



**CITY OF MONTCLAIR**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended**  
**June 30, 2015**

**CITY OF MONTCLAIR**  
**FINANCIAL STATEMENTS**  
Year Ended June 30, 2015

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## Independent Auditor's Report

The Honorable City Council  
City of Montclair, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Montclair (the "City"), as of and for the year ended June 30, 2015, 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.

***Basis for Qualified Opinion on Governmental Activities***

The Net OPEB Obligation and the related note disclosures in these financial statements are based on an actuarial valuation that is not within the timeframe required by accounting principles generally accepted in the United States of America. The amount by which this departure would affect the liabilities and expenses of the governmental activities has not been determined.

***Qualified Opinion on Governmental Activities***

In our opinion, except for the effects of the matter described in the above paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City of Montclair, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montclair, as of June 30, 2015, 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.

***Change in Accounting Principle***

As described in Note 7 to the financial statements, in 2014-15, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic

financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Van Lant & Fankhaed, LLP*

December 16, 2015

## **BASIC FINANCIAL STATEMENTS**

**City of Montclair**  
**Statement of Net Position**  
June 30, 2015

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Pooled Cash and Investments                     | \$ 34,838,396                      | \$ 2,518,721                        | \$ 37,357,117        |
| Receivables:                                    |                                    |                                     |                      |
| Accounts  | 2,646,980                          | 509,313                             | 3,156,293            |
| Notes and Loans                                 | 2,602,408                          | -                                   | 2,602,408            |
| Accrued Interest                                | 36,711                             | -                                   | 36,711               |
| Internal Balances                               | 60,761                             | (60,761)                            | -                    |
| Prepaid Costs                                   | 445,599                            | -                                   | 445,599              |
| Due From Other Governments                      | 2,735,016                          | 57                                  | 2,735,073            |
| Restricted Assets:                              |                                    |                                     |                      |
| Cash with Fiscal Agent                          | 22,092,360                         | -                                   | 22,092,360           |
| Capital Assets Not Being Depreciated            | 12,838,942                         | 106,985                             | 12,945,927           |
| Capital Assets, Net of Accumulated Depreciation | 84,782,934                         | 2,157,742                           | 86,940,676           |
| Total Assets                                    | <u>163,080,107</u>                 | <u>5,232,057</u>                    | <u>168,312,164</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                                    |                                     |                      |
| Deferred Outflow - Bond Refunding               | 286,877                            | -                                   | 286,877              |
| Deferred Pension Contributions                  | 2,975,349                          | 149,142                             | 3,124,491            |
| Pension Actuarial Amounts                       | 80,011                             | -                                   | 80,011               |
| Total Deferred Outflows of Resources            | <u>3,342,237</u>                   | <u>149,142</u>                      | <u>3,491,379</u>     |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Accounts Payable                                | 2,115,183                          | 402,974                             | 2,518,157            |
| Accrued Liabilities                             | 794,549                            | 28,205                              | 822,754              |
| Accrued Interest                                | 467,821                            | -                                   | 467,821              |
| Deposits Payable                                | 273,410                            | -                                   | 273,410              |
| Due to Other Governments                        | 12,443                             | -                                   | 12,443               |
| Noncurrent Liabilities:                         |                                    |                                     |                      |
| Due Within One Year                             | 3,623,218                          | 19,884                              | 3,643,102            |
| Due in More Than One Year                       | 92,617,909                         | 1,244,222                           | 93,862,131           |
| Total Liabilities                               | <u>99,904,533</u>                  | <u>1,695,285</u>                    | <u>101,599,818</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                                    |                                     |                      |
| Pension Actuarial Amounts                       | 10,264,613                         | 261,534                             | 10,526,147           |
| Total Deferred Inflows of Resources             | <u>10,264,613</u>                  | <u>261,534</u>                      | <u>10,526,147</u>    |
| <b>NET POSITION</b>                             |                                    |                                     |                      |
| Net Investment in Capital Assets                | 72,992,689                         | 2,264,727                           | 75,257,416           |
| Restricted for:                                 |                                    |                                     |                      |
| Housing   | 5,425,723                          | -                                   | 5,425,723            |
| Public Safety                                   | 22,332                             | -                                   | 22,332               |
| Transportation                                  | 6,618,551                          | -                                   | 6,618,551            |
| Community Development                           | 1,876,189                          | -                                   | 1,876,189            |
| Debt Service                                    | 1,930,580                          | -                                   | 1,930,580            |
| Unrestricted                                    | (32,612,866)                       | 1,159,653                           | (31,453,213)         |
| Total Net Position                              | <u>\$ 56,253,198</u>               | <u>\$ 3,424,380</u>                 | <u>\$ 59,677,578</u> |

The accompanying notes are an integral part of this statement.



**City of Montclair**  
**Statement of Activities**  
Year Ended June 30, 2015

| Functions/Programs                    | Expenses               | Program Revenues           |  |  |
|---------------------------------------|------------------------|----------------------------|--|--|
|                                       |                        | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Primary Government:</b>            |                        |                            |  |  |
| <b>Governmental Activities:</b>       |                        |                            |  |  |
| General Government                    | \$ (13,352,146)        | \$ 2,190,761               | \$ 13,000                                | \$ -                                   |
| Public Safety                         | (14,750,885)           | 1,384,676                  | 498,639                                  | 18,753                                 |
| Community Development                 | (4,429,868)            | 975,108                    | 924,028                                  | 15,107                                 |
| Public Works                          | (4,073,302)            | 2,945,698                  | 10,044                                   | 2,771,554                              |
| Interest on Long-Term Debt            | (1,996,548)            | -                          | -  | -                                      |
| <b>Total Governmental Activities</b>  | <b>(38,602,749)</b>    | <b>7,496,243</b>           | <b>1,445,711</b>                         | <b>2,805,414</b>                       |
| <b>Business-type Activities:</b>      |                        |                            |  |  |
| Sewer Maintenance                     | (3,208,608)            | 3,915,581                  | -  | -                                      |
| <b>Total Business-type Activities</b> | <b>(3,208,608)</b>     | <b>3,915,581</b>           | <b>-</b>                                 | <b>-</b>                               |
| <b>Total Primary Government</b>       | <b>\$ (41,811,357)</b> | <b>\$ 11,411,824</b>       | <b>\$ 1,445,711</b>                      | <b>\$ 2,805,414</b>                    |

**General Revenues:**

**Taxes:**

Property Taxes

Transient Occupancy Taxes

Sales Taxes

Franchise Taxes

Business Licenses Taxes

Utility Users Tax

Other Taxes

Miscellaneous Revenues

Transfers from Fiduciary Fund

**Total General Revenues and Transfers**

**Change in Net Position**

Net Position - Beginning of Year

Restatement of Net Position

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

| <u>Governmental<br/>Activites</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
|-----------------------------------|-------------------------------------|----------------------|
| \$ (11,148,385)                   | \$ -                                | \$ (11,148,385)      |
| (12,848,817)                      | -                                   | (12,848,817)         |
| (2,515,625)                       | -                                   | (2,515,625)          |
| 1,653,994                         | -                                   | 1,653,994            |
| <u>(1,996,548)</u>                | <u>-</u>                            | <u>(1,996,548)</u>   |
|                                   | -                                   |                      |
| <u>(26,855,381)</u>               | <u>-</u>                            | <u>(26,855,381)</u>  |
|                                   |                                     |                      |
| <u>-</u>                          | <u>706,973</u>                      | <u>706,973</u>       |
|                                   |                                     |                      |
| <u>-</u>                          | <u>706,973</u>                      | <u>706,973</u>       |
|                                   |                                     |                      |
| <u>(26,855,381)</u>               | <u>706,973</u>                      | <u>(26,148,408)</u>  |
|                                   |                                     |                      |
| 6,586,744                         | -                                   | 6,586,744            |
| 30,528                            | -                                   | 30,528               |
| 13,961,944                        | -                                   | 13,961,944           |
| 838,612                           | -                                   | 838,612              |
| 726,360                           | -                                   | 726,360              |
| 1,778,232                         | -                                   | 1,778,232            |
| 15,382                            | -                                   | 15,382               |
| 811,068                           | 7,204                               | 818,272              |
| <u>14,229,630</u>                 | <u>-</u>                            | <u>14,229,630</u>    |
|                                   |                                     |                      |
| <u>38,978,500</u>                 | <u>7,204</u>                        | <u>38,985,704</u>    |
|                                   |                                     |                      |
| 12,123,119                        | 714,177                             | 12,837,296           |
|                                   |                                     |                      |
| 93,922,424                        | 4,154,008                           | 98,076,432           |
|                                   |                                     |                      |
| <u>(49,792,345)</u>               | <u>(1,443,805)</u>                  | <u>(51,236,150)</u>  |
|                                   |                                     |                      |
| <u>\$ 56,253,198</u>              | <u>\$ 3,424,380</u>                 | <u>\$ 59,677,578</u> |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2015

