

**CITY OF MONTCLAIR**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended**  
**June 30, 2014**

**CITY OF MONTCLAIR**  
**FINANCIAL STATEMENTS**  
Year Ended June 30, 2014

**City of Montclair**  
**Financial Statements**  
Year Ended June 30, 2014

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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 (City), as of and for the year ended June 30, 2014, 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, 2014, 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.

### ***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 19, 2014 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 + Fankhaenel, LLP*

December 19, 2014

## **BASIC FINANCIAL STATEMENTS**

**City of Montclair**  
**Statement of Net Position**  
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Pooled Cash and Investments	\$ 19,334,080	\$ 1,734,976	\$ 21,069,056
Receivables:			
Accounts	2,657,035	570,002	3,227,037
Notes and Loans	2,599,908	-	2,599,908
Accrued Interest	12,217	-	12,217
Internal Balances	(169)	169	-
Prepaid Costs	485,139	-	485,139
Due From Other Governments	2,457,833	630	2,458,463
Due From Successor Agency	199,279	-	199,279
Restricted Assets:			
Cash with Fiscal Agent	2,081,606	-	2,081,606
Capital Assets Not Being Depreciated	12,814,716	-	12,814,716
Capital Assets, Net of Depreciation	<u>86,591,634</u>	<u>2,327,934</u>	<u>88,919,568</u>
Total Assets	<u>129,233,278</u>	<u>4,633,711</u>	<u>133,866,989</u>
<b>LIABILITIES</b>			
Accounts Payable	2,086,201	384,301	2,470,502
Accrued Liabilities	395,231	17,645	412,876
Accrued Interest	291,939	-	291,939
Deposits Payable	242,661	-	242,661
Due to Other Governments	24,346	-	24,346
Noncurrent Liabilities:			
Due Within One Year	2,902,317	45,099	2,947,416
Due in More Than One Year	<u>29,368,159</u>	<u>32,658</u>	<u>29,400,817</u>
Total Liabilities	<u>35,310,854</u>	<u>479,703</u>	<u>35,790,557</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	72,431,350	2,327,934	74,759,284
Restricted for:			
Housing	4,981,904	-	4,981,904
Public Safety	225,735	-	225,735
Transportation	3,608,500	-	3,608,500
Community Development	4,709,227	-	4,709,227
Debt Service	1,930,581	-	1,930,581
Unrestricted	<u>6,035,127</u>	<u>1,826,074</u>	<u>7,861,201</u>
Total Net Position	<u>\$ 93,922,424</u>	<u>\$ 4,154,008</u>	<u>\$ 98,076,432</u>

The accompanying notes are an integral part of this statement.



**City of Montclair**  
**Statement of Activities**  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ (12,910,525)	\$ 27,257	\$ -	\$ -
Public Safety	(14,172,536)	1,204,621	578,407	6,454
Community Development	(4,544,168)	1,564,669	2,192,516	150,238
Public Works	(3,077,825)	2,742,539	1,199,393	1,984,033
Interest on Long-Term Debt	(1,194,893)	-	-	-
Total Governmental Activities	<u>(35,899,947)</u>	<u>5,539,086</u>	<u>3,970,316</u>	<u>2,140,725</u>
Business-type Activities:				
Sewer Maintenance	<u>(3,086,880)</u>	<u>3,385,025</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>(3,086,880)</u>	<u>3,385,025</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ (38,986,827)</u>	<u>\$ 8,924,111</u>	<u>\$ 3,970,316</u>	<u>\$ 2,140,725</u>

General Revenues:

Taxes:

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

Miscellaneous Revenues

Transfers

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>
\$ (12,883,268)	\$ -	\$ (12,883,268)
(12,383,054)	-	(12,383,054)
(636,745)	-	(636,745)
2,848,140	-	2,848,140
(1,194,893)	-	(1,194,893)
<u>(24,249,820)</u>	<u>-</u>	<u>(24,249,820)</u>
-	298,145	298,145
<u>-</u>	<u>298,145</u>	<u>298,145</u>
(24,249,820)	298,145	(23,951,675)
5,673,671	-	5,673,671
29,770	-	29,770
12,928,140	-	12,928,140
755,366	-	755,366
722,273	-	722,273
1,709,576	-	1,709,576
15,924	-	15,924
574,252	-	574,252
8,401	(8,401)	-
<u>22,417,373</u>	<u>(8,401)</u>	<u>22,408,972</u>
(1,832,447)	289,744	(1,542,703)
96,127,278	3,545,837	99,673,115
<u>(372,407)</u>	<u>318,427</u>	<u>(53,980)</u>
<u>\$ 93,922,424</u>	<u>\$ 4,154,008</u>	<u>\$ 98,076,432</u>

**City of Montclair**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2014

	General Fund	Special Revenue		Capital Projects
		Montclair Housing Corporation	Montclair Housing Authority	Economic Development
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 8,184,122	\$ 2,100,294	\$ 285,541	\$ 4,019,245
Receivables:				
Accounts	2,249,859	35,690	-	-
Notes and Loans	-	-	2,599,908	-
Accrued Interest	11,345	872	-	-
Prepaid Costs	474,708	10,431	-	-
Due from Other Governments	1,797,341	-	-	-
Due from Other Funds	1,040,878	-	-	16,009
Advances to Other Funds	-	-	5,358,772	-
Due from Successor Agency	199,279	-	-	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	44,986	-	-
<b>Total Assets</b>	<b>\$ 13,957,532</b>	<b>\$ 2,192,273</b>	<b>\$ 8,244,221</b>	<b>\$ 4,035,254</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,700,411	\$ 37,967	\$ -	\$ 1,451
Accrued Liabilities	341,841	8,851	-	1,716
Deposits Payable	167,436	49,000	-	-
Due to Other Governments	17,538	-	-	-
Due to Other Funds	107,764	-	-	-
Advances from Other Funds	-	5,358,772	-	-
<b>Total Liabilities</b>	<b>2,334,990</b>	<b>5,454,590</b>	<b>-</b>	<b>3,167</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	280,850	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>280,850</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	474,708	10,431	-	-
Restricted	-	44,986	8,244,221	4,032,087
Committed	-	-	-	-
Assigned	5,658,559	-	-	-
Unassigned	5,208,425	(3,317,734)	-	-
<b>Total Fund Balances (Deficits)</b>	<b>11,341,692</b>	<b>(3,262,317)</b>	<b>8,244,221</b>	<b>4,032,087</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 13,957,532</b>	<b>\$ 2,192,273</b>	<b>\$ 8,244,221</b>	<b>\$ 4,035,254</b>

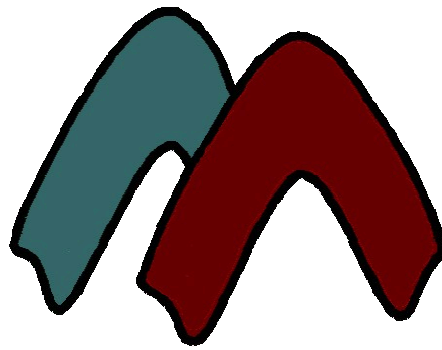
The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 4,744,878	\$ 19,334,080
371,486	2,657,035
-	2,599,908
-	12,217
-	485,139
660,492	2,457,833
250,030	1,306,917
-	5,358,772
-	199,279
<u>2,036,620</u>	<u>2,081,606</u>
<u>\$ 8,063,506</u>	<u>\$ 36,492,786</u>
\$ 346,372	\$ 2,086,201
42,823	395,231
26,225	242,661
6,808	24,346
1,199,322	1,307,086
-	5,358,772
<u>1,621,550</u>	<u>9,414,297</u>
<u>-</u>	<u>280,850</u>
<u>-</u>	<u>280,850</u>
-	485,139
6,760,720	19,082,014
-	-
-	5,658,559
<u>(318,764)</u>	<u>1,571,927</u>
<u>6,441,956</u>	<u>26,797,639</u>
<u>\$ 8,063,506</u>	<u>\$ 36,492,786</u>

**City of Montclair**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2014

Fund Balances of Governmental Funds	\$	26,797,639
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.		99,406,350
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		(28,850,366)
Compensated Absences		(1,932,076)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(291,939)
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.		(1,488,034)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		280,850
Net Position of Governmental Activities	\$	93,922,424

The accompanying notes are an integral part of this statement.



