Assets	<u>\$ 1,415,675</u>	<u>\$ 1,195,176</u>	<u>\$ 73,732</u>	<u>\$ 471,887</u>
LIABILITIES				
Accounts Payable	\$ 74,257	\$ -	\$ -	\$ 485
Accrued Liabilities	12,334	-	-	-
Deposits Payable	-	-	-	1,000
Due to Other Governments	-	-	10,220	-
Due to Other Funds	2,851	468	-	-
Total Liabilities	<u>89,442</u>	<u>468</u>	<u>10,220</u>	<u>1,485</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	1,326,233	1,194,708	63,512	470,402
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>1,326,233</u>	<u>1,194,708</u>	<u>63,512</u>	<u>470,402</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,415,675</u>	<u>\$ 1,195,176</u>	<u>\$ 73,732</u>	<u>\$ 471,887</u>

Special Revenue Funds

Community Development Block Grant	Air Quality Improvement	Older American Act	State Asset Forfeiture	Public Safety	Forfeiture DOJ	State Asset Forfeiture Section 11489
\$ 28,875	\$ 115,967	\$ -	\$ 66,205	\$ 6,197	\$ 24,809	\$ 42,035
39,126	-	-	-	-	-	-
8,273	11,739	8,373	-	77,092	-	-
-	597	-	341	-	132	216
-	-	-	-	-	-	-
<u>\$ 76,274</u>	<u>\$ 128,303</u>	<u>\$ 8,373</u>	<u>\$ 66,546</u>	<u>\$ 83,289</u>	<u>\$ 24,941</u>	<u>\$ 42,251</u>
\$ -	\$ 1,900	\$ 2,564	\$ -	\$ -	\$ -	\$ -
-	-	1,173	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
139,262	-	9,193	-	-	-	-
<u>139,262</u>	<u>1,900</u>	<u>12,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	126,403	-	66,546	83,289	24,941	42,251
(62,988)	-	(4,557)	-	-	-	-
<u>(62,988)</u>	<u>126,403</u>	<u>(4,557)</u>	<u>66,546</u>	<u>83,289</u>	<u>24,941</u>	<u>42,251</u>
<u>\$ 76,274</u>	<u>\$ 128,303</u>	<u>\$ 8,373</u>	<u>\$ 66,546</u>	<u>\$ 83,289</u>	<u>\$ 24,941</u>	<u>\$ 42,251</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds - Continued
June 30, 2013

	Special Revenue Funds			
	Federal Asset Forfeiture Treasury	School District Grant	State Supplement Law Enforcement	Local Law Enforcement Block Grant
ASSETS				
Pooled Cash and Investments	\$ 863	\$ -	\$ 201,680	\$ 11,542
Receivables:				
Accounts	-	-	10,239	-
Due from Other Governments	-	-	-	-
Due from Other Funds	-	-	1,037	42
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	-
Total Assets	<u>\$ 863</u>	<u>\$ -</u>	<u>\$ 212,956</u>	<u>\$ 11,584</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 10	\$ -
Accrued Liabilities	-	-	-	-
Deposits Payable	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	-	-	159,105	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>159,115</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	863	-	53,841	11,584
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>863</u>	<u>-</u>	<u>53,841</u>	<u>11,584</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 863</u>	<u>\$ -</u>	<u>\$ 212,956</u>	<u>\$ 11,584</u>

Special Revenue Funds

Crime Prevention PC 1202.5	Recycling Block Grant	After School Program	Fire Department Grant	Human Services Grant	California Nutrition Grant	E.M.S. Paramedic
\$ 10,052	\$ 22,638	\$ 145,293	\$ -	\$ 44,199	\$ -	\$ -
-	-	74,987	-	4,654	36,875	98,114
73	-	-	15,992	-	-	-
52	116	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 10,177</u>	<u>\$ 22,754</u>	<u>\$ 220,280</u>	<u>\$ 15,992</u>	<u>\$ 48,853</u>	<u>\$ 36,875</u>	<u>\$ 98,114</u>
\$ -	\$ -	\$ 28,832	\$ -	\$ 664	\$ 1,241	\$ 3,236
-	-	36,039	-	-	1,475	6,662
-	-	225	-	-	-	-
-	-	-	-	-	-	-
-	-	81,381	15,988	-	40,511	398,432
-	-	146,477	15,988	664	43,227	408,330
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,177	22,754	73,803	4	48,189	-	-
-	-	-	-	-	(6,352)	(310,216)
<u>10,177</u>	<u>22,754</u>	<u>73,803</u>	<u>4</u>	<u>48,189</u>	<u>(6,352)</u>	<u>(310,216)</u>
<u>\$ 10,177</u>	<u>\$ 22,754</u>	<u>\$ 220,280</u>	<u>\$ 15,992</u>	<u>\$ 48,853</u>	<u>\$ 36,875</u>	<u>\$ 98,114</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds - Continued
June 30, 2013