|   | General Fund         | Special Revenue               |                             | Capital Projects     |                        |
|---|----------------------|-------------------------------|-----------------------------|----------------------|------------------------|
|   |                      | Montclair Housing Corporation | Montclair Housing Authority | 2014 Refunding Bonds | Successor Agency Bonds |
| <b>ASSETS</b>   |                      |                               |                             |                      |                        |
| Pooled Cash and Investments   | \$ 8,388,129         | \$ 1,813,811                  | \$ 311,516                  | \$ -                 | \$ 14,249,228          |
| Receivables:  |                      |                               |                             |                      |                        |
| Accounts  | 2,315,070            | 83,667                        | -                           | -                    | -                      |
| Notes and Loans   | 2,500                | -                             | 2,599,908                   | -                    | -                      |
| Accrued Interest  | 11,509               | 1,121                         | -                           | 14,174               | 9,907                  |
| Prepaid Costs   | 408,616              | 36,983                        | -                           | -                    | -                      |
| Due from Other Governments  | 2,400,279            | -                             | -                           | -                    | 2,867                  |
| Due from Other Funds  | 318,346              | -                             | -                           | -                    | -                      |
| Advances to Other Funds   | -                    | -                             | 5,358,772                   | -                    | -                      |
| Restricted Assets:  |                      |                               |                             |                      |                        |
| Cash and Investments with Fiscal Agents   | -                    | 42,474                        | -                           | 22,045,538           | -                      |
| <b>Total Assets</b>   | <b>\$ 13,844,449</b> | <b>\$ 1,978,056</b>           | <b>\$ 8,270,196</b>         | <b>\$ 22,059,712</b> | <b>\$ 14,262,002</b>   |
| <b>LIABILITIES</b>  |                      |                               |                             |                      |                        |
| Accounts Payable  | \$ 884,564           | \$ 30,628                     | \$ 262                      | \$ -                 | \$ -                   |
| Accrued Liabilities   | 714,484              | 11,420                        | -                           | -                    | -                      |
| Deposits Payable  | 220,785              | 51,400                        | -                           | -                    | -                      |
| Due to Other Governments  | 8,670                | -                             | -                           | -                    | -                      |
| Due to Other Funds  | 25,026               | -                             | -                           | 561,279              | -                      |
| Advances from Other Funds   | -                    | 5,358,772                     | -                           | -                    | -                      |
| <b>Total Liabilities</b>  | <b>1,853,529</b>     | <b>5,452,220</b>              | <b>262</b>                  | <b>561,279</b>       | <b>-</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |                               |                             |                      |                        |
| Unavailable Revenues - Grants   | 284,573              | -                             | -                           | -                    | -                      |
| <b>Total Deferred Inflows of Resources</b>  | <b>284,573</b>       | <b>-</b>                      | <b>-</b>                    | <b>-</b>             | <b>-</b>               |
| <b>FUND BALANCES (DEFICITS)</b>   |                      |                               |                             |                      |                        |
| Nonspendable  | 408,616              | 36,983                        | -                           | -                    | -                      |
| Restricted  | -                    | -                             | 8,269,934                   | 21,498,433           | 14,262,002             |
| Committed   | -                    | -                             | -                           | -                    | -                      |
| Assigned  | 5,679,550            | -                             | -                           | -                    | -                      |
| Unassigned  | 5,618,181            | (3,511,147)                   | -                           | -                    | -                      |
| <b>Total Fund Balances (Deficits)</b>   | <b>11,706,347</b>    | <b>(3,474,164)</b>            | <b>8,269,934</b>            | <b>21,498,433</b>    | <b>14,262,002</b>      |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b> | <b>\$ 13,844,449</b> | <b>\$ 1,978,056</b>           | <b>\$ 8,270,196</b>         | <b>\$ 22,059,712</b> | <b>\$ 14,262,002</b>   |

The accompanying notes are an integral part of this statement.

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 10,075,712                  | \$ 34,838,396                  |
| 248,243                        | 2,646,980                      |
| -                              | 2,602,408                      |
| -                              | 36,711                         |
| -                              | 445,599                        |
| 331,870                        | 2,735,016                      |
| 584,319                        | 902,665                        |
| -                              | 5,358,772                      |
| 4,348                          | 22,092,360                     |
| \$ 11,244,492                  | \$ 71,658,907                  |
| <br>                           |                                |
| \$ 1,199,729                   | \$ 2,115,183                   |
| 68,645                         | 794,549                        |
| 1,225                          | 273,410                        |
| 3,773                          | 12,443                         |
| 255,599                        | 841,904                        |
| -                              | 5,358,772                      |
| 1,528,971                      | 9,396,261                      |
| <br>                           |                                |
| 25,000                         | 309,573                        |
| 25,000                         | 309,573                        |
| <br>                           |                                |
| -                              | 445,599                        |
| 9,750,407                      | 53,780,776                     |
| -                              | -                              |
| -                              | 5,679,550                      |
| (59,886)                       | 2,047,148                      |
| 9,690,521                      | 61,953,073                     |
| \$ 11,244,492                  | \$ 71,658,907                  |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2015

|   |    |              |
|---|----|--------------|
| Fund Balances of Governmental Funds   | \$ | 61,953,073   |
| 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.   |    | 97,621,876   |
| Long-term debt and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.  |    |              |
| Bonds   |    | (46,667,199) |
| Claims and Judgements   |    | (3,298,854)  |
| Compensated Absences  |    | (1,583,214)  |
| Net Pension Liability   |    | (42,525,103) |
| Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.  |    | (467,821)    |
| Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.   |    |              |
| Deferred Pension Contributions  |    | 2,975,349    |
| Pension Actuarial Amounts - Outflows  |    | 80,011       |
| Pension Actuarial Amounts - Inflows   |    | (10,264,613) |
| Amounts for deferred outflows related to the City's defeasance of prior bonds are not reported in the funds.  |    | 286,877      |
| 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. |    | (2,166,757)  |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as available revenues in the funds.  |    | 309,573      |
| Net Position of Governmental Activities   | \$ | 56,253,198   |

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, 2015

|  | General<br>Fund      | Special Revenue                     |                                   | Capital Projects           |                              |
|--|----------------------|-------------------------------------|-----------------------------------|----------------------------|------------------------------|
|  |                      | Montclair<br>Housing<br>Corporation | Montclair<br>Housing<br>Authority | 2014<br>Refunding<br>Bonds | Successor<br>Agency<br>Bonds |
| <b>REVENUES</b>                                      |                      |                                     |                                   |                            |                              |
| Taxes  | \$ 21,499,183        | \$ -                                | \$ -                              | \$ -                       | \$ -                         |
| Licenses and Permits                                 | 498,035              | -                                   | -                                 | -                          | -                            |
| Intergovernmental                                    | 168,770              | -                                   | -                                 | -                          | -                            |
| Charges for Services                                 | 3,665,991            | -                                   | -                                 | -                          | -                            |
| Use of Money and Property                            | 224,740              | 838,404                             | 7,252                             | 26,090                     | 32,372                       |
| Fines and Forfeitures                                | 856,095              | -                                   | -                                 | -                          | -                            |
| Miscellaneous  | 253,414              | -                                   | -                                 | -                          | -                            |
| <b>Total Revenues</b>                                | <b>27,166,228</b>    | <b>838,404</b>                      | <b>7,252</b>                      | <b>26,090</b>              | <b>32,372</b>                |
| <b>EXPENDITURES</b>                                  |                      |                                     |                                   |                            |                              |
| Current:   |                      |                                     |                                   |                            |                              |
| General Government                                   | 8,263,713            | 1,050,251                           | -                                 | -                          | -                            |
| Public Safety  | 12,856,708           | -                                   | -                                 | -                          | -                            |
| Community Development                                | 2,005,299            | -                                   | (18,461)                          | -                          | -                            |
| Public Works   | 2,538,395            | -                                   | -                                 | -                          | -                            |
| Capital Outlay                                       | 138,656              | -                                   | -                                 | -                          | -                            |
| Debt Service:  |                      |                                     |                                   |                            |                              |
| Principal Retirement                                 | -                    | -                                   | -                                 | 23,881,297                 | -                            |
| Interest and Fiscal Charges                          | -                    | -                                   | -                                 | 750,682                    | -                            |
| <b>Total Expenditures</b>                            | <b>25,802,771</b>    | <b>1,050,251</b>                    | <b>(18,461)</b>                   | <b>24,631,979</b>          | <b>-</b>                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>1,363,457</u>     | <u>(211,847)</u>                    | <u>25,713</u>                     | <u>(24,605,889)</u>        | <u>32,372</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                      |                                     |                                   |                            |                              |
| Transfers In   | 654,937              | -                                   | -                                 | -                          | -                            |
| Transfers Out  | (1,665,231)          | -                                   | -                                 | (562,877)                  | -                            |
| Transfers In from Fiduciary Fund                     | -                    | -                                   | -                                 | -                          | 14,229,630                   |
| Refunding Bonds                                      | -                    | -                                   | -                                 | 45,000,000                 | -                            |
| Premium on Issuance of Bonds                         | -                    | -                                   | -                                 | 1,667,199                  | -                            |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(1,010,294)</b>   | <b>-</b>                            | <b>-</b>                          | <b>46,104,322</b>          | <b>14,229,630</b>            |
| <b>Net Change in Fund Balances</b>                   | <b>353,163</b>       | <b>(211,847)</b>                    | <b>25,713</b>                     | <b>21,498,433</b>          | <b>14,262,002</b>            |
| Fund Balance, Beginning of Year                      | 11,341,692           | (3,262,317)                         | 8,244,221                         | -                          | -                            |
| Prior Period Adjustments                             | 11,492               | -                                   | -                                 | -                          | -                            |
| <b>Fund Balance, End of Year</b>                     | <b>\$ 11,706,347</b> | <b>\$ (3,474,164)</b>               | <b>\$ 8,269,934</b>               | <b>\$ 21,498,433</b>       | <b>\$ 14,262,002</b>         |

The accompanying notes are an integral part of this statement.

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 3,498,595                   | \$ 24,997,778                  |
| -                              | 498,035                        |
| 3,689,668                      | 3,858,438                      |
| 761,743                        | 4,427,734                      |
| 36,391                         | 1,165,249                      |
| 358,326                        | 1,214,421                      |
| 81,169                         | 334,583                        |
| <u>8,425,892</u>               | <u>36,496,238</u>              |
| -                              | 9,313,964                      |
| 1,053,155                      | 13,909,863                     |
| 2,437,474                      | 4,424,312                      |
| 2,345,071                      | 4,883,466                      |
| 910,344                        | 1,049,000                      |
| 2,383,703                      | 26,265,000                     |
| 1,532,743                      | 2,283,425                      |
| <u>10,662,490</u>              | <u>62,129,030</u>              |
| <u>(2,236,598)</u>             | <u>(25,632,792)</u>            |
| 2,800,941                      | 3,455,878                      |
| (1,227,770)                    | (3,455,878)                    |
| -                              | 14,229,630                     |
| -                              | 45,000,000                     |
| -                              | 1,667,199                      |
| <u>1,573,171</u>               | <u>60,896,829</u>              |
| (663,427)                      | 35,264,037                     |
| 10,474,045                     | 26,797,641                     |
| <u>(120,097)</u>               | <u>(108,605)</u>               |
| <u>\$ 9,690,521</u>            | <u>\$ 61,953,073</u>           |

The accompanying notes are an integral part of this statement.