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**City of Montclair**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2014

	General Fund	Special Revenue		Capital Projects
		Montclair Housing Corporation	Montclair Housing Authority	Economic Development
<b>REVENUES</b>				
Taxes	\$ 19,922,407	\$ -	\$ -	\$ -
Licenses and Permits	346,670	-	-	-
Intergovernmental	197,622	-	-	902,765
Charges for Services	3,217,795	-	-	-
Use of Money and Property	309,259	845,438	106,163	16,009
Fines and Forfeitures	689,989	-	-	-
Miscellaneous	259,629	-	-	-
<b>Total Revenues</b>	<b>24,943,371</b>	<b>845,438</b>	<b>106,163</b>	<b>918,774</b>
<b>EXPENDITURES</b>				
Current:				
General Government	8,160,176	1,142,962	-	-
Public Safety	12,237,802	-	-	-
Community Development	2,131,303	-	315,408	111,256
Public Works	2,234,925	-	-	-
Capital Outlay	89,191	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>24,853,397</b>	<b>1,142,962</b>	<b>315,408</b>	<b>111,256</b>
Excess (Deficiency) of Revenues Over Expenditures	89,974	(297,524)	(209,245)	807,518
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	47	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>90,021</b>	<b>(297,524)</b>	<b>(209,245)</b>	<b>807,518</b>
Fund Balance, Beginning of Year	11,735,009	(3,027,743)	8,453,466	3,224,569
Prior Period Adjustments	(483,338)	62,950	-	-
<b>Fund Balance, End of Year</b>	<b>\$ 11,341,692</b>	<b>\$ (3,262,317)</b>	<b>\$ 8,244,221</b>	<b>\$ 4,032,087</b>

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 3,391,257	\$ 23,313,664
-	346,670
2,845,892	3,946,279
343,206	3,561,001
75,628	1,352,497
314,598	1,004,587
97,829	357,458
<u>7,068,410</u>	<u>33,882,156</u>
21,352	9,324,490
766,656	13,004,458
1,957,842	4,515,809
2,277,723	4,512,648
969,986	1,059,177
710,000	710,000
<u>1,202,313</u>	<u>1,202,313</u>
<u>7,905,872</u>	<u>34,328,895</u>
<u>(837,462)</u>	<u>(446,739)</u>
2,058,350	2,058,397
<u>(2,049,996)</u>	<u>(2,049,996)</u>
<u>8,354</u>	<u>8,401</u>
(829,108)	(438,338)
7,223,083	27,608,384
<u>47,981</u>	<u>(372,407)</u>
<u>\$ 6,441,956</u>	<u>\$ 26,797,639</u>



**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, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (438,338)

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	2,569,350
Depreciation Expense	(3,815,099)

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	710,000
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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. (382,053)

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. (621,034)

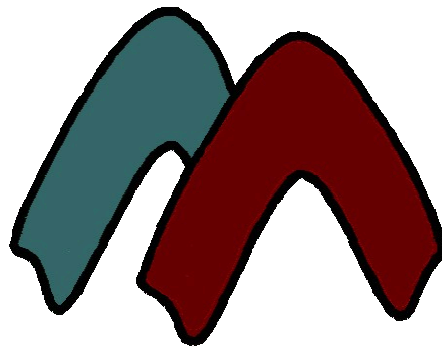
Accrued interest payable is not reported in the governmental funds. 7,420

To record the net change in compensated absences in the Statement of Activities. (39,636)

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. 176,943

Change in Net Position of Governmental Activities	\$ (1,832,447)
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The accompanying notes are an integral part of this statement.



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**City of Montclair**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2014

	<u><b>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</b></u>
<b>ASSETS</b>	
Current:	
Pooled Cash and Investments	\$ 1,734,976
Receivables:	
Accounts (net of allowance)	570,002
Due from Other Governments	630
Due from Other Funds	169
Total Current Assets	<u>2,305,777</u>
Noncurrent:	
Capital Assets - Net of Accumulated Depreciation	<u>2,327,934</u>
Total Noncurrent Assets	<u>2,327,934</u>
Total Assets	<u>\$ 4,633,711</u>
<b>LIABILITIES</b>	
Current:	
Accounts Payable	384,301
Accrued Liabilities	17,645
Due to Other Funds	-
Accrued Compensated Absences	45,099
Total Current Liabilities	<u>447,045</u>
Noncurrent:	
Accrued Compensated Absences	<u>32,658</u>
Total Noncurrent Liabilities	<u>32,658</u>
Total Liabilities	<u>479,703</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,327,934
Unrestricted	<u>1,826,074</u>
Total Net Position	<u><u>\$ 4,154,008</u></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, 2014

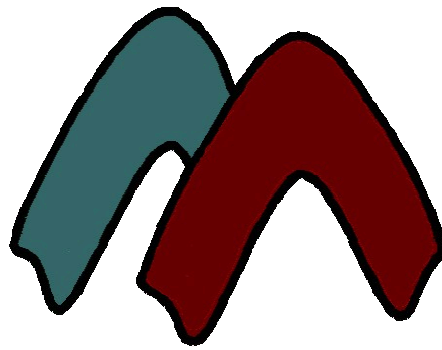
	<b><u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u></b>
<b>OPERATING REVENUES</b>	
Sales and Service Charges	<u>\$ 3,385,025</u>
Total Operating Revenues	<u>3,385,025</u>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	681,600
Supplies and Services	333,309
Treatment	2,008,760
Depreciation Expense	<u>63,211</u>
Total Operating Expenses	<u>3,086,880</u>
Operating Income (Loss)	<u>298,145</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Revenue	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income Before Transfers	298,145
Transfers Out	<u>(8,401)</u>
Changes in Net Position	289,744
Net Position, Beginning of Year	3,545,837
Prior Period Adjustments	<u>318,427</u>
Net Position, End of Fiscal Year	<u><u>\$ 4,154,008</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, 2014

	<u><b>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</b></u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers and Users	\$ 3,303,559
Cash Paid to Suppliers for Goods and Services	(2,285,093)
Cash Paid to Employees for Services	(678,449)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>340,017</b>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Cash Received From (Paid to) Other Funds	(97,029)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(97,029)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>	
Interest Received	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>242,988</b>
Cash and Cash Equivalents at Beginning of Year	1,491,988
Cash and Cash Equivalents at End of Year	<b>\$ 1,734,976</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	<b>\$ 298,145</b>
<b>Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:</b>	
Depreciation	63,211
(Increase) Decrease in Accounts Receivable	(81,466)
(Increase) Decrease in Due from Other Governments	-
Increase (Decrease) in Accounts Payable	56,976
Increase (Decrease) in Accrued Liabilities	(440)
Increase (Decrease) in Compensated Absences	3,591
Total Adjustments	<b>41,872</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 340,017</b>

The accompanying notes are an integral part of this statement.