	Special Revenue Funds			
	Prop 30 SB 109	Disability Access- Business License	Office of Traffic Safety Grant	Montclair Youth Sponsorship
ASSETS				
Pooled Cash and Investments	\$ 37,960	\$ 1,281	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	195	-	-	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	91,654
Total Assets	<u>\$ 38,155</u>	<u>\$ 1,281</u>	<u>\$ -</u>	<u>\$ 91,654</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-
Deposits Payable	-	-	-	-
Due to Other Governments	-	384	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>384</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	38,155	897	-	91,654
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>38,155</u>	<u>897</u>	<u>-</u>	<u>91,654</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 38,155</u>	<u>\$ 1,281</u>	<u>\$ -</u>	<u>\$ 91,654</u>

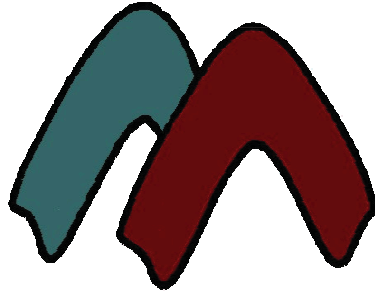
Capital Projects Funds

Infrastructure	Developer Impact Fee	Pavement Impact Fees	Underground In-lieu	General Plan Update	City Facility Improvement	Economic Development
\$ 180,746	\$ 1,622,794	\$ 58,083	\$ 46,883	\$ 44,009	\$ -	\$ 3,208,060
-	-	11,596	-	-	-	-
-	-	-	-	-	-	-
81,420	-	-	-	-	-	16,509
-	-	-	-	-	-	-
<u>\$ 262,166</u>	<u>\$ 1,622,794</u>	<u>\$ 69,679</u>	<u>\$ 46,883</u>	<u>\$ 44,009</u>	<u>\$ -</u>	<u>\$ 3,224,569</u>
\$ 62,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31,876	-	-	-	-	-	-
94,121	-	-	-	-	-	-
25,000	-	-	-	-	-	-
25,000	-	-	-	-	-	-
143,045	1,622,794	69,679	46,883	44,009	-	3,224,569
-	-	-	-	-	-	-
143,045	1,622,794	69,679	46,883	44,009	-	3,224,569
<u>\$ 262,166</u>	<u>\$ 1,622,794</u>	<u>\$ 69,679</u>	<u>\$ 46,883</u>	<u>\$ 44,009</u>	<u>\$ -</u>	<u>\$ 3,224,569</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds - Continued
June 30, 2013

	<u>Debt Service Funds</u>	
	2005 Lease Revenue Bonds	Non-Major Governmental Total
	<u> </u>	<u> </u>
ASSETS		
Pooled Cash and Investments	\$ -	\$ 8,708,088
Receivables:		
Accounts	-	287,959
Due from Other Governments	313,300	731,537
Due from Other Funds	-	159,147
Restricted Assets:		
Cash and Investments with Fiscal Agents	1,930,580	2,023,234
	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,243,880</u>	<u>\$ 11,909,965</u>
LIABILITIES		
Accounts Payable	\$ -	\$ 175,434
Accrued Liabilities	-	57,683
Deposits Payable	-	1,225
Due to Other Governments	-	10,604
Due to Other Funds	313,300	1,192,367
	<u> </u>	<u> </u>
Total Liabilities	<u>313,300</u>	<u>1,437,313</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Grants	-	25,000
	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>25,000</u>
FUND BALANCES (DEFICITS)		
Restricted	1,930,580	10,831,765
Unassigned	-	(384,113)
	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>1,930,580</u>	<u>10,447,652</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 2,243,880</u>	<u>\$ 11,909,965</u>



CITY OF MONTCLAIR

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City of Montclair
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Non-major Funds
June 30, 2013