**City of Montclair**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 35,264,037

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 | 2,192,695   |
| Depreciation Expense          | (3,972,106) |
| Loss on Disposal              | (5,063)     |

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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities.

|                               |              |
|-------------------------------|--------------|
| Refunding Bond Issuance       | (45,000,000) |
| Premium on Refunding Bond     | (1,667,199)  |
| Principal Repayments          | 26,265,000   |
| Deferred Outflow on Refunding | 286,877      |

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. (713,488)

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. (678,723)

Accrued interest payable is not reported in the governmental funds. (175,882)

To record the net change in compensated absences in the Statement of Activities. 348,862

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. 28,723

Some expenses reported in the Statement of Activities relating to pensions do not require the use of current financial resources and are not reported as governmental fund expenditures.

|   |              |
|---|--------------|
| Net change in Deferred Pension Contributions      | (682,678)    |
| Net change in Proportionate Actuarial Amounts     | 853,360      |
| Net change in Pension Actuarial Amounts - Inflows | (10,264,613) |
| Decrease in Net Pension Liability                 | 10,043,317   |

Change in Net Position of Governmental Activities \$ 12,123,119

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, 2015

|  | <u><b>Business-Type<br/>Activities -<br/>Enterprise Funds<br/>Sewer<br/>Maintenance Fund</b></u> |
|--|--|
| <b>ASSETS</b>                                    |  |
| Current:   |  |
| Pooled Cash and Investments                      | \$ 2,518,721   |
| Receivables:                                     |  |
| Accounts (net of allowance)                      | 509,313  |
| Due from Other Governments                       | 57   |
| Due from Other Funds                             | <u>234</u>   |
| Total Current Assets                             | <u>3,028,325</u>   |
| Noncurrent:                                      |  |
| Capital Assets Not Being Depreciated             | 106,985  |
| Capital Assets - Net of Accumulated Depreciation | <u>2,157,742</u>   |
| Total Noncurrent Assets                          | <u>2,264,727</u>   |
| Total Assets                                     | <u>5,293,052</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |  |
| Deferred Pension Contributions                   | <u>149,142</u>   |
| Total Deferred Outflows of Resources             | <u>149,142</u>   |
| <b>LIABILITIES</b>                               |  |
| Current:   |  |
| Accounts Payable                                 | 402,974  |
| Accrued Liabilities                              | 28,205   |
| Due to Other Funds                               | 60,995   |
| Accrued Compensated Absences                     | <u>19,884</u>  |
| Total Current Liabilities                        | <u>512,058</u>   |
| Noncurrent:                                      |  |
| Accrued Compensated Absences                     | 21,675   |
| Net Pension Liability                            | <u>1,222,547</u>   |
| Total Noncurrent Liabilities                     | <u>1,244,222</u>   |
| Total Liabilities                                | <u>1,756,280</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |  |
| Pension Actuarial Amounts                        | <u>261,534</u>   |
| Total Deferred Inflows of Resources              | <u>261,534</u>   |
| <b>NET POSITION</b>                              |  |
| Net Investment in Capital Assets                 | 2,264,727  |
| Unrestricted                                     | <u>1,159,653</u>   |
| Total Net Position                               | <u><u>\$ 3,424,380</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, 2015

|   | <u><b>Business-Type<br/>Activities -<br/>Enterprise Funds<br/>Sewer<br/>Maintenance Fund</b></u> |
|---|--|
| <b>OPERATING REVENUES</b>               |  |
| Sales and Service Charges               | <u>\$ 3,915,581</u>  |
| Total Operating Revenues                | <u>3,915,581</u>   |
| <b>OPERATING EXPENSES</b>               |  |
| Salaries and Benefits                   | 475,586  |
| Supplies and Services                   | 332,869  |
| Treatment                               | 2,336,946  |
| Depreciation Expense                    | <u>63,207</u>  |
| Total Operating Expenses                | <u>3,208,608</u>   |
| Operating Income (Loss)                 | <u>706,973</u>   |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |  |
| Interest Revenue                        | <u>7,204</u>   |
| Total Nonoperating Revenues (Expenses)  | <u>7,204</u>   |
| Income Before Transfers                 | 714,177  |
| Transfers Out                           | <u>-</u>   |
| Changes in Net Position                 | 714,177  |
| Net Position, Beginning of Year         | 4,154,008  |
| Prior Period Adjustments                | <u>(1,443,805)</u>   |
| Net Position, End of Fiscal Year        | <u><u>\$ 3,424,380</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, 2015

|   | <u><b>Business-Type<br/>Activities -<br/>Enterprise Funds<br/>Sewer<br/>Maintenance Fund</b></u> |
|---|--|
| <b>Cash Flows from Operating Activities</b>   |  |
| Cash Received from Customers and Users  | \$ 3,976,270   |
| Cash Paid to Suppliers for Goods and Services   | (2,679,360)  |
| Cash Paid to Employees for Services   | (459,665)  |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <u>837,245</u>   |
| <b>Cash Flows from Non-Capital Financing Activities</b>   |  |
| Cash Received From (Paid to) Other Funds  | (60,704)   |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>   | <u>(60,704)</u>  |
| <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>                                   | <u>-</u>   |
| <b>Cash Flows from Investing Activities</b>   |  |
| Interest Received   | 7,204  |
| <b>Net Cash Provided (Used) by Investing Activities</b>   | <u>7,204</u>   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | 783,745  |
| Cash and Cash Equivalents at Beginning of Year  | <u>1,734,976</u>   |
| Cash and Cash Equivalents at End of Year  | <u>\$ 2,518,721</u>  |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided (Used) by Operating Activities:</b>            |  |
| Operating Income (Loss)   | \$ 706,973   |
| <b>Adjustments to Reconcile Operating Income (Loss) Net Cash<br/>Provided (Used) by Operating Activities:</b> |  |
| Depreciation  | 63,207   |
| (Increase) Decrease in Accounts Receivable  | 60,689   |
| (Increase) Decrease in Due from Other Governments   | 508  |
| (Increase) Decrease in Deferred Outflows - Pensions   | (149,142)  |
| Increase (Decrease) in Accounts Payable   | 18,673   |
| Increase (Decrease) in Accrued Liabilities  | 52,119   |
| Increase (Decrease) in Compensated Absences   | (36,198)   |
| Increase (Decrease) in Due to Other Funds   | 60,995   |
| Increase (Decrease) in Deferred Inflows - Pension   | 261,534  |
| Increase (Decrease) in Net Pension Liability  | (202,113)  |
| Total Adjustments   | <u>130,272</u>   |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <u>\$ 837,245</u>  |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2015

|   | <b>Successor<br/>Agency<br/>Private-purpose<br/>Trust Fund</b> | <b>Agency<br/>Funds</b> |
|---|--|-------------------------|
| <b>ASSETS</b>                                   |  |                         |
| Pooled Cash and Investments                     | \$ 1,226,466   | \$ 2,455,489            |
| Restricted Cash with Fiscal Agent               | 6,572,672  | -                       |
| Interest Receivable                             | 2  | -                       |
|   | 7,799,140  | \$ 2,455,489            |
| <b>LIABILITIES</b>                              |  |                         |
| Accounts Payable                                | 7,237  | \$ -                    |
| Accrued Liabilities                             | 13,835   | -                       |
| Due to City                                     | 74,186   | -                       |
| Due to Other Governments                        | -  | 2,455,489               |
| Interest Payable                                | 685,182  | -                       |
| Bonds Payable                                   | 46,355,000   | -                       |
|   | 47,135,440   | \$ 2,455,489            |
| <b>NET POSITION</b>                             |  |                         |
| Net Position Held in Trust for Successor Agency | \$ (39,336,300)  |                         |

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, 2015

|  | <b>Successor<br/>Agency<br/>Private-purpose<br/>Trust Fund</b> |
|--|--|
| <b>ADDITIONS</b>                       |  |
| Taxes                                  | \$ 13,465,479  |
| Investment Income                      | 31,620   |
| Other Revenue                          | 1,128,815  |
|  | 14,625,914   |
| Total Additions                        | 14,625,914   |
| <b>DEDUCTIONS</b>                      |  |
| Administrative Costs                   | 396,837  |
| Distribution to City for Project Costs | 14,229,630   |
| Pass-through Payments                  | 9,202,902  |
| Interest on Bonds                      | 2,579,014  |
|  | 26,408,383   |
| Total Deductions                       | 26,408,383   |
| Change in Net Position                 | (11,782,469)   |
| Net Position - Beginning of Year       | (27,553,831)   |
| Net Position - End of Year             | \$ (39,336,300)  |

The accompanying notes are an integral part of this statement.

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

June 30, 2015

**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:

The members of the City Council also act as the governing body of the Montclair Housing Corporation, the Montclair Housing Authority, and the Montclair Public Financing Authority (PFA). The City, Housing Corporation, Housing Authority, and PFA are financially interdependent. The Housing Corporation, Housing Authority and PFA are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Housing Corporation and Housing Authority each year.

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

Blended Component Units

The Montclair Housing Corporation (the Corporation) was established on September 1993. The primary purpose of the Corporation is to assist property owners in rejuvenating and improving substandard housing conditions within the City. The Corporation presently manages 98 residential units which are occupied by over 300 people. Those properties are covered by 55 year deed restrictions for affordability and approximately 80 percent of those deed restrictions are for very low income families.

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

The Montclair Public Financing Authority was established through a Joint Exercise of Powers Agreement, dated as of September 1, 2014, by and between the City and the Montclair Housing Authority. The governing commission of the PFA is comprised of all of the individuals who currently are members of the City Council. The Authority is qualified to assist in the financing of certain public improvements and to issue Bonds under the Bond Law.

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.



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

June 30, 2015

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for state gas tax revenue which the City consider to be available if collected within 310 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

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

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

The *2014 Refunding Bonds Fund* accounts for the debt proceeds yet to be expended.

The *Successor Agency Bonds Capital Projects Fund* accounts for bond funds to be expended on various approved projects.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reporting as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted, as they are needed.

**D) Assets, Liabilities and Net Position or Equity**

Deposits and Investments

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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

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

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

Receivables and Payables

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

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

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

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

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

Property Tax Calendar

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

Functional Classifications

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

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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

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

- Public Safety includes those activities which involve the protection of people and property.
- Community Development includes those activities which involve the enhancing of the general quality of life.
- Public Works includes those activities which involve the maintenance and improvement of City streets, roads and park development and maintenance.
- Debt Service includes those activities that account for the payment of long-term principal, interest and fiscal charges.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the Government-wide Financial Statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No amounts for interest costs were capitalized for the year ended June 30, 2015.

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, 2015

**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.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

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

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 reports deferred outflows as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

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 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. In addition, the City reports deferred inflows as a result of the implementation of GASB Statement No. 68.

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.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

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

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.

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, 2015:

|                                      |    |        |
|--------------------------------------|----|--------|
| Special Revenue Funds:               |    |        |
| After School Program                 | \$ | 4,304  |
| E.M.S Paramedic                      |    | 46,638 |
| CFD 2011-2 Arrow Station             |    | 1,134  |
| Infrastructure Capital Projects Fund |    | 7,810  |

These deficits will be funded with future years' revenues.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**3) CASH AND INVESTMENTS**

As of June 30, 2015 cash and investments were reported in the accompanying financial statements as follows:

|                                |                          |
|--------------------------------|--------------------------|
| Governmental Activities        | \$ 56,930,756            |
| Business-Type Activities       | 2,518,721                |
| Fiduciary Funds                | <u>10,254,627</u>        |
| <br>Total Cash and Investments | <br><u>\$ 69,704,104</u> |

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

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.