MONTCLAIR

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**City of Montclair**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2014

	<b>Successor Agency Private-purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Pooled Cash and Investments	\$ 14,570,065	\$ 3,009,462
Restricted Cash with Fiscal Agent	6,445,644	-
Interest Receivable	55,063	-
Total Assets	21,070,772	\$ 3,009,462
<b>LIABILITIES</b>		
Accrued Liabilities	10,814	\$ -
Due to Other Governments	-	3,009,462
Due to City	199,279	-
Interest Payable	694,510	-
Bonds Payable	47,720,000	-
Total Liabilities	48,624,603	\$ 3,009,462
<b>NET POSITION</b>		
Net Position Held in Trust for Successor Agency	\$ (27,553,831)	

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, 2014

	<u>Successor Agency Private-purpose Trust Fund</u>
<b>ADDITIONS</b>	
Taxes	\$ 12,183,386
Investment Income	509,807
	<hr/>
Total Additions	12,693,193
	<hr/>
<b>DEDUCTIONS</b>	
Administrative Costs	663,591
Pass-through Payments	8,166,493
Interest on Bonds	2,703,165
	<hr/>
Total Deductions	11,533,249
	<hr/>
Change in Net Position	1,159,944
Net Position - Beginning of Year	(28,713,775)
Restatement of Net Position	-
	<hr/>
Net Position - End of Year	<u>\$ (27,553,831)</u>

The accompanying notes are an integral part of this statement.



**City of Montclair**  
**Notes to Financial Statements**

June 30, 2014

**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, the Montclair Housing Authority, and the Successor Agency.
2. The City, Housing Corporation, Housing Authority, and Successor Agency are financially interdependent.
3. The Housing Corporation, Housing Authority, and Successor Agency are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to these agencies 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.

The Successor Agency was established as a result of the dissolution of the former Redevelopment Agency in 2012, in accordance with State law. The Successor Agency is responsible for the wind-down activities of the Redevelopment Agency, including the retirement of enforceable obligations. The Successor Agency activities and balances are reported in a private-purpose trust fund.

Since the governing body of the Corporation, the Authority, and Successor Agency are the same as the City, and management of the City has operational responsibility for these entities, their data has been blended into that of the financial reporting entity. Separate financial statements are not prepared for the Corporation or the Authority. Separate "Bonding Requirement Financial Disclosure Financial Statements" are prepared for the Successor Agency and are available at the City of Montclair.

**City of Montclair**  
**Notes to Financial Statements**

June 30, 2014

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B) Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net 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.

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 property 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:

**City of Montclair**  
**Notes to Financial Statements**

June 30, 2014

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

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

The *Montclair 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 *Economic Development* capital projects Fund accounts for monies segregated for the purpose of economic development with the City.

The City reports a proprietary fund for the *Sewer Maintenance Fund*, which 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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary funds.

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

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation.

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

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

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

Property Tax Calendar

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or pass due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of January each year and are delinquent, if unpaid, on August 31.

Functional Classifications

Expenditures of the Governmental funds are classified by function 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, 2014

**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. The City's capitalization policy involves two separate categories as follows: the first category includes items such as equipment, vehicles, office furniture, items with an inherently lower value than the items in category two. These items have a capitalization threshold of \$5,000. The items in category two, which includes items such as land/easements, land improvements, buildings, building improvements, and infrastructure have a capitalization threshold of \$50,000. 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, 2014. 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, 2014

**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, 2014

**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, 2014

**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, 2014:

Special Revenue Funds:	
Older American Act	6,049
E.M.S. Paramedic	308,497
Community Foundation Grant	433
CFD 2011 Landscape & Lighting	3,785

These deficits will be funded with future years' revenues.

**3) CASH AND INVESTMENTS**

As of June 30, 2014 cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$ 21,415,686
Business-Type Activities	1,734,976
Fiduciary Funds	<u>24,025,171</u>
 Total Cash and Investments	 <u>\$ 47,175,833</u>



**City of Montclair**  
**Notes to Financial Statements**

June 30, 2014

**3) CASH AND INVESTMENTS - Continued**

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 United States government-sponsored enterprise obligations, participations, or other instruments.
- Bankers' Acceptances
- Commercial paper
- Negotiable certificates of deposit
- Repurchase Agreements
- Reverse repurchase agreements
- Medium-term notes
- Money market funds
- Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest
- Mortgage pass-through securities
- Local Agency Investment fund

**City of Montclair**  
**Notes to Financial Statements**

June 30, 2014

**3) CASH AND INVESTMENTS - Continued**

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, 2014, the City has no investment in medium-term notes. In addition, the City's investments in Federal National Mortgage Association, 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, 2014, 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, 2014, none of the City's deposits or investments were exposed to custodial credit risk.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**3) CASH AND INVESTMENTS - Continued**

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, 2014, 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 – 6.0%, FHLB – 6.0%, FNMA – 12.0%, and Los Angeles County Metropolitan Transportation Authority - 7.3%.

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, 2014, 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	\$14,393,799	\$ -	\$ -	\$ -	\$14,393,799
Federal Farm Credit Bank	-	-	1,996,160	-	1,996,160
Federal Home Loan Bank	-	-	1,981,220	-	1,981,220
Federal National Mortgage Assoc.	-	-	3,982,340	-	3,982,340
State of California and California Local Agency Bonds	-	-	-	2,413,880	2,413,880
Cash with Fiscal Agent: Money Market Mutual Funds	8,481,260	-	-	-	8,481,260
<b>Total</b>	<b>\$22,875,059</b>	<b>\$ -</b>	<b>\$7,959,720</b>	<b>\$ 2,413,880</b>	<b>\$33,248,659</b>

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**4) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Depreciated:				
Land	\$ 10,156,383	\$ -	\$ -	\$10,156,383
Work in Progress	596,715	1,738,350	2,150,122	184,943
Land Improvements	2,473,390	-	-	2,473,390
<b>Total Capital Assets Not Depreciated</b>	<b>13,226,488</b>	<b>1,738,350</b>	<b>2,150,122</b>	<b>12,814,716</b>
Capital Assets, Being Depreciated:				
Structures and Improvements	20,223,563	427,847	-	20,651,410
Furniture and Equipment	8,200,835	831,000	352,653	8,679,182
Infrastructure	85,023,233	1,722,275	-	86,745,508
<b>Total Capital Assets Being Depreciated</b>	<b>113,447,631</b>	<b>2,981,122</b>	<b>352,653</b>	<b>116,076,100</b>
Less Accumulated Depreciation:				
Structures and Improvements	5,941,427	481,498	-	6,422,925
Furniture and Equipment	6,930,459	306,614	352,653	6,884,420
Infrastructure	13,150,134	3,026,987	-	16,177,121
<b>Total Accumulated Depreciation</b>	<b>26,022,020</b>	<b>3,815,099</b>	<b>352,653</b>	<b>29,484,466</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>87,425,611</b>	<b>(833,977)</b>	<b>-</b>	<b>86,591,634</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 100,652,099</b>	<b>\$ 904,373</b>	<b>\$(2,150,122)</b>	<b>\$ 99,406,350</b>

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**4) CAPITAL ASSETS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
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>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>4,228,586</u>
Less Accumulated Depreciation:				
Sewer Lines	1,341,814	33,340	-	1,375,154
Furniture and Equipment	602,612	29,871	-	632,483
Total Accumulated Depreciation	<u>1,944,426</u>	<u>63,211</u>	<u>-</u>	<u>2,007,637</u>
Total Capital Assets Being Depreciated, Net	<u>2,284,160</u>	<u>(63,211)</u>	<u>-</u>	<u>2,220,949</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,391,145</u>	<u>\$ (63,211)</u>	<u>\$ -</u>	<u>\$ 2,327,934</u>