	Special Revenue Funds			
	Gas Tax	Measure I	Traffic Safety	Park Development
REVENUES				
Taxes	\$ 850,882	\$ -	\$ -	\$ -
Intergovernmental	-	539,828	-	-
Charges for Services	-	-	-	50,400
Use of Money and Property	(11)	5,849	-	40,767
Fines and Forfeitures	-	-	164,665	-
Miscellaneous	-	-	-	-
Total Revenues	<u>850,871</u>	<u>545,677</u>	<u>164,665</u>	<u>91,167</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	1,454,985	-	-	13,420
Capital Outlay	85,617	279	-	11,890
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>1,540,602</u>	<u>279</u>	<u>-</u>	<u>25,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(689,731)</u>	<u>545,398</u>	<u>164,665</u>	<u>65,857</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(377,323)	(273,132)	(180,150)	(6,000)
Total Other Financing Sources (Uses)	<u>(377,323)</u>	<u>(273,132)</u>	<u>(180,150)</u>	<u>(6,000)</u>
Net Change in Fund Balances	(1,067,054)	272,266	(15,485)	59,857
Fund Balance, Beginning of Year	<u>2,393,287</u>	<u>922,442</u>	<u>78,997</u>	<u>410,545</u>
Fund Balance, End of Year	<u>\$ 1,326,233</u>	<u>\$ 1,194,708</u>	<u>\$ 63,512</u>	<u>\$ 470,402</u>

Special Revenue Funds

Community Development Block Grant	Air Quality Improvement	Older American Act	State Asset Forfeiture	Public Safety	Forfeiture DOJ	State Asset Forfeiture Section 11489
\$ -	\$ -	\$ -	\$ -	\$ 289,353	\$ -	\$ -
345,200	44,830	83,412	-	-	-	-
-	-	-	-	-	-	-
-	597	-	341	-	132	216
-	-	-	85,738	-	57,087	24,598
-	-	36,212	-	2,300	-	-
<u>345,200</u>	<u>45,427</u>	<u>119,624</u>	<u>86,079</u>	<u>291,653</u>	<u>57,219</u>	<u>24,814</u>
-	-	-	-	-	-	-
-	-	-	-	54,872	8,577	3,025
76,035	21,544	116,268	-	-	-	-
-	-	-	-	-	-	-
-	-	-	23,819	-	47,155	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>76,035</u>	<u>21,544</u>	<u>116,268</u>	<u>23,819</u>	<u>54,872</u>	<u>55,732</u>	<u>3,025</u>
<u>269,165</u>	<u>23,883</u>	<u>3,356</u>	<u>62,260</u>	<u>236,781</u>	<u>1,487</u>	<u>21,789</u>
72,847	-	-	-	-	230	-
-	-	-	-	-	-	-
<u>72,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230</u>	<u>-</u>
342,012	23,883	3,356	62,260	236,781	1,717	21,789
(405,000)	102,520	(7,913)	4,286	(153,492)	23,224	20,462
<u>\$ (62,988)</u>	<u>\$ 126,403</u>	<u>\$ (4,557)</u>	<u>\$ 66,546</u>	<u>\$ 83,289</u>	<u>\$ 24,941</u>	<u>\$ 42,251</u>

Continued

City of Montclair
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Non-major Funds - Continued
June 30, 2013

	Special Revenue Funds			
	Federal Asset Forfeiture Treasury	School District Grant	State Supplement Law Enforcement	Local Law Enforcement Block Grant
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	64,000	100,021	17,986
Charges for Services	-	-	-	-
Use of Money and Property	-	-	1,037	12
Fines and Forfeitures	863	-	-	-
Miscellaneous	-	-	272,759	-
Total Revenues	863	64,000	373,817	17,998
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	64,000	360,001	81
Community Development	-	-	-	-
Public Works	-	-	-	-
Capital Outlay	-	-	12,762	119,306
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	64,000	372,763	119,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	863	-	1,054	(101,389)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(230)	-	-	-
Total Other Financing Sources (Uses)	(230)	-	-	-
Net Change in Fund Balances	633	-	1,054	(101,389)
Fund Balance, Beginning of Year	230	-	52,787	112,973
Fund Balance, End of Year	<u>\$ 863</u>	<u>\$ -</u>	<u>\$ 53,841</u>	<u>\$ 11,584</u>