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

June 30, 2015

**3) CASH AND INVESTMENTS - Continued**

Investments

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

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

Investments Authorized by Debt Agreements

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

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.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**3) CASH AND INVESTMENTS - Continued**

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, 2015, the City has no investment in medium-term notes. In addition, the City's investments in Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank and Federal Farm Credit Banks were rated "AA" by Moody's and by S&P. The City's investments in various State and local agency bonds are rated "A" or better by S&P. All securities were investment grade and were legal under State law. Investments in U.S. treasuries are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2015, 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, 2015, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer. With respect to concentration risk, as of June 30, 2015, 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 investment is in excess of 5% of total investments: FNMA – 8.56%.

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.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**3) CASH AND INVESTMENTS - Continued**

As of June 30, 2015, 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     | \$ 16,652,378                   | \$ -               | \$ -                | \$ -         | \$ 16,652,378        |
| Federal Farm Credit Bank         | -                               | -                  | 1,997,420           | -            | 1,997,420            |
| Federal Home Loan Bank           | -                               | -                  | 1,998,740           | -            | 1,998,740            |
| Federal National Mortgage Assoc. | -                               | -                  | 3,998,060           | -            | 3,998,060            |
| Cash with Fiscal Agent:          |                                 |                    |                     |              |                      |
| Local Agency Investment Fund     | 20,002,993                      | -                  | -                   | -            | 20,002,993           |
| Money Market Mutual Funds        | 2,038,367                       | -                  | -                   | -            | 2,038,367            |
| <b>Total</b>                     | <b>\$ 38,693,738</b>            | <b>\$ -</b>        | <b>\$ 7,994,220</b> | <b>\$ -</b>  | <b>\$ 46,687,958</b> |

**4) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, 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                            | 184,943           | 1,606,268    | 1,582,042      | 209,169        |
| Land Improvements                           | 2,473,390         | -            | -              | 2,473,390      |
| Total Capital Assets Not Depreciated        | 12,814,716        | 1,606,268    | 1,582,042      | 12,838,942     |
| Capital Assets, Being Depreciated:          |                   |              |                |                |
| Structures and Improvements                 | 20,651,410        | 340,810      | 77,353         | 20,914,867     |
| Furniture and Equipment                     | 8,679,182         | 586,427      | 52,496         | 9,213,113      |
| Infrastructure                              | 86,745,508        | 1,241,232    | -              | 87,986,740     |
| Total Capital Assets Being Depreciated      | 116,076,100       | 2,168,469    | 129,849        | 118,114,720    |
| Less Accumulated Depreciation:              |                   |              |                |                |
| Structures and Improvements                 | 6,422,925         | 490,019      | -              | 6,912,944      |
| Furniture and Equipment                     | 6,884,420         | 454,177      | 43,882         | 7,294,715      |
| Infrastructure                              | 16,177,121        | 3,027,910    | 80,904         | 19,124,127     |
| Total Accumulated Depreciation              | 29,484,466        | 3,972,106    | 124,786        | 33,331,786     |
| Total Capital Assets Being Depreciated, Net | 86,591,634        | (1,803,637)  | (5,063)        | 84,782,934     |
| Governmental Activities Capital Assets, Net | \$ 99,406,350     | \$ (197,369) | \$ (1,587,105) | \$97,621,876   |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**4) CAPITAL ASSETS - Continued**

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| <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                                     | 1,375,154                    | 33,336             | -                | 1,408,490                 |
| Furniture and Equipment                         | 632,483                      | 29,871             | -                | 662,354                   |
| Total Accumulated Depreciation                  | <u>2,007,637</u>             | <u>63,207</u>      | <u>-</u>         | <u>2,070,844</u>          |
| Total Capital Assets Being<br>Depreciated, Net  | <u>2,220,949</u>             | <u>(63,207)</u>    | <u>-</u>         | <u>2,157,742</u>          |
| Business-Type Activities<br>Capital Assets, Net | <u>\$ 2,327,934</u>          | <u>\$ (63,207)</u> | <u>\$ -</u>      | <u>\$ 2,264,727</u>       |

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

|                               |                     |
|-------------------------------|---------------------|
| Governmental Activities:      |                     |
| General Government            | \$ 2,673,243        |
| Public Safety                 | 1,222,901           |
| Community Development         | 5,556               |
| Public Works                  | <u>70,406</u>       |
| Total Governmental Activities | <u>\$ 3,972,106</u> |
| Business-Type Activities:     |                     |
| Sewer                         | <u>\$ 63,207</u>    |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

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

The composition of interfund balances as of June 30, 2015, was as follows:

**Due To/From Other Funds**

|          |                 | DUE TO           |                         |                      |                    |                   |
|----------|-----------------|------------------|-------------------------|----------------------|--------------------|-------------------|
|          |                 | General<br>Fund  | 2014 Refunding<br>Bonds | Sewer<br>Maintenance | Non-Major<br>Funds | Total             |
| DUE FROM | General Fund    | \$ -             | \$ 1,752                | \$ 60,995            | \$ 255,599         | \$ 318,346        |
|          | Sewer Fund      | -                | 234                     | -                    | -                  | 234               |
|          | Non-Major Funds | 25,026           | 559,293                 | -                    | -                  | 584,319           |
|          | <b>Total</b>    | <b>\$ 25,026</b> | <b>\$ 561,279</b>       | <b>\$ 60,995</b>     | <b>\$ 255,599</b>  | <b>\$ 902,899</b> |

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<br>Fund   | Non-Major<br>Funds  | Total               |
| TRANSFERS<br>OUT | General Fund         | \$ -              | \$ 1,665,231        | \$ 1,665,231        |
|                  | 2014 Refunding Bonds | -                 | 562,877             | 562,877             |
|                  | Non-Major Funds      | 654,937           | 572,833             | 1,227,770           |
|                  | <b>Total</b>         | <b>\$ 654,937</b> | <b>\$ 2,800,941</b> | <b>\$ 3,455,878</b> |

The General Fund made transfers of \$1,665,231 to non-major funds to reimburse various costs. Non-major funds transferred \$654,937 to the General Fund, and \$572,833 to other non-major funds to provide funds for various projects. The 2014 Refunding Bonds Fund transferred \$562,877 to other non-major funds to reimburse various costs.

In addition to the above, the Successor Agency transferred \$14,229,630 in unspent bond proceeds to the City's Successor Agency Bonds Capital Projects Fund to fund various approved projects.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**6) LONG-TERM DEBT**

**A) Long-Term Debt**

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2015:

|                                  | Beginning<br>Balance | Additions             | Deletions            | Ending<br>Balance    | Due Within<br>One Year |
|----------------------------------|----------------------|-----------------------|----------------------|----------------------|------------------------|
| <b>Governmental Activities:</b>  |                      |                       |                      |                      |                        |
| Lease Revenue Bonds:             |                      |                       |                      |                      |                        |
| 2005 Bonds                       | \$ 26,265,000        | \$ -                  | \$ 26,265,000        | \$ -                 | \$ -                   |
| 2014 Refunding Bonds             | -                    | 45,000,000            | -                    | 45,000,000           | 740,000                |
| Premium                          | -                    | 1,667,199             | -                    | 1,667,199            | 47,634                 |
| Claims and Judgments             | 2,585,366            | 713,488               | -                    | 3,298,854            | 1,781,382              |
| OPEB                             | 1,488,034            | 1,015,300             | 336,577              | 2,166,757            | 975,041                |
| Net Pension Liability            | -                    | 52,568,420            | 10,043,317           | 42,525,103           | -                      |
| Compensated Absences             | 1,932,076            | 1,015,244             | 1,364,106            | 1,583,214            | 79,161                 |
| <b>Total</b>                     | <b>\$ 32,270,476</b> | <b>\$ 101,979,651</b> | <b>\$ 38,009,000</b> | <b>\$ 96,241,127</b> | <b>\$ 3,623,218</b>    |
| <b>Business-type Activities:</b> |                      |                       |                      |                      |                        |
| Compensated Absences             | \$ 77,757            | \$ 34,283             | \$ 70,481            | \$ 41,559            | \$ 19,884              |
| Net Pension Liability            | -                    | 1,473,080             | 250,533              | 1,222,547            | -                      |
| <b>Total</b>                     | <b>\$ 77,757</b>     | <b>\$ 1,507,363</b>   | <b>\$ 321,014</b>    | <b>\$ 1,264,106</b>  | <b>\$ 19,884</b>       |

**Lease Revenue Bonds**

2014 Lease Revenue Refunding Bonds

During fiscal year 2014-15, the Montclair Public Financing Authority (Authority) issued \$45,000,000 of 2014 Lease Revenue Refunding Bonds. The Bonds were issued to refund the outstanding 2005 Lease Revenue Bonds, and provide funds for various public improvements and infrastructure projects. The City and the Authority have entered into a lease agreement, pursuant to which the City will make lease payments to the Authority. The Bonds are secured by these lease payments. Interest on the Bonds is payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2015. The Bonds carry various interest rates from 3% to 5%. Principal maturities begin on October 1, 2015, and continue on October 1 of each year through 2049. The difference between cash flow required to service old debt and that required to service new debt and complete the refunding amounts to a savings of approximately \$4.3 million. Issuance of the Bonds resulted in an economic gain from the transaction of \$2.25 million. The outstanding balance at June 30, 2015 is \$45,000,000. The annual requirements to amortize the outstanding indebtedness as of June 30, 2015, including interest, are as follows:

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**6) LONG-TERM DEBT – Continued**

| Fiscal Year Ending<br>June 30, | Principal            | Interest             | Total                |
|--------------------------------|----------------------|----------------------|----------------------|
| 2016                           | \$ 740,000           | \$ 1,860,188         | \$ 2,600,188         |
| 2017                           | 760,000              | 1,837,688            | 2,597,688            |
| 2018                           | 790,000              | 1,810,488            | 2,600,488            |
| 2019                           | 820,000              | 1,778,288            | 2,598,288            |
| 2020                           | 850,000              | 1,744,888            | 2,594,888            |
| 2021 - 2025                    | 4,890,000            | 8,051,938            | 12,941,938           |
| 2026 - 2030                    | 6,005,000            | 6,967,981            | 12,972,981           |
| 2031 - 2035                    | 7,285,000            | 5,601,625            | 12,886,625           |
| 2036 - 2040                    | 9,170,000            | 3,693,400            | 12,863,400           |
| 2041 - 2045                    | 11,180,000           | 1,655,000            | 12,835,000           |
| 2046 - 2050                    | 2,510,000            | 50,200               | 2,560,200            |
| Totals                         | <u>\$ 45,000,000</u> | <u>\$ 35,051,684</u> | <u>\$ 80,051,684</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, 2015 is \$3,298,854.