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

Governmental Activities:	
General Government	\$ 2,563,130
Public Safety	1,148,260
Community Development	28,359
Public Works	<u>75,350</u>
Total Governmental Activities	<u>\$ 3,815,099</u>
Business-Type Activities:	
Sewer	<u>\$ 63,211</u>

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2014, was as follows:

**Due To/From Other Funds**

		DUE TO		
		General Fund	Non-Major Funds	Total
DUE FROM	General Fund	\$ -	\$ 1,040,878	\$ 1,040,878
	Economic Development	-	16,009	16,009
	Sewer Maintenance	-	169	169
	Non-major Funds	107,764	142,266	250,030
Total		<u>\$ 107,764</u>	<u>\$ 1,199,322</u>	<u>\$ 1,307,086</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	Sewer Maintenance	\$ -	\$ 8,401	\$ 8,401
	Non-major Funds	47	2,049,949	2,049,996
Total		<u>\$ 47</u>	<u>\$ 2,058,350</u>	<u>\$ 2,058,397</u>

Non-major funds transferred \$2,049,949 to other non-major funds to provide funds for various infrastructure projects. The Sewer Maintenance Fund transferred \$8,401 to non-major funds for infrastructure projects.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**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, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Revenue Bonds	\$ 26,975,000	\$ -	\$ 710,000	\$ 26,265,000	\$ 740,000
Claims and Judgments	2,203,313	1,191,674	809,621	2,585,366	1,396,098
OPEB	867,000	1,011,000	389,966	1,488,034	669,615
Compensated Absences	1,892,440	1,238,954	1,199,318	1,932,076	96,604
	<u>\$ 31,937,753</u>	<u>\$ 3,441,628</u>	<u>\$ 3,108,905</u>	<u>\$ 32,270,476</u>	<u>\$ 2,902,317</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%. 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, 2014 is \$26,265,000. However, subsequent to June 30, 2014, the City issued refunding bonds to defease the 2005 Lease Revenue Bonds (see Note 13). The annual requirements to amortize the outstanding indebtedness as of June 30, 2014, including interest, are as follows:

Year Ending June 30,	2005 Lease Revenue Bonds	
	Principal	Interest Payments
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	860,000	1,050,090
2020-2024	4,885,000	4,649,423
2025-2029	6,110,000	3,392,270
2030-2034	7,680,000	1,781,300
2035-2036	3,600,000	171,080
	<u>\$ 26,265,000</u>	<u>\$ 15,564,284</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, 2014 is \$2,585,336.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**6) LONG-TERM DEBT - Continued**

**B) Proprietary Fund Long-Term Debt**

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	\$ 74,166	\$ 31,669	\$ 28,078	\$ 77,757	\$ 45,099

**C) Fiduciary Fund Long-Term Debt**

Fiduciary Fund long-term debt activity for the 2013-14 fiscal year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds	\$ 49,030,000	\$ -	\$ 1,310,000	\$ 47,720,000	\$ 1,365,000
	<u>\$ 49,030,000</u>	<u>\$ -</u>	<u>\$ 1,240,000</u>	<u>\$ 47,720,000</u>	<u>\$ 1,365,000</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, 2014 is \$22,500,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:



**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**6) LONG-TERM DEBT - Continued**

Year Ending June 30,	2007A Taxable Tax Allocation Bonds Project Area III	
	Principal	Interest
2015	\$ 545,000	\$ 1,032,863
2016	570,000	1,007,775
2017	600,000	981,450
2018	620,000	954,000
2019	645,000	925,538
2020-2024	3,680,000	4,184,109
2025-2029	4,870,000	3,262,944
2030-2034	7,455,000	1,820,416
2035-2036	3,515,000	177,875
Total	<u>\$ 22,500,000</u>	<u>\$ 14,346,970</u>

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, 2014 is \$2,800,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Year Ending June 30,	2007B Taxable Tax Allocation Bonds Project Area III	
	Principal	Interest
2015	\$ 135,000	\$ 162,003
2016	140,000	154,275
2017	145,000	146,267
2018	160,000	137,696
2019	170,000	128,100
2020-2024	1,005,000	470,850
2025-2028	1,045,000	130,050
Total	<u>\$ 2,800,000</u>	<u>\$ 1,329,241</u>

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**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, 2014 is \$6,175,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Year Ending June 30,	Project Area No. V, Taxable Tax Allocation Bonds, Issue of 2006A	
	Principal	Interest
2015	\$ 190,000	\$ 372,091
2016	205,000	360,685
2017	215,000	348,504
2018	230,000	335,175
2019	245,000	320,569
2020-2024	1,470,000	1,349,925
2025-2029	655,000	980,156
2030-2034	2,965,000	615,461
Total	\$ 6,175,000	\$ 4,682,566

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, 2014 is \$3,280,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**6) LONG-TERM DEBT - Continued**

Year Ending June 30,	Project Area No. V, Taxable Tax Allocation Bonds, Issue of 2006B	
	Principal	Interest
2015	\$ -	\$ 155,800
2016	-	155,800
2017	-	155,800
2018	-	155,800
2019	-	155,800
2020-2024	-	779,000
2025-2029	1,295,000	659,181
2030-2034	1,985,000	244,506
<b>Total</b>	<b>\$ 3,280,000</b>	<b>\$ 2,461,687</b>

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, 2014, 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, 2014 is \$4,320,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Year Ending June 30,	2004 Tax Allocation Refunding Bonds Project Area IV	
	Principal	Interest
2015	\$ 155,000	\$ 212,125
2016	160,000	204,250
2017	170,000	196,000
2018	180,000	187,250
2019	185,000	178,125
2020-2024	1,080,000	738,000
2025-2029	1,385,000	431,125
2030-2032	1,005,000	76,875
<b>Total</b>	<b>\$ 4,320,000</b>	<b>\$ 2,223,750</b>

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**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, 2014 is \$8,465,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Year Ending June 30,	2001 Tax Allocation Refunding Bonds Project Area V	
	Principal	Interest
2015	\$ 325,000	\$ 432,585
2016	340,000	415,960
2017	360,000	398,460
2018	375,000	380,085
2019	395,000	360,835
2020-2024	2,290,000	1,473,470
2025-2029	2,965,000	784,003
2030-2031	1,415,000	75,923
Total	\$ 8,465,000	\$ 4,321,321

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, 2014 is \$180,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2014, including interest, are as follows:

Year Ending June 30,	1997 Taxable Tax Allocation Bonds Project Area 1	
	Principal	Interest
2015	\$ 15,000	\$ 14,490
2016	20,000	13,020
2017	20,000	11,340
2018	20,000	9,660
2019	25,000	7,770
2020-2022	80,000	10,500
Total	\$ 180,000	\$ 66,780

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**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 \$77,152,315 with debt service requirements as indicated above.

The City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency is accomplishing the termination of the prior redevelopment agency. Below is a summarization, by project area, which shows the gross amount of property taxes, county costs and tax entity payments applicable to the current fiscal year by project area. Separate financial statements relating to bond compliance are available from the Successor Agency.