Special Revenue Funds

Crime Prevention PC 1202.5	Recycling Block Grant	After School Program	Fire Department Grant	Human Services Grant	California Nutrition Grant	E.M.S. Paramedic
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	10,626	1,519,417	49,129	53,803	53,899	-
-	-	-	-	-	-	106,792
52	116	-	-	-	-	-
688	-	-	-	-	-	-
-	63	-	-	-	-	-
740	10,805	1,519,417	49,129	53,803	53,899	106,792
-	10,801	-	-	-	-	-
1,947	-	-	28,834	-	-	302,660
-	-	1,615,297	-	37,490	60,250	-
-	-	-	-	-	-	-
-	-	-	20,291	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,947	10,801	1,615,297	49,125	37,490	60,250	302,660
(1,207)	4	(95,880)	4	16,313	(6,351)	(195,868)
-	-	144,800	-	-	23,139	-
-	-	-	-	-	-	-
-	-	144,800	-	-	23,139	-
(1,207)	4	48,920	4	16,313	16,788	(195,868)
11,384	22,750	24,883	-	31,876	(23,140)	(114,348)
<u>\$ 10,177</u>	<u>\$ 22,754</u>	<u>\$ 73,803</u>	<u>\$ 4</u>	<u>\$ 48,189</u>	<u>\$ (6,352)</u>	<u>\$ (310,216)</u>

Continued

City of Montclair
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Non-major Funds - Continued
June 30, 2013

	Special Revenue Funds			
	Prop 30 SB 109	Disability Access- Business License	Office of Traffic Safety Grant	Montclair Youth Sponsorship
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	37,960	-	-	-
Charges for Services	-	897	-	-
Use of Money and Property	195	-	-	9,975
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	18,006
Total Revenues	38,155	897	-	27,981
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	10,739
Public Works	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	10,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,155	897	-	17,242
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	38,155	897	-	17,242
Fund Balance, Beginning of Year	-	-	-	74,412
Fund Balance, End of Year	\$ 38,155	\$ 897	\$ -	\$ 91,654

Capital Projects Funds

Infrastructure	Developer Impact Fee	Pavement Impact Fees	Underground In-lieu	General Plan Update	City Facility Improvement	Economic Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	3,208,060
-	745,001	45,257	46,883	4,185	-	-
-	-	-	-	-	-	16,509
-	-	-	-	-	-	-
858	-	-	-	-	-	-
<u>858</u>	<u>745,001</u>	<u>45,257</u>	<u>46,883</u>	<u>4,185</u>	<u>-</u>	<u>3,224,569</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,555,235	-	-	-	-	-	-
9,830	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,565,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,564,207)</u>	<u>745,001</u>	<u>45,257</u>	<u>46,883</u>	<u>4,185</u>	<u>-</u>	<u>3,224,569</u>
1,374,154	-	-	-	39,824	-	-
(617,282)	(34,908)	-	-	-	-	-
<u>756,872</u>	<u>(34,908)</u>	<u>-</u>	<u>-</u>	<u>39,824</u>	<u>-</u>	<u>-</u>
(807,335)	710,093	45,257	46,883	44,009	-	3,224,569
<u>950,380</u>	<u>912,701</u>	<u>24,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 143,045</u>	<u>\$ 1,622,794</u>	<u>\$ 69,679</u>	<u>\$ 46,883</u>	<u>\$ 44,009</u>	<u>\$ -</u>	<u>\$ 3,224,569</u>

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City of Montclair
Combining Balance Sheet
Agency Fund
June 30, 2013

	<u>Sewer Plant</u>
ASSETS	
Pooled Cash and Investments	<u>\$ 2,746,961</u>
Total Assets	<u><u>\$ 2,746,961</u></u>
LIABILITIES	
Due to Other Governments	<u>\$ 2,746,961</u>
Total Liabilities	<u><u>\$ 2,746,961</u></u>

City of Montclair
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Sewer Plant</u>				
Assets:				
Pooled cash and investments	\$ 2,740,659	\$ 151,352	\$ 145,050	\$ 2,746,961
Total Assets	<u>\$ 2,740,659</u>	<u>\$ 151,352</u>	<u>\$ 145,050</u>	<u>\$ 2,746,961</u>
Liabilities				
Accounts Payable	\$ 145,050	\$ -	\$ 145,050	\$ -
Due to other governments	680,659	2,066,302	-	2,746,961
Deposits	1,914,950	-	1,914,950	-
Total Liabilities	<u>\$ 2,740,659</u>	<u>\$ 2,066,302</u>	<u>\$ 2,060,000</u>	<u>\$ 2,746,961</u>



VLF Van Lant &
Fankhanel, LLP
— Certified Public Accountants —