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

Fiduciary Fund long-term debt activity for the 2014-15 fiscal year is as follows:

|                       | Beginning<br>Balance | Additions   | Deletions           | Ending<br>Balance    | Due Within<br>One Year |
|-----------------------|----------------------|-------------|---------------------|----------------------|------------------------|
| Tax Allocation Bonds: |                      |             |                     |                      |                        |
| 2007A                 | \$ 22,500,000        | \$ -        | \$ 545,000          | \$ 21,955,000        | \$ 570,000             |
| 2007B                 | 2,800,000            | -           | 135,000             | 2,665,000            | 140,000                |
| 2006A                 | 6,175,000            | -           | 190,000             | 5,985,000            | 205,000                |
| 2006B                 | 3,280,000            | -           | -                   | 3,280,000            | -                      |
| 2004                  | 4,320,000            | -           | 155,000             | 4,165,000            | 160,000                |
| 2001                  | 8,465,000            | -           | 325,000             | 8,140,000            | 340,000                |
| 1997                  | 180,000              | -           | 15,000              | 165,000              | 20,000                 |
| Total                 | <u>\$ 47,720,000</u> | <u>\$ -</u> | <u>\$ 1,365,000</u> | <u>\$ 46,355,000</u> | <u>\$ 1,435,000</u>    |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**6) LONG-TERM DEBT – Continued**

**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, 2015 is \$21,955,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

| Year Ending<br>June 30, | 2007A Taxable Tax Allocation Bonds<br>Project Area III |               |
|-------------------------|--|---------------|
|                         | Principal  | Interest      |
| 2016                    | \$ 570,000   | \$ 1,007,775  |
| 2017                    | 600,000  | 981,450       |
| 2018                    | 620,000  | 954,000       |
| 2019                    | 645,000  | 925,537       |
| 2020                    | 675,000  | 897,525       |
| 2021-2025               | 3,840,000  | 4,021,078     |
| 2026-2030               | 5,395,000  | 3,029,506     |
| 2031-2035               | 7,810,000  | 1,452,234     |
| 2036                    | 1,800,000  | 45,000        |
| Total                   | \$ 21,955,000  | \$ 13,314,105 |

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, 2015 is \$2,665,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:



**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

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

| Year Ending<br>June 30, | 2007B Taxable Tax Allocation Bonds<br>Project Area III |                     |
|-------------------------|--|---------------------|
|                         | Principal  | Interest            |
| 2016                    | \$ 140,000   | \$ 154,275          |
| 2017                    | 145,000  | 146,267             |
| 2018                    | 160,000  | 137,696             |
| 2019                    | 170,000  | 128,100             |
| 2020                    | 180,000  | 117,600             |
| 2021-2025               | 1,065,000  | 408,750             |
| 2026-2028               | 805,000  | 74,550              |
| <b>Total</b>            | <b>\$ 2,665,000</b>                                    | <b>\$ 1,167,238</b> |

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, 2015 is \$5,985,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

| Year Ending<br>June 30, | Project Area No. V, Taxable Tax<br>Allocation Bonds, Issue of 2006A |                     |
|-------------------------|---|---------------------|
|                         | Principal   | Interest            |
| 2016                    | \$ 205,000  | \$ 360,685          |
| 2017                    | 215,000   | 348,504             |
| 2018                    | 230,000   | 335,175             |
| 2019                    | 245,000   | 320,569             |
| 2020                    | 260,000   | 305,040             |
| 2021-2025               | 1,560,000   | 1,256,753           |
| 2026-2030               | 400,000   | 947,714             |
| 2031-2034               | 2,870,000   | 436,035             |
| <b>Total</b>            | <b>\$ 5,985,000</b>   | <b>\$ 4,310,475</b> |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

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

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, 2015 is \$3,280,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

| Year Ending<br>June 30, | Project Area No. V, Taxable Tax<br>Allocation Bonds, Issue of 2006B |              |
|-------------------------|---|--------------|
|                         | Principal   | Interest     |
| 2016                    | \$ -  | \$ 155,800   |
| 2017                    | -   | 155,800      |
| 2018                    | -   | 155,800      |
| 2019                    | -   | 155,800      |
| 2020                    | -   | 155,800      |
| 2021-2025               | -   | 779,000      |
| 2026-2030               | 1,655,000   | 589,119      |
| 2031-2034               | 1,625,000   | 158,768      |
| Total                   | \$ 3,280,000  | \$ 2,305,887 |

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, 2015 is \$4,165,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

| Year Ending<br>June 30, | 2004 Tax Allocation Refunding Bonds<br>Project Area IV |              |
|-------------------------|--|--------------|
|                         | Principal  | Interest     |
| 2016                    | \$ 160,000   | \$ 204,250   |
| 2017                    | 170,000  | 196,000      |
| 2018                    | 180,000  | 187,250      |
| 2019                    | 185,000  | 178,125      |
| 2020                    | 195,000  | 168,625      |
| 2021-2025               | 1,135,000  | 682,625      |
| 2026-2030               | 1,455,000  | 360,125      |
| 2031-2032               | 685,000  | 34,625       |
| Total                   | \$ 4,165,000   | \$ 2,011,625 |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**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, 2015 is \$8,140,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

| Year Ending<br>June 30, | 2001 Tax Allocation Refunding Bonds<br>Project Area V |              |
|-------------------------|---|--------------|
|                         | Principal   | Interest     |
| 2016                    | \$ 340,000  | \$ 415,960   |
| 2017                    | 360,000   | 398,460      |
| 2018                    | 375,000   | 380,085      |
| 2019                    | 395,000   | 360,835      |
| 2020                    | 415,000   | 340,585      |
| 2021-2025               | 2,410,000   | 1,350,848    |
| 2026-2030               | 3,120,000   | 622,750      |
| 2031                    | 725,000   | 19,212       |
| Total                   | \$ 8,140,000  | \$ 3,888,735 |

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, 2015 is \$165,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

| Year Ending<br>June 30, | 1997 Taxable Tax Allocation Bonds<br>Project Area 1 |           |
|-------------------------|---|-----------|
|                         | Principal   | Interest  |
| 2016                    | \$ 20,000   | \$ 13,020 |
| 2017                    | 20,000  | 11,340    |
| 2018                    | 20,000  | 9,660     |
| 2019                    | 25,000  | 7,770     |
| 2020                    | 25,000  | 5,670     |
| 2021-2022               | 55,000  | 4,830     |
| Total                   | \$ 165,000  | \$ 52,290 |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**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 \$73,405,355 with debt service requirements as indicated above.

Below is a summarization, by project area, which shows the gross amount of property taxes, county and tax entity payments made for the fiscal year to these entities.

| Items   | Project<br>Area I | Project<br>Area II | Project<br>Area III | Project<br>Area IV | Project<br>Area V   | Mission Blvd<br>Project Area | Total               |
|---|-------------------|--------------------|---------------------|--------------------|---------------------|------------------------------|---------------------|
| <b>City of Montclair as Successor Agency<br/>for the City of Montclair<br/>Redevelopment Agency</b> |                   |                    |                     |                    |                     |                              |                     |
| <u>Allocations to Redevelopment Obligation</u>  |                   |                    |                     |                    |                     |                              |                     |
| <u>Retirement Fund (RORF)</u>   |                   |                    |                     |                    |                     |                              |                     |
| Tax Increment Collections   | \$ 110,308        | \$ -               | \$ 5,218,449        | \$ 2,260,042       | \$ 4,878,102        | \$ 998,577                   | \$ 13,465,478       |
| Successor Agency Reserve Contributions  | -                 | -                  | -                   | -                  | 91,196              | -                            | 91,196              |
| County Administration Charges   | (3,480)           | -                  | (118,228)           | (47,685)           | (119,105)           | (23,920)                     | (312,418)           |
| Pass Through and Residual Payments to Taxing Entities   | (71,544)          | -                  | (3,144,161)         | (1,817,236)        | (3,207,173)         | (962,788)                    | (9,202,902)         |
| Net Tax Increment Available for Debt Service  | <u>\$ 35,284</u>  | <u>\$ -</u>        | <u>\$ 1,956,060</u> | <u>\$ 395,121</u>  | <u>\$ 1,643,020</u> | <u>\$ 11,869</u>             | <u>\$ 4,041,354</u> |

**C) Residential Mortgage Revenue Bonds**

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

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

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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS**

**General Information about the Pension Plans – Miscellaneous**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City’s separate Miscellaneous Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – The Plans are agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | Miscellaneous             |                              |                                |
|---|---------------------------|------------------------------|--------------------------------|
|   | Prior to<br>June 21, 2010 | On or after<br>June 21, 2010 | On or after<br>January 1, 2013 |
| Hire date   |                           |                              |                                |
| Benefit formula                                   | 3% @ 60                   | 2% @ 60                      | 2% @ 62                        |
| Benefit vesting schedule                          | 5 years service           | 5 years service              | 5 years service                |
| Benefit payments                                  | monthly for life          | monthly for life             | monthly for life               |
| Retirement age                                    | 50                        | 50                           | 52                             |
| Monthly benefits, as a % of eligible compensation | (1)                       | (1)                          | (1)                            |
| Required employee contribution rates              | 8%                        | 7%                           | 6.50%                          |
| Required employer contribution rates              | 22.42%                    | 22.42%                       | 6.50%                          |

(1) - Depending on years of service

**Employees Covered** – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

|   | Miscellaneous |
|---|---------------|
| Inactive employees or beneficiaries<br>currently receiving benefits | 162           |
| Inactive employees entitled to but not yet<br>receiving benefits    | 123           |
| Active employees  | 99            |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS - Continued**

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 7.872 percent of annual pay, and the employer’s contribution rate is 19.702 percent of annual payroll. Employer contribution rates may change if plan contracts are amended.