Items	Project Area I	Project Area II	Project Area III	Project Area IV	Project Area V	Mission Blvd Project Area	Total
<b>City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency</b>							
<u>Allocations to Redevelopment Obligation</u>							
<u>Retirement Fund (RORF)</u>							
Tax Increment Collections	\$ 87,035	\$ -	\$4,154,874	\$2,096,934	\$ 4,874,670	\$ 969,875	\$ 12,183,388
County Administration Charges	(1,028)	-	(47,946)	(23,188)	(51,486)	(10,650)	(134,298)
Pass Through Payments to Taxing Entities	(3,771)	-	(1,091,090)	(610,790)	(807,314)	(161,561)	(2,674,526)
Residual Payments to Taxing Entities	(49,800)	-	(1,083,853)	(1,057,722)	(2,521,718)	(778,875)	(5,491,968)
Net Tax Increment Available for Debt service	<u>\$ 32,436</u>	<u>\$ -</u>	<u>\$1,931,985</u>	<u>\$ 405,234</u>	<u>\$ 1,494,152</u>	<u>\$ 18,789</u>	<u>\$ 3,882,596</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, 2014

**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 19.702% 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 2014, the City's annual pension cost of \$1,632,040 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, 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
6/30/12	\$ 1,334	100%	\$ -
6/30/13	1,306	100%	-
6/30/14	1,632	100%	-

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**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, 2011
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	7.50% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service, and Type of Employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% 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
06/30/2013	\$ 67,864	\$ 49,634	\$ 18,230	73.1%	\$ 5,777	315.6%
06/30/2012	65,317	54,906	10,411	84.1%	5,943	175.2%
06/30/2011	63,345	53,449	9,896	84.4%	6,512	152.0%

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**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 44.567% for police safety first tier employees, 21.669% for police safety second tier employees, 59.931% for fire safety first tier employees, and 23.397% 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>
6/30/12	\$ 2,605	100%
6/30/13	\$ 2,620	100%
6/30/14	\$ 2,441	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 2013-2014 were \$389,966. 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, 2014

**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>(389,966)</u>
Increase in Net OPEB Obligation	621,034
Net OPEB Obligation at June 30, 2013	<u>867,000</u>
 Net OPEB Obligation at June 30, 2014	 <u>\$ 1,488,034</u>

Annual OPEB cost, percentage of Annual OPEB Cost contributed, and Net OPEB Obligation 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)
6/30/14	\$ 1,011,000	\$ 389,966	38.57%	\$ 1,488,034
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, 2014

**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 \$500,000 for each occurrence, and for general liability claims up to \$200,000.

Excess liability coverage above the self-insurance amounts is provided through the California Insurance Pool Authority (CIPA). CIPA, a public entity risk pool was established to pool resources, share 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, 2014

**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, 2014, Admisure and Carl Warren & Co., indicated a need for potential liability reserves of approximately \$3,603,188 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, 2014, 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, 2014, the amount of these liabilities was \$2,585,366. This liability is the City's best estimate based on available information.

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

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments For Current and Prior Years</u>	<u>End of Year Liability</u>
2012-2013	\$ 1,886,377	\$ 316,936	\$ -	\$ 2,203,313
2013-2014	2,203,313	1,191,674	809,621	2,585,366

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2014

**10) FUND BALANCES**

The details of the fund balances as of June 30, 2014 are presented below:

	General Fund	Montclair Housing Corporation	Montclair Housing Authority	Economic Development	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>						
Prepays	\$ 474,708	\$ 10,431	\$ -	\$ -	\$ -	\$ 485,139
Restricted for:						
Debt Service	-	-	-	-	1,930,581	1,930,581
Housing	-	44,986	8,244,221	-	-	8,289,207
Public Safety	-	-	-	-	662,758	662,758
Transportation	-	-	-	-	3,483,759	3,483,759
Community Development	-	-	-	4,032,087	683,622	4,715,709
<b>Committed to:</b>						
	-	-	-	-	-	-
<b>Assigned to:</b>						
Post-employment Benefits	1,000,000	-	-	-	-	1,000,000
Technology	333,317	-	-	-	-	333,317
Building Maintenance	420,307	-	-	-	-	420,307
Self Insurance	980,991	-	-	-	-	980,991
Equipment Replacement	1,595,167	-	-	-	-	1,595,167
Unanticipated Personnel	600,000	-	-	-	-	600,000
Retiree Medical Liabilities	628,777	-	-	-	-	628,777
Contingencies	100,000	-	-	-	-	100,000
<b>Unassigned</b>	<b>5,208,425</b>	<b>(3,317,734)</b>	<b>-</b>	<b>-</b>	<b>(318,764)</b>	<b>1,571,927</b>
<b>Total Fund Balances</b>	<b>\$ 11,341,692</b>	<b>\$ (3,262,317)</b>	<b>\$ 8,244,221</b>	<b>\$ 4,032,087</b>	<b>\$ 6,441,956</b>	<b>\$ 26,797,639</b>

**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, 2014

**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**

Adjustments were made to the beginning fund balances in the General Fund, the Montclair Housing Corporation Fund, non-major funds, and to the beginning net position of the Sewer Fund, governmental activities and business-type activities, for various receivables and payables which were not properly reported in the previous year.

**13) SUBSEQUENT EVENTS**

In November of 2014, the City (through the Montclair Public Financing Authority) issued \$45 million in Lease Revenue Refunding Bonds, to refund all of the outstanding 2005 Lease Revenue Bonds and to finance various public improvements and infrastructure projects.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Montclair**  
**Budgetary Comparison Schedule**  
**General Fund**  
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 11,251,671	\$ 11,251,671	\$ 11,251,671	\$ -
<b>Resources (Inflows):</b>				
Taxes	19,552,997	19,909,990	19,922,407	12,417
Licenses and Permits	226,370	326,928	346,670	19,742
Intergovernmental	350,000	145,122	197,622	52,500
Charges for Services	3,317,700	3,267,886	3,217,795	(50,091)
Use of Money and Property	235,000	230,118	309,259	79,141
Fines and Forfeitures	906,700	748,292	689,989	(58,303)
Miscellaneous	231,600	276,580	259,629	(16,951)
Transfers In	980,783	316,217	47	(316,170)
Amounts Available for Appropriation	<u>37,052,821</u>	<u>36,472,804</u>	<u>36,195,089</u>	<u>(277,715)</u>
<b>Charges to Appropriation (Outflow):</b>				
General Government				
City Council	308,228	308,228	197,140	111,088
City Manager	199,297	199,297	187,327	11,970
Administration	248,966	248,966	218,075	30,891
Financial Services	635,048	635,048	628,233	6,815
Solid Waste Disposal	2,173,714	2,190,156	2,237,845	(47,689)
City Clerk	104,323	104,323	94,031	10,292
Personnel/Risk Assessment	373,129	373,129	363,936	9,193
Information Technology Services	720,817	786,277	765,274	21,003
Central Services	317,720	317,270	287,946	29,324
Records Retention	-	-	-	-
City Attorney	434,449	434,449	391,330	43,119
Contingency	-	-	-	-
Non-Departmental	2,019,145	2,019,145	2,789,039	(769,894)
Public Safety				
Police Administration	230,129	229,313	238,760	(9,447)
Police Support Services	458,991	458,778	616,939	(158,161)
Technical Services	256,674	256,887	248,001	8,886
Records Bureau	555,500	555,500	510,869	44,631
Investigations	1,331,043	1,348,843	1,317,976	30,867
Uniform Patrol	5,378,931	5,480,395	4,731,303	749,092
Communications	625,519	625,519	565,667	59,852
Volunteer Services	94,118	101,134	98,374	2,760
Fire Administration	413,073	413,073	289,346	123,727
Fire Prevention	131,012	131,012	130,388	624
Emergency Services	3,673,212	3,696,813	3,421,598	275,215
Personnel Development	18,480	21,874	20,626	1,248
Equipment Maintenance	6,900	4,694	4,094	600
Buildings and Grounds	8,600	8,600	8,651	(51)
Emergency Preparedness	34,598	34,598	35,210	(612)

**City of Montclair**  
**Budgetary Comparison Schedule by Department - Continued**  
**General Fund**  
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Charges to Appropriation (Outflow): - Continued</b>				
Community Development				
Planning Commission	\$ 16,150	\$ 16,150	\$ 7,939	\$ 8,211
Community Development Administration	241,462	241,462	244,803	(3,341)
Current Planning	247,138	247,138	259,067	(11,929)
Advance Planning	61,502	61,502	62,339	(837)
Field Inspection	102,321	102,321	104,852	(2,531)
Plan Check	89,892	89,892	90,979	(1,087)
Building Operations	136,638	136,638	142,281	(5,643)
Code Enforcement	257,871	257,871	202,592	55,279
Recreation	714,742	754,788	826,579	(71,791)
Service Center	88,535	78,523	77,550	973
Senior Citizens	89,486	89,486	94,583	(5,097)
Nutritional Meals	37,591	27,579	17,446	10,133
Health Education	20,633	10,621	77	10,544
Family Education	14,257	4,247	216	4,031
Public Works				
Management and Construction	419,666	419,666	390,386	29,280
Public Works Inspection	123,558	123,558	127,392	(3,834)
Traffic Safety Engineering	44,710	44,710	45,021	(311)
Graffiti Abatement	135,474	135,474	134,418	1,056
Street Maintenance	108,949	120,919	154,954	(34,035)
Signing/Painting	22,924	22,924	23,516	(592)
Street Sweeping	28,123	28,123	28,403	(280)
Parks Maintenance	428,025	393,374	383,937	9,437
Tree Maintenance	34,711	34,711	37,198	(2,487)
Vehicle Maintenance	391,072	391,072	395,992	(4,920)
Building Maintenance Services	190,685	275,685	199,103	76,582
Heating and Air Conditioning	102,306	102,306	113,426	(11,120)
Janitorial Services	233,053	233,053	201,179	31,874
Capital Outlay	124,683	124,683	89,191	35,492
Transfers Out	444,800	444,800	-	444,800
	<u>25,702,573</u>	<u>25,996,597</u>	<u>24,853,397</u>	<u>1,143,200</u>
<b>Total Charges to Appropriations</b>				
Budgetary Fund Balance, June 30	<u>\$ 11,350,248</u>	<u>\$ 10,476,207</u>	<u>\$ 11,341,692</u>	<u>\$ 865,485</u>



**City of Montclair**  
**Budgetary Comparison Schedule**  
**Montclair Housing Corporation**  
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ (2,964,793)	\$ (2,964,793)	\$ (2,964,793)	\$ -
<b>Resources (Inflows):</b>				
Use of Money and Property	<u>760,000</u>	<u>760,000</u>	<u>845,438</u>	<u>85,438</u>
Amounts Available for Appropriation	<u>(2,204,793)</u>	<u>(2,204,793)</u>	<u>(2,119,355)</u>	<u>85,438</u>
<b>Charges to Appropriation (Outflow):</b>				
General Government	<u>1,303,202</u>	<u>1,303,202</u>	<u>1,142,962</u>	<u>160,240</u>
Total Charges to Appropriations	<u>1,303,202</u>	<u>1,303,202</u>	<u>1,142,962</u>	<u>160,240</u>
Budgetary Fund Balance, June 30	<u><u>\$ (3,507,995)</u></u>	<u><u>\$ (3,507,995)</u></u>	<u><u>\$ (3,262,317)</u></u>	<u><u>\$ 245,678</u></u>

**City of Montclair**  
**Notes to Required Supplementary Information**  
June 30, 2014

**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 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

**City of Montclair**  
**Schedule of Funding Progress**  
For the Year Ended June 30, 2014

**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, 2014

	Special Revenue Funds			
	Gas Tax	Measure I	Traffic Safety	Park Development
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 738,163	\$ 602,427	\$ 103,549	\$ 474,270
Receivables:				
Accounts	7,391	-	-	5,339
Due from Other Governments	112,934	88,788	12,162	-
Due from Other Funds	4,530	2,362	15,670	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	1,000
Total Assets	<u>\$ 863,018</u>	<u>\$ 693,577</u>	<u>\$ 131,381</u>	<u>\$ 480,609</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 163,997	\$ -	\$ -	\$ 590
Accrued Liabilities	6,120	-	-	-
Deposits Payable	-	-	-	1,000
Due to Other Governments	-	-	6,640	-
Due to Other Funds	200	-	-	-
Total Liabilities	<u>170,317</u>	<u>-</u>	<u>6,640</u>	<u>1,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	692,701	693,577	124,741	479,019
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>692,701</u>	<u>693,577</u>	<u>124,741</u>	<u>479,019</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 863,018</u>	<u>\$ 693,577</u>	<u>\$ 131,381</u>	<u>\$ 480,609</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
\$ 93,800	\$ 122,712	\$ -	\$ 37,535	\$ 113,541	\$ 118,832	\$ 43,848
95,944	-	-	-	-	-	-
-	12,020	7,648	45	82,410	-	8
24,084	489	-	150	-	455	175
-	-	-	-	-	-	-
<u>\$ 213,828</u>	<u>\$ 135,221</u>	<u>\$ 7,648</u>	<u>\$ 37,730</u>	<u>\$ 195,951</u>	<u>\$ 119,287</u>	<u>\$ 44,031</u>
\$ -	\$ 1,986	\$ 9,040	\$ -	\$ -	\$ -	\$ -
-	-	898	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
213,828	-	3,759	-	75,217	-	-
<u>213,828</u>	<u>1,986</u>	<u>13,697</u>	<u>-</u>	<u>75,217</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	133,235	-	37,730	120,734	119,287	44,031
-	-	(6,049)	-	-	-	-
-	133,235	(6,049)	37,730	120,734	119,287	44,031
<u>\$ 213,828</u>	<u>\$ 135,221</u>	<u>\$ 7,648</u>	<u>\$ 37,730</u>	<u>\$ 195,951</u>	<u>\$ 119,287</u>	<u>\$ 44,031</u>

Continued

**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2014

	Special Revenue Funds			
	Federal Asset Forfeiture Treasury	School District Grant	State Supplement Law Enforcement	Local Law Enforcement Block Grant
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 863	\$ -	\$ 53,791	\$ 122
Receivables:				
Accounts	-	64,000	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	3	-	613	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	-
Total Assets	<u>\$ 866</u>	<u>\$ 64,000</u>	<u>\$ 54,404</u>	<u>\$ 122</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-
Deposits Payable	-	-	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	-	64,000	-	-
Total Liabilities	<u>-</u>	<u>64,000</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	866	-	54,404	122
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>866</u>	<u>-</u>	<u>54,404</u>	<u>122</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 866</u>	<u>\$ 64,000</u>	<u>\$ 54,404</u>	<u>\$ 122</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
\$ 7,115	\$ 33,117	\$ -	\$ -	\$ 25,095	\$ -	\$ -
-	-	132,795	6,454	-	-	27,706
19	-	68,642	-	-	-	-
28	132	28,247	-	-	15,677	-
-	-	-	-	-	-	-
<u>\$ 7,162</u>	<u>\$ 33,249</u>	<u>\$ 229,684</u>	<u>\$ 6,454</u>	<u>\$ 25,095</u>	<u>\$ 15,677</u>	<u>\$ 27,706</u>
\$ 2,096	\$ 10,707	\$ 32,108	\$ -	\$ 4,274	\$ -	\$ 1,749
-	-	30,285	-	1,311	387	3,822
-	-	225	-	-	-	-
-	-	-	-	-	-	-
-	-	167,066	6,454	19,510	15,290	330,632
<u>2,096</u>	<u>10,707</u>	<u>229,684</u>	<u>6,454</u>	<u>25,095</u>	<u>15,677</u>	<u>336,203</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,066	22,542	-	-	-	-	-
-	-	-	-	-	-	(308,497)
<u>5,066</u>	<u>22,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,497)</u>
<u>\$ 7,162</u>	<u>\$ 33,249</u>	<u>\$ 229,684</u>	<u>\$ 6,454</u>	<u>\$ 25,095</u>	<u>\$ 15,677</u>	<u>\$ 27,706</u>