**Net Pension Liability**

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

|                           | Miscellaneous    |
|---------------------------|------------------|
| Valuation date            | June 30, 2013    |
| Measurement date          | June 30, 2014    |
| Actuarial cost method     | entry-age normal |
| Actuarial assumptions:    |                  |
| Discount rate             | 7.50%            |
| Inflation                 | 2.75%            |
| Payroll growth            | 3.00%            |
| Projected salary increase | (1)              |
| Investment rate of return | 7.50% (2)        |
| Mortality                 | (3)              |

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS’ Membership Data for all Funds.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS – Continued**

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| Asset Class                   | New Strategic<br>Allocation | Real Return<br>Years 1 - 10 (1) | Real Return<br>Years 11+ (2) |
|-------------------------------|-----------------------------|---------------------------------|------------------------------|
| Global Equity                 | 47%                         | 5.25%                           | 5.71%                        |
| Global Fixed Income           | 19%                         | 0.99%                           | 2.43%                        |
| Inflation Sensitive           | 6%                          | 0.45%                           | 3.36%                        |
| Private Equity                | 12%                         | 6.83%                           | 6.95%                        |
| Real Estate                   | 11%                         | 4.50%                           | 5.13%                        |
| Infrastructure and Forestland | 3%                          | 4.50%                           | 5.09%                        |
| Liquidity                     | 2%                          | -0.55%                          | -1.05%                       |

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS – Continued**

**Changes in Net Pension Liability**

The changes in the Net Pension Liability for the Miscellaneous Plan follows:

|  | Increase (Decrease)       |                                |                                  |
|--|---------------------------|--------------------------------|----------------------------------|
|  | Pension Plan<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability/(Asset) |
| Balance at June 30, 2014                           | \$ 71,807,274             | \$ 49,817,103                  | \$ 21,990,171                    |
| Changes in the year:                               |                           |                                |                                  |
| Service cost                                       | 1,111,086                 | -                              | 1,111,086                        |
| Interest on the total pension liability            | 5,293,536                 | -                              | 5,293,536                        |
| Changes of benefit terms                           | -                         | -                              | -                                |
| Differences between expected and actual experience | -                         | -                              | -                                |
| Changes in assumptions                             | -                         | -                              | -                                |
| Contributions from the employer                    | -                         | 1,139,453                      | (1,139,453)                      |
| Contributions from employees                       | -                         | 471,260                        | (471,260)                        |
| Net investment income                              | -                         | 8,533,869                      | (8,533,869)                      |
| Benefit payments, including refunds                | (3,564,687)               | (3,564,687)                    | -                                |
| Net changes  | 2,839,935                 | 6,579,895                      | (3,739,960)                      |
| Balance at June 30, 2015                           | \$ 74,647,209             | \$ 56,396,998                  | \$ 18,250,211                    |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

|                       | Miscellaneous |
|-----------------------|---------------|
| 1% Decrease           | 6.50%         |
| Net Pension Liability | \$ 27,333,514 |
| Current Discount Rate | 7.50%         |
| Net Pension Liability | \$ 18,250,211 |
| 1% Increase           | 8.50%         |
| Net Pension Liability | \$ 10,661,517 |

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the City recognized pension expense for the Miscellaneous Plan of \$1,303,681. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources for the Miscellaneous Plan from the following sources:



**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS – Continued**

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date                      | \$ 1,164,198                              | \$ -                                     |
| Differences between actual and expected experience                        | -   | -  |
| Changes in assumptions  | -   | -  |
| Net differences between projected and actual earnings on plan investments | -   | <u>3,904,188</u>                         |
| <br>Total   | <br><u>\$ 1,164,198</u>                   | <br><u>\$ 3,904,188</u>                  |

\$1,164,198 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year Ended<br/>June 30,</u> |              |
|--------------------------------|--------------|
| 2016                           | \$ (976,047) |
| 2017                           | (976,047)    |
| 2018                           | (976,047)    |
| 2019                           | (976,047)    |
| 2020                           | -            |
| Thereafter                     | -            |

**Payable to the Pension Plan**

At June 30, 2015, the City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**General Information about the Pension Plans - Safety**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – The Plans are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS – Continued**

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

|   | Safety - Police           |                              |                                |
|---|---------------------------|------------------------------|--------------------------------|
|   | Prior to<br>June 27, 2005 | On or after<br>June 27, 2005 | On or after<br>January 1, 2013 |
| Hire date   |                           |                              |                                |
| Benefit formula                                   | 3% @ 50                   | 3% @ 55                      | 2.7% @ 57                      |
| Benefit vesting schedule                          | 5 years service           | 5 years service              | 5 years service                |
| Benefit payments                                  | monthly for life          | monthly for life             | monthly for life               |
| Retirement age                                    | 50                        | 50                           | 50                             |
| Monthly benefits, as a % of eligible compensation | (1)                       | (1)                          | (1)                            |
| Required employee contribution rates              | 9%                        | 9%                           | 11.5%                          |
| Required employer contribution rates              | 47.2%                     | 22.25%                       | 11.5%                          |

  

|   | Safety - Fire             |                              |                                |
|---|---------------------------|------------------------------|--------------------------------|
|   | Prior to<br>June 27, 2005 | On or after<br>June 27, 2005 | On or after<br>January 1, 2013 |
| Hire date   |                           |                              |                                |
| Benefit formula                                   | 3% @ 50                   | 3% @ 55                      | 2.7% @ 57                      |
| Benefit vesting schedule                          | 5 years service           | 5 years service              | 5 years service                |
| Benefit payments                                  | monthly for life          | monthly for life             | monthly for life               |
| Retirement age                                    | 50                        | 50                           | 50                             |
| Monthly benefits, as a % of eligible compensation | (1)                       | (1)                          | (1)                            |
| Required employee contribution rates              | 9%                        | 9%                           | 12.25%                         |
| Required employer contribution rates              | 64.28%                    | 23.95%                       | 12.25%                         |

(1) - Depending on years of service

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

|                          | Safety - Police | Safety - Fire |
|--------------------------|-----------------|---------------|
| Contributions - employer | \$ 1,400,393    | \$ 1,189,467  |

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2015, the City reported a liability of \$25,497,439 for its proportionate share of the net pension liability. The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS – Continued**

valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

|                              | Safety - Police | Safety - Fire |
|------------------------------|-----------------|---------------|
| Proportion - June 30, 2013   | 0.36%           | 0.31%         |
| Proportion - June 30, 2014   | 0.36%           | 0.32%         |
| Change - Increase (Decrease) | 0.00%           | 0.01%         |

For the year ended June 30, 2015, the City recognized pension expense of \$2,008,083. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Safety pension plans from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date   | \$ 1,960,293                      | \$ -                             |
| Differences between actual and expected experience   | -                                 | -                                |
| Changes in assumptions   | -                                 | -                                |
| Change in employer's proportion and differences<br>between the employer's contributions and the<br>employer's proportionate share of contributions | 80,011                            | -                                |
| Net differences between projected and actual<br>earnings on plan investments   | -                                 | 6,621,959                        |
| <b>Total</b>   | <b>\$ 2,040,304</b>               | <b>\$ 6,621,959</b>              |

\$1,960,293 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended<br>June 30, |    |             |
|------------------------|----|-------------|
| 2016                   | \$ | (1,607,479) |
| 2017                   |    | (1,607,479) |
| 2018                   |    | (1,631,150) |
| 2019                   |    | (1,695,840) |
| 2020                   |    | -           |
| Thereafter             |    | -           |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS – Continued**

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

|                           | Safety           |
|---------------------------|------------------|
| Valuation date            | June 30, 2013    |
| Measurement date          | June 30, 2014    |
| Actuarial cost method     | entry-age normal |
| Actuarial assumptions:    |                  |
| Discount rate             | 7.50%            |
| Inflation                 | 2.75%            |
| Payroll growth            | 3.00%            |
| Projected salary increase | (1)              |
| Investment rate of return | 7.50% (2)        |
| Mortality                 | (3)              |

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50% for each Plan. See disclosures above for the Miscellaneous pension plan regarding the discount rate.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|                       | Safety        |
|-----------------------|---------------|
| 1% Decrease           | 6.50%         |
| Net Pension Liability | \$ 41,166,063 |
| Current Discount Rate | 7.50%         |
| Net Pension Liability | \$ 25,497,439 |
| 1% Increase           | 8.50%         |
| Net Pension Liability | \$ 12,587,169 |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**7) PENSIONS PLANS – Continued**

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plan**

At June 30, 2015, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**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 2014-15 were \$336,577. There are currently 72 participants receiving benefits. The City’s plan does not issue a publicly available financial report.

**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          | 10,300                         |
| Adjustment to ARC                        | <u>(32,000)</u>                |
| Annual OPEB Cost                         | 1,015,300                      |
| Contribution Made                        | <u>(336,577)</u>               |
| Increase in Net OPEB Obligation          | 678,723                        |
| Net OPEB Obligation at June 30, 2014     | <u>1,488,034</u>               |
| <br>Net OPEB Obligation at June 30, 2015 | <br><u><u>\$ 2,166,757</u></u> |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**8) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS - Continued**

Annual OPEB cost, percentage of Annual OPEB Cost contributed, and Net OPEB Obligation, are presented below:

| THREE-YEAR TREND INFORMATION |                     |   |  |                                |
|------------------------------|---------------------|---|--|--------------------------------|
| Fiscal Year<br>Ended         | Annual<br>OPEB Cost | Annual Contribution<br>(Net of Adjustments) | Percentage of<br>Annual OPEB<br>Cost Contributed | Net OPEB<br>Obligation (Asset) |
| 6/30/15                      | \$ 1,015,300        | \$ 336,577                                  | 33.15%   | \$ 2,166,757                   |
| 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                     |

**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.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**9) SELF-INSURANCE PROGRAM**

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

Excess liability coverage above the self-insurance amounts is provided through the California Insurance Pool Authority (CIPA). CIPA, a public entity risk pool was established to pool resources, share risk, purchase excess insurance and share costs for professional risk management, and claims administration. Workers' Compensation and Employers Liability Pool Contract is limited per accident at \$3,000,000 in excess of the City's self-insurance retention stated in the above paragraph. Portions of general liability exceeded the above mentioned amounts are covered by CIPA up to a maximum \$40,000,000 each occurrence and in the aggregate by Everest National Insurance Company (up to \$10,000,000), and American Merchants Casualty Insurance Company (up to \$15,000,000), by Arch Specialty Insurance Company (up to \$15,000,000) in that order. Member cities make payments to CIPA based on underwriting estimates. Additional coverage for general liability claims is maintained through CIPA from a commercial insurer for claims in excess of 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, 2015, Adminsure and Carl Warren & Co., indicated a need for potential liability reserves of approximately \$3,298,854 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, 2015, 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, 2015, the amount of these liabilities was \$3,298,854. This liability is the City's best estimate based on available information.