Continued



**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2014

	Special Revenue Funds			
	Prop 30 SB 109	Disability Access- Business License	Mt. Baldy United Way Grant	Montclair Youth Sponsorship
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 70,313	\$ 2,291	\$ 12,839	\$ -
Receivables:				
Accounts	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	280	-	-	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	105,040
<b>Total Assets</b>	<b>\$ 70,593</b>	<b>\$ 2,291</b>	<b>\$ 12,839</b>	<b>\$ 105,040</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 221	\$ 2,797	\$ -
Accrued Liabilities	-	-	-	-
Deposits Payable	-	-	-	-
Due to Other Governments	-	168	-	-
Due to Other Funds	7,024	-	-	-
<b>Total Liabilities</b>	<b>7,024</b>	<b>389</b>	<b>2,797</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	63,569	1,902	10,042	105,040
Unassigned	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>63,569</b>	<b>1,902</b>	<b>10,042</b>	<b>105,040</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 70,593</b>	<b>\$ 2,291</b>	<b>\$ 12,839</b>	<b>\$ 105,040</b>

Special Revenue Funds

Kaiser Permanente Grant	Resource Center Grant	Title III B Sr. Supportive Services	Community Foundation Grant	ASES Supplemental Grant	Hope Thru Housing Grant	CFD 2011 Lighting and Landscaping
\$ 24,050	\$ 2,580	\$ 5,623	\$ -	\$ -	\$ -	\$ -
-	-	-	-	14,739	-	-
-	-	-	-	-	2,121	-
-	-	-	-	-	-	-
<u>\$ 24,050</u>	<u>\$ 2,580</u>	<u>\$ 5,623</u>	<u>\$ -</u>	<u>\$ 14,739</u>	<u>\$ 2,121</u>	<u>\$ -</u>
\$ -	\$ 145	\$ -	\$ 106	\$ 4,966	\$ 627	\$ 2,910
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,435	5,623	327	9,773	1,494	875
-	2,580	5,623	433	14,739	2,121	3,785
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24,050	-	-	-	-	-	-
-	-	-	(433)	-	-	(3,785)
24,050	-	-	(433)	-	-	(3,785)
<u>\$ 24,050</u>	<u>\$ 2,580</u>	<u>\$ 5,623</u>	<u>\$ -</u>	<u>\$ 14,739</u>	<u>\$ 2,121</u>	<u>\$ -</u>

Continued

**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2014

	Capital Projects Funds			
	Infrastructure	Developer Impact Fee	Pavement Impact Fees	Underground In-lieu
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 163,054	\$ 1,726,879	\$ 109,967	\$ 46,883
Receivables:				
Accounts	-	-	17,118	-
Due from Other Governments	-	-	-	-
Due from Other Funds	155,014	-	-	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	-	-	-
Total Assets	<u>\$ 318,068</u>	<u>\$ 1,726,879</u>	<u>\$ 127,085</u>	<u>\$ 46,883</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 108,053	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-
Deposits Payable	25,000	-	-	-
Due to Other Governments	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>133,053</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	185,015	1,726,879	127,085	46,883
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>185,015</u>	<u>1,726,879</u>	<u>127,085</u>	<u>46,883</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 318,068</u>	<u>\$ 1,726,879</u>	<u>\$ 127,085</u>	<u>\$ 46,883</u>

General Plan Update	Debt Service Fund 2005 Lease Revenue Bonds	Non-Major Governmental Total
\$ 11,619	\$ -	\$ 4,744,878
-	-	371,486
-	275,816	660,492
-	-	250,030
-	1,930,580	2,036,620
\$ 11,619	\$ 2,206,396	8,063,506
\$ -	\$ -	346,372
-	-	42,823
-	-	26,225
-	-	6,808
-	275,815	1,199,322
-	275,815	1,621,550
-	-	-
-	-	-
11,619	1,930,581	6,760,720
-	-	(318,764)
11,619	1,930,581	6,441,956
\$ 11,619	\$ 2,206,396	8,063,506

**City of Montclair**  
**Combining Statement of Revenues Expenditures and Changes in Fund Balances**  
**Non-major Funds**  
June 30, 2014

	Special Revenue Funds			
	Gas Tax	Measure I	Traffic Safety	Park Development
<b>REVENUES</b>				
Taxes	\$ 1,172,182	\$ -	\$ -	\$ -
Intergovernmental	-	555,767	-	-
Charges for Services	-	-	-	16,800
Use of Money and Property	3,739	2,591	(6)	41,627
Fines and Forfeitures	-	-	204,363	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,175,921</b>	<b>558,358</b>	<b>204,357</b>	<b>58,427</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	1,362,459	-	-	9,768
Capital Outlay	9,610	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,372,069</b>	<b>-</b>	<b>-</b>	<b>9,768</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(196,148)	558,358	204,357	48,659
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(433,735)	(1,059,489)	(135,000)	(40,042)
<b>Total Other Financing Sources (Uses)</b>	<b>(433,735)</b>	<b>(1,059,489)</b>	<b>(135,000)</b>	<b>(40,042)</b>
<b>Net Change in Fund Balances</b>	<b>(629,883)</b>	<b>(501,131)</b>	<b>69,357</b>	<b>8,617</b>
Fund Balance, Beginning of Year	1,326,233	1,194,708	63,512	470,402
Prior Period Adjustment	(3,649)	-	(8,128)	-
<b>Fund Balance, End of Year</b>	<b>\$ 692,701</b>	<b>\$ 693,577</b>	<b>\$ 124,741</b>	<b>\$ 479,019</b>

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
\$ -	\$ -	\$ -	\$ -	\$ 306,761	\$ -	\$ -
292,366	45,646	85,702	-	-	-	-
-	-	-	-	-	-	-
-	460	-	148	(149)	5,055	170
-	-	-	9,124	-	98,931	1,610
-	2,000	38,841	-	2,800	-	-
<u>292,366</u>	<u>48,106</u>	<u>124,543</u>	<u>9,272</u>	<u>309,412</u>	<u>103,986</u>	<u>1,780</u>
-	-	-	-	-	-	-
-	-	-	-	196,750	-	-
109,730	42,567	126,035	-	-	-	-
-	-	-	38,088	-	9,640	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>109,730</u>	<u>42,567</u>	<u>126,035</u>	<u>38,088</u>	<u>196,750</u>	<u>9,640</u>	<u>-</u>
182,636	5,539	(1,492)	(28,816)	112,662	94,346	1,780
-	1,293	-	-	-	-	-
(143,732)	-	-	-	(75,217)	-	-
<u>(143,732)</u>	<u>1,293</u>	<u>-</u>	<u>-</u>	<u>(75,217)</u>	<u>-</u>	<u>-</u>
38,904	6,832	(1,492)	(28,816)	37,445	94,346	1,780
(62,988)	126,403	(4,557)	66,546	83,289	24,941	42,251
24,084	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 133,235</u>	<u>\$ (6,049)</u>	<u>\$ 37,730</u>	<u>\$ 120,734</u>	<u>\$ 119,287</u>	<u>\$ 44,031</u>

Continued

**City of Montclair**  
**Combining Statement of Revenues Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
June 30, 2014

	Special Revenue Funds			
	Federal Asset Forfeiture Treasury	School District Grant	State Supplement Law Enforcement	Local Law Enforcement Block Grant
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	64,000	100,026	13,692
Charges for Services	-	-	-	-
Use of Money and Property	3	-	537	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>3</b>	<b>64,000</b>	<b>100,563</b>	<b>13,692</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	64,000	100,000	-
Community Development	-	-	-	-
Public Works	-	-	-	-
Capital Outlay	-	-	-	25,154
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>64,000</b>	<b>100,000</b>	<b>25,154</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3	-	563	(11,462)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>3</b>	<b>-</b>	<b>563</b>	<b>(11,462)</b>
Fund Balance, Beginning of Year	863	-	53,841	11,584
Prior Period Adjustment	-	-	-	-
<b>Fund Balance, End of Year</b>	<b>\$ 866</b>	<b>\$ -</b>	<b>\$ 54,404</b>	<b>\$ 122</b>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	20,889	1,331,132	-	70,000	10,939	1,809
-	-	-	-	-	-	89,866
26	132	-	6,454	-	-	-
570	-	-	-	-	-	-
-	119	-	-	5,708	-	-
596	21,140	1,331,132	6,454	75,708	10,939	91,675
-	21,352	-	-	-	-	-
5,707	-	-	6,458	-	-	389,956
-	-	1,354,081	-	75,956	20,264	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,707	21,352	1,354,081	6,458	75,956	20,264	389,956
(5,111)	(212)	(22,949)	(4)	(248)	(9,325)	(298,281)
-	-	28,247	-	-	15,677	300,000
-	-	(79,101)	-	(19,510)	-	-
-	-	(50,854)	-	(19,510)	15,677	300,000
(5,111)	(212)	(73,803)	(4)	(19,758)	6,352	1,719
10,177	22,754	73,803	4	48,189	(6,352)	(310,216)
-	-	-	-	(28,431)	-	-
\$ 5,066	\$ 22,542	\$ -	\$ -	\$ -	\$ -	\$ (308,497)

Continued



**City of Montclair**  
**Combining Statement of Revenues Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
June 30, 2014

	Special Revenue Funds			
	Prop 30 SB 109	Disability Access- Business License	Mt. Baldy United Way Grant	Montclair Youth Sponsorship
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	37,960	-	-	-
Charges for Services	-	1,705	-	-
Use of Money and Property	280	-	-	14,568
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	17,500	7,861
<b>Total Revenues</b>	<b>38,240</b>	<b>1,705</b>	<b>17,500</b>	<b>22,429</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	700	13,997	9,043
Public Works	12,826	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>12,826</b>	<b>700</b>	<b>13,997</b>	<b>9,043</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,414	1,005	3,503	13,386
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>25,414</b>	<b>1,005</b>	<b>3,503</b>	<b>13,386</b>
Fund Balance, Beginning of Year	38,155	897	-	91,654
Prior Period Adjustment	-	-	6,539	-
<b>Fund Balance, End of Year</b>	<b>\$ 63,569</b>	<b>\$ 1,902</b>	<b>\$ 10,042</b>	<b>\$ 105,040</b>

Special Revenue Funds

Kaiser Permanente Grant	Resource Center Grant	Title IIIB Sr. Supportive Services	Community Foundation Grant	ASES Supplemental Grant	Hope Thru Housing Grant	CFD 2011 Lighting and Landscaping
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	147,390	36,674	-
-	-	5,623	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,000	3,000	-	10,000	-	-	-
10,000	3,000	5,623	10,000	147,390	36,674	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,785
125	4,412	5,623	10,433	146,081	38,795	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
125	4,412	5,623	10,433	146,081	38,795	3,785
9,875	(1,412)	-	(433)	1,309	(2,121)	(3,785)
-	-	-	-	-	2,121	-
-	-	-	-	(1,309)	-	-
-	-	-	-	(1,309)	2,121	-
9,875	(1,412)	-	(433)	-	-	(3,785)
-	-	-	-	-	-	-
14,175	1,412	-	-	-	-	-
\$ 24,050	\$ -	\$ -	\$ (433)	\$ -	\$ -	\$ (3,785)

Continued

**City of Montclair**  
**Combining Statement of Revenues Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
June 30, 2014

	Capital Projects Funds			
	Infrastructure	Developer Impact Fee	Pavement Impact Fees	Underground In-lieu
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	31,900	-	-	-
Charges for Services	-	166,946	57,406	-
Use of Money and Property	(7)	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>31,893</b>	<b>166,946</b>	<b>57,406</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Public Works	855,420	-	-	-
Capital Outlay	887,494	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,742,914</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,711,021)	166,946	57,406	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,711,012	-	-	-
Transfers Out	-	(62,861)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,711,012</b>	<b>(62,861)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(9)</b>	<b>104,085</b>	<b>57,406</b>	<b>-</b>
Fund Balance, Beginning of Year	143,045	1,622,794	69,679	46,883
Prior Period Adjustment	41,979	-	-	-
<b>Fund Balance, End of Year</b>	<b>\$ 185,015</b>	<b>\$ 1,726,879</b>	<b>\$ 127,085</b>	<b>\$ 46,883</b>

Continued

General Plan Update	Debt Service Funds	
	2005 Lease Revenue Bonds	Non-Major Governmental Total
\$ -	\$ 1,912,314	\$ 3,391,257
-	-	2,845,892
4,860	-	343,206
-	-	75,628
-	-	314,598
-	-	97,829
<u>4,860</u>	<u>1,912,314</u>	<u>7,068,410</u>
-	-	21,352
-	-	766,656
-	-	1,957,842
37,250	-	2,277,723
-	-	969,986
-	710,000	710,000
-	1,202,313	1,202,313
<u>37,250</u>	<u>1,912,313</u>	<u>7,905,872</u>
<u>(32,390)</u>	<u>1</u>	<u>(837,462)</u>
-	-	2,058,350
-	-	(2,049,996)
-	-	8,354
<u>(32,390)</u>	<u>1</u>	<u>(829,108)</u>
44,009	1,930,580	7,223,083
-	-	47,981
<u>\$ 11,619</u>	<u>\$ 1,930,581</u>	<u>\$ 6,441,956</u>

**City of Montclair  
Combining Balance Sheet  
Agency Fund  
June 30, 2014**

	<u>Sewer Plant</u>
<b>ASSETS</b>	
Pooled Cash and Investments	\$ 3,009,462
Total Assets	<u>\$ 3,009,462</u>
<b>LIABILITIES</b>	
Due to Other Governments	\$ 3,009,462
Total Liabilities	<u>\$ 3,009,462</u>

**City of Montclair**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
Year Ended June 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>Sewer Plant</u></b>				
<b>Assets:</b>				
Pooled cash and investments	<u>\$ 2,746,961</u>	<u>\$ 262,501</u>	<u>\$ -</u>	<u>\$ 3,009,462</u>
<b>Total Assets</b>	<u><u>\$ 2,746,961</u></u>	<u><u>\$ 262,501</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,009,462</u></u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 2,746,961</u>	<u>\$ 262,501</u>	<u>\$ -</u>	<u>\$ 3,009,462</u>
<b>Total Liabilities</b>	<u><u>\$ 2,746,961</u></u>	<u><u>\$ 262,501</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,009,462</u></u>



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