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

| Year      | Beginning<br>of Year<br>Liability | Current Year<br>Claims and Changes<br>In Estimates | Claim Payments<br>For Current and<br>Prior Years | End of Year<br>Liability |
|-----------|-----------------------------------|--|--|--------------------------|
| 2013-2014 | \$ 2,203,313                      | \$ 1,191,674                                       | \$ 809,621                                       | \$ 2,585,366             |
| 2014-2015 | 2,585,366                         | 713,488  | -  | 3,298,854                |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2015

**10) FUND BALANCES**

The details of the fund balances as of June 30, 2015 are presented below:

|                           | General<br>Fund      | Montclair<br>Housing<br>Corporation | Montclair<br>Housing<br>Authority | 2014<br>Refunding<br>Bonds | Successor<br>Agency Bonds | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------|----------------------|-------------------------------------|-----------------------------------|----------------------------|---------------------------|--------------------------------|--------------------------------|
| <b>Nonspendable:</b>      |                      |                                     |                                   |                            |                           |                                |                                |
| Prepays                   | \$ 408,616           | \$ 36,983                           | \$ -                              | \$ -                       | \$ -                      | \$ -                           | \$ 445,599                     |
| <b>Restricted for:</b>    |                      |                                     |                                   |                            |                           |                                |                                |
| Debt Service              | -                    | -                                   | -                                 | -                          | -                         | 3,348                          | 3,348                          |
| Housing                   | -                    | -                                   | 8,269,934                         | -                          | -                         | -                              | 8,269,934                      |
| Public Safety             | -                    | -                                   | -                                 | -                          | -                         | 546,708                        | 546,708                        |
| Transportation            | -                    | -                                   | -                                 | -                          | -                         | 2,314,038                      | 2,314,038                      |
| Community Development     | -                    | -                                   | -                                 | 21,498,433                 | 14,262,002                | 6,886,313                      | 42,646,748                     |
| <b>Committed to:</b>      | -                    | -                                   | -                                 | -                          | -                         | -                              | -                              |
| <b>Assigned to:</b>       |                      |                                     |                                   |                            |                           |                                |                                |
| Post-employment Benefits  | 2,519,595            | -                                   | -                                 | -                          | -                         | -                              | 2,519,595                      |
| Technology                | 200,000              | -                                   | -                                 | -                          | -                         | -                              | 200,000                        |
| Self Insurance            | 750,000              | -                                   | -                                 | -                          | -                         | -                              | 750,000                        |
| Equipment Replacement     | 1,459,955            | -                                   | -                                 | -                          | -                         | -                              | 1,459,955                      |
| Unanticipated Personnel   | 500,000              | -                                   | -                                 | -                          | -                         | -                              | 500,000                        |
| Building Maintenance      | 200,000              | -                                   | -                                 | -                          | -                         | -                              | 200,000                        |
| Contingencies             | 50,000               | -                                   | -                                 | -                          | -                         | -                              | 50,000                         |
| <b>Unassigned</b>         | <u>5,618,181</u>     | <u>(3,511,147)</u>                  | <u>-</u>                          | <u>-</u>                   | <u>-</u>                  | <u>(59,886)</u>                | <u>2,047,148</u>               |
| <b>Total Fund Balance</b> | <u>\$ 11,706,347</u> | <u>\$ (3,474,164)</u>               | <u>\$ 8,269,934</u>               | <u>\$ 21,498,433</u>       | <u>\$ 14,262,002</u>      | <u>\$ 9,690,521</u>            | <u>\$ 61,953,073</u>           |

**11) 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.

**12) PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS**

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

The General Fund, Nonmajor Funds, and Governmental Activities fund balance/net position decreased by \$108,605 as a result of removing old balances from prior years.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial reporting for Pensions*, in fiscal year 2014-15. As a result, the beginning net position for Business-Type Activities and the Proprietary Fund, was decreased by 1,443,805, and the beginning net position for the Governmental Activities was decreased by \$49,683,740.



**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Montclair**  
**Budgetary Comparison Schedule**  
**General Fund**  
Year Ended June 30, 2015

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original          | Final             |                   |   |
| Budgetary Fund Balance, July 1, Restated   | \$ 11,353,184     | \$ 11,353,184     | \$ 11,353,184     | \$ -  |
| <b>Resources (Inflows):</b>                |                   |                   |                   |   |
| Taxes                                      | 19,963,129        | 20,729,459        | 21,499,183        | 769,724   |
| Licenses and Permits                       | 335,500           | 490,655           | 498,035           | 7,380   |
| Intergovernmental                          | 116,700           | 115,000           | 168,770           | 53,770  |
| Charges for Services                       | 3,391,850         | 3,631,946         | 3,665,991         | 34,045  |
| Use of Money and Property                  | 120,000           | 120,000           | 224,740           | 104,740   |
| Fines and Forfeitures                      | 704,100           | 750,300           | 856,095           | 105,795   |
| Miscellaneous                              | 515,671           | 315,100           | 253,414           | (61,686)  |
| Transfers In                               | 172,250           | 172,250           | 654,937           | 482,687   |
| Amounts Available for Appropriation        | <u>36,672,384</u> | <u>37,677,894</u> | <u>39,174,349</u> | <u>1,496,455</u>  |
| <b>Charges to Appropriation (Outflow):</b> |                   |                   |                   |   |
| General Government                         |                   |                   |                   |   |
| City Council                               | 288,653           | 256,907           | 233,437           | 23,470  |
| City Manager                               | 285,901           | 271,284           | 187,606           | 83,678  |
| Administration                             | 212,029           | 199,320           | 196,235           | 3,085   |
| Financial Services                         | 787,648           | 750,887           | 737,431           | 13,456  |
| Solid Waste Disposal                       | 2,285,017         | 2,185,653         | 2,270,141         | (84,488)  |
| City Clerk                                 | 132,528           | 127,377           | 118,736           | 8,641   |
| Personnel/Risk Assessment                  | 420,252           | 396,008           | 394,631           | 1,377   |
| Information Technology Services            | 778,576           | 777,445           | 772,257           | 5,188   |
| Central Services                           | 361,362           | 338,383           | 303,673           | 34,710  |
| Records Retention                          | -                 | -                 | -                 | -   |
| City Attorney                              | 342,844           | 342,844           | 273,068           | 69,776  |
| Contingency                                | -                 | -                 | -                 | -   |
| Non-Departmental                           | 2,613,817         | 2,410,920         | 2,776,498         | (365,578)   |
| Public Safety                              |                   |                   |                   |   |
| Police Administration                      | 393,267           | 246,285           | 257,133           | (10,848)  |
| Police Support Services                    | 614,249           | 615,499           | 686,755           | (71,256)  |
| Technical Services                         | 268,394           | 270,394           | 241,538           | 28,856  |
| Records Bureau                             | 570,431           | 571,681           | 560,104           | 11,577  |
| Investigations                             | 1,345,299         | 1,311,572         | 1,001,414         | 310,158   |
| Uniform Patrol                             | 5,419,428         | 5,192,415         | 5,214,711         | (22,296)  |
| Communications                             | 606,069           | 606,069           | 673,606           | (67,537)  |
| Volunteer Services                         | 104,300           | 105,800           | 110,614           | (4,814)   |
| Fire Administration                        | 397,325           | 398,575           | 386,884           | 11,691  |
| Fire Prevention                            | 137,607           | 138,232           | 141,334           | (3,102)   |
| Emergency Services                         | 3,208,608         | 3,229,415         | 3,286,621         | (57,206)  |
| Personnel Development                      | 20,600            | 20,600            | 22,935            | (2,335)   |
| Equipment Maintenance                      | -                 | -                 | -                 | -   |
| Buildings and Grounds                      | 10,000            | 11,797            | 11,271            | 526   |
| Emergency Preparedness                     | 37,133            | 37,758            | 38,985            | (1,227)   |

**City of Montclair**  
**Budgetary Comparison Schedule by Department - Continued**  
**General Fund**

Year Ended June 30, 2015

|  | Budgeted Amounts    |                      | Actual<br>Amounts    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|----------------------|----------------------|---|
|  | Original            | Final                |                      |   |
| <b>Charges to Appropriation (Outflow): - Continued</b> |                     |                      |                      |   |
| Community Development                                  |                     |                      |                      |   |
| Planning Commission                                    | \$ 16,150           | \$ 16,150            | \$ 10,534            | \$ 5,616  |
| Community Development Administration                   | 229,169             | 214,719              | 225,894              | (11,175)  |
| Current Planning                                       | 254,885             | 254,885              | 276,334              | (21,449)  |
| Advance Planning                                       | 63,199              | 63,199               | 66,802               | (3,603)   |
| Field Inspection                                       | 109,834             | 109,834              | 117,048              | (7,214)   |
| Plan Check   | 94,429              | 94,429               | 116,319              | (21,890)  |
| Building Operations                                    | 138,999             | 138,999              | 149,745              | (10,746)  |
| Code Enforcement                                       | 290,978             | 292,678              | 222,804              | 69,874  |
| Recreation   | 909,830             | 905,760              | 881,473              | 24,287  |
| Service Center   | 168,482             | 75,601               | 69,788               | 5,813   |
| Senior Citizens  | 121,581             | 91,975               | 76,402               | 15,573  |
| Nutritional Meals                                      | 128,844             | 19,858               | 14,929               | 4,929   |
| Health Education                                       | 91,723              | -                    | 30                   | (30)  |
| Family Education                                       | 88,009              | -                    | -                    | -   |
| Public Works   |                     |                      |                      |   |
| Management and Construction                            | 422,858             | 422,858              | 423,786              | (928)   |
| Public Works Inspection                                | 127,271             | 127,271              | 136,045              | (8,774)   |
| Traffic Safety Engineering                             | 154,448             | 44,698               | 37,046               | 7,652   |
| Graffiti Abatement                                     | 180,229             | 149,229              | 148,144              | 1,085   |
| Street Maintenance                                     | 288,968             | 174,281              | 181,770              | (7,489)   |
| Signing/Painting                                       | 196,435             | 66,864               | 29,770               | 37,094  |
| Street Sweeping  | 163,264             | 31,852               | 32,231               | (379)   |
| Parks Maintenance                                      | 860,440             | 606,146              | 553,711              | 52,435  |
| Tree Maintenance                                       | 110,001             | 35,001               | 34,312               | 689   |
| Vehicle Maintenance                                    | 409,827             | 405,876              | 390,788              | 15,088  |
| Building Maintenance Services                          | 274,980             | 281,755              | 247,990              | 33,765  |
| Heating and Air Conditioning                           | 98,162              | 118,162              | 119,155              | (993)   |
| Janitorial Services                                    | 216,938             | 216,938              | 203,647              | 13,291  |
| Capital Outlay   | -                   | -                    | 138,656              | (138,656)   |
| Transfers Out  | 47,473              | 462,900              | 1,665,231            | (1,202,331)   |
|  | <u>27,898,743</u>   | <u>26,235,038</u>    | <u>27,468,002</u>    | <u>(1,232,964)</u>                                      |
| <br>Budgetary Fund Balance, June 30                    | <u>\$ 8,773,641</u> | <u>\$ 11,442,856</u> | <u>\$ 11,706,347</u> | <u>\$ 263,491</u>                                       |

**City of Montclair**  
**Budgetary Comparison Schedule**  
**Montclair Housing Corporation**  
Year Ended June 30, 2015

|  | Budgeted Amounts             |                              | Actual<br>Amounts            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------------|------------------------------|------------------------------|---|
|  | Original                     | Final                        |                              |   |
| Budgetary Fund Balance, July 1             | \$ (3,262,317)               | \$ (3,262,317)               | \$ (3,262,317)               | \$ -  |
| <b>Resources (Inflows):</b>                |                              |                              |                              |   |
| Use of Money and Property                  | <u>780,000</u>               | <u>780,000</u>               | <u>838,404</u>               | <u>58,404</u>   |
| Amounts Available for Appropriation        | <u>(2,482,317)</u>           | <u>(2,482,317)</u>           | <u>(2,423,913)</u>           | <u>58,404</u>   |
| <b>Charges to Appropriation (Outflow):</b> |                              |                              |                              |   |
| General Government                         | <u>1,213,010</u>             | <u>1,213,010</u>             | <u>1,050,251</u>             | <u>162,759</u>  |
| Total Charges to Appropriations            | <u>1,213,010</u>             | <u>1,213,010</u>             | <u>1,050,251</u>             | <u>162,759</u>  |
| Budgetary Fund Balance, June 30            | <u><u>\$ (3,695,327)</u></u> | <u><u>\$ (3,695,327)</u></u> | <u><u>\$ (3,474,164)</u></u> | <u><u>\$ 221,163</u></u>                                |

**City of Montclair**  
**Notes to Required Supplementary Information**  
June 30, 2015

**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**  
**Required Supplementary Information**  
For the Year Ended June 30, 2015

**Schedule of Funding Progress**

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

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

**City of Montclair**  
**Required Supplementary Information**  
For the Year Ended June 30, 2015

**Schedule of Changes in the Net Pension Liability  
And Related Ratios – Last 10 Years\*  
Agent Multiple-Employer Plans**

|   | 2015          |
|---|---------------|
| <b>Total Pension Liability</b>  |               |
| Service cost  | \$ 1,111,086  |
| Interest on total pension liability   | 5,293,536     |
| Differences between expected and actual experience                                | -             |
| Changes in assumptions  | -             |
| Changes in benefits   | -             |
| Benefit payments, including refunds   | (3,564,687)   |
| Net change in total pension liability   | 2,839,935     |
| Total pension liability - beginning   | 71,807,274    |
| Total pension liability - ending (a)  | \$ 74,647,209 |
| <br><b>Plan Fiduciary Net Position</b>  |               |
| Contributions - employer  | \$ 1,139,453  |
| Contributions - employee  | 471,260       |
| Net investment income   | 8,533,869     |
| Benefit payments  | (3,564,687)   |
| Net change in plan fiduciary net position   | 6,579,895     |
| Plan fiduciary net position - beginning   | 49,817,103    |
| Plan fiduciary net position - ending (b)  | \$ 56,396,998 |
| <br>Net pension liability - ending (a) - (b)                                      | \$ 18,250,211 |
| <br>Plan fiduciary net position as a percentage<br>of the total pension liability | 75.55%        |
| <br>Covered - employee payroll  | \$ 5,950,546  |
| <br>Net pension liability as percentage of<br>covered-employee payroll            | 306.70%       |

\* - Fiscal Year 2015 was the first year of implementation, therefore, only one year is shown.

**City of Montclair**  
**Required Supplementary Information**  
For the Year Ended June 30, 2015

**Schedule of Contributions – Last 10 Years\***  
**Agent Multiple-Employer Plans**

|  | 2015             |
|--|------------------|
| Actuarially determined contribution                                      | \$ 1,139,453     |
| Contributions in relation to the actuarially<br>determined contributions | \$ 1,139,453     |
| Contribution deficiency (excess)   | \$ -             |
| <br>Covered-employee payroll   | <br>\$ 5,950,546 |
| Contributions as a percentage of<br>covered-employee payroll             | <br>19.15%       |

**Notes to schedule**

Valuation date: June 30, 2013

\* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.



**City of Montclair**  
**Required Supplementary Information**  
For the Year Ended June 30, 2015

**Schedule of the City's Proportionate Share  
of the Net Pension Liability – Last 10 Years\*  
Cost-sharing Plans**

|  | 2015          |
|--|---------------|
| Proportion of the net pension liability  | 0.4098%       |
| Proportion share of the net pension liability  | \$ 25,497,439 |
| Covered-employee payroll   | \$ 5,523,210  |
| Proportion share of the net pension liability as<br>percentage of covered-employee payroll | 461.64%       |
| Plan's fiduciary net position  | \$ 91,478,400 |
| Plan fiduciary net position as a percentage of<br>the total pension liability              | 78.20%        |

\* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

**City of Montclair**  
**Required Supplementary Information**  
For the Year Ended June 30, 2015

**Schedule of Contributions – Last 10 Years\***  
**Cost-sharing Plans**

|  | 2015             |
|--|------------------|
| Contractually required contribution<br>(actuarially determined)          | \$ 1,816,512     |
| Contributions in relation to the actuarially<br>determined contributions | \$ 1,816,512     |
| Contribution deficiency (excess)   | \$ -             |
| <br>Covered-employee payroll   | <br>\$ 5,523,210 |
| Contributions as a percentage of<br>covered-employee payroll             | 32.89%           |

**Notes to schedule**

Valuation date: June 30, 2013

\* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

## **SUPPLEMENTARY INFORMATION**



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**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds**  
June 30, 2015

|   | Special Revenue Funds |                     |                   |                     |
|---|-----------------------|---------------------|-------------------|---------------------|
|   | Gas Tax               | Measure I           | Traffic Safety    | Park<br>Development |
| <b>ASSETS</b>   |                       |                     |                   |                     |
| Pooled Cash and Investments   | \$ 286,302            | \$ 1,143,057        | \$ 194,897        | \$ 523,642          |
| Receivables:  |                       |                     |                   |                     |
| Accounts  | 12,312                | -                   | -                 | -                   |
| Accrued Interest  | -                     | -                   | -                 | -                   |
| Due from Other Governments  | -                     | 101,684             | 13,195            | -                   |
| Due from Other Funds  | 1,183                 | 3,680               | 5,401             | -                   |
| Restricted Assets:  |                       |                     |                   |                     |
| Cash and Investments with Fiscal Agents   | -                     | -                   | -                 | -                   |
| <br>Total Assets  | <u>\$ 299,797</u>     | <u>\$ 1,248,421</u> | <u>\$ 213,493</u> | <u>\$ 523,642</u>   |
| <b>LIABILITIES</b>  |                       |                     |                   |                     |
| Accounts Payable  | \$ 101,214            | \$ -                | \$ -              | \$ 68,072           |
| Accrued Liabilities   | 9,940                 | -                   | -                 | -                   |
| Deposits Payable  | -                     | -                   | -                 | -                   |
| Due to Other Governments  | -                     | -                   | 3,250             | -                   |
| Due to Other Funds  | -                     | -                   | -                 | -                   |
| <br>Total Liabilities   | <u>111,154</u>        | <u>-</u>            | <u>3,250</u>      | <u>68,072</u>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                       |                     |                   |                     |
| Unavailable Revenues - Grants   | -                     | -                   | -                 | -                   |
| <br>Total Deferred Inflows of Resources   | <u>-</u>              | <u>-</u>            | <u>-</u>          | <u>-</u>            |
| <b>FUND BALANCES (DEFICITS)</b>   |                       |                     |                   |                     |
| Restricted  | 188,643               | 1,248,421           | 210,243           | 455,570             |
| Unassigned  | -                     | -                   | -                 | -                   |
| <br>Total Fund Balances (Deficits)  | <u>188,643</u>        | <u>1,248,421</u>    | <u>210,243</u>    | <u>455,570</u>      |
| <br>Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances (Deficits) | <u>\$ 299,797</u>     | <u>\$ 1,248,421</u> | <u>\$ 213,493</u> | <u>\$ 523,642</u>   |

Special Revenue Funds

| Community<br>Development<br>Block Grant | Air Quality<br>Improvement | Older<br>American Act | State Asset<br>Forfeiture | Public<br>Safety  | Forfeiture<br>DOJ | State Asset<br>Forfeiture<br>Section 11489 |
|---|----------------------------|-----------------------|---------------------------|-------------------|-------------------|--|
| \$ -                                    | \$ 135,928                 | \$ -                  | \$ 50,081                 | \$ 66,398         | \$ 144,029        | \$ 42,306                                  |
| 178,628                                 | -                          | 23,470                | -                         | -                 | -                 | -  |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| -                                       | 12,168                     | -                     | 8,959                     | 80,656            | 59,121            | 1,581                                      |
| -                                       | 437                        | -                     | 161                       | -                 | 463               | 136  |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| <u>\$ 178,628</u>                       | <u>\$ 148,533</u>          | <u>\$ 23,470</u>      | <u>\$ 59,201</u>          | <u>\$ 147,054</u> | <u>\$ 203,613</u> | <u>\$ 44,023</u>                           |
| \$ 5,154                                | \$ 4,806                   | \$ 8,975              | \$ -                      | \$ 64,999         | \$ -              | \$ 172                                     |
| -                                       | -                          | 1,673                 | -                         | -                 | -                 | -  |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| 173,474                                 | -                          | 9,562                 | -                         | -                 | -                 | -  |
| <u>178,628</u>                          | <u>4,806</u>               | <u>20,210</u>         | <u>-</u>                  | <u>64,999</u>     | <u>-</u>          | <u>172</u>                                 |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| -                                       | 143,727                    | 3,260                 | 59,201                    | 82,055            | 203,613           | 43,851                                     |
| -                                       | -                          | -                     | -                         | -                 | -                 | -  |
| <u>-</u>                                | <u>143,727</u>             | <u>3,260</u>          | <u>59,201</u>             | <u>82,055</u>     | <u>203,613</u>    | <u>43,851</u>                              |
| <u>\$ 178,628</u>                       | <u>\$ 148,533</u>          | <u>\$ 23,470</u>      | <u>\$ 59,201</u>          | <u>\$ 147,054</u> | <u>\$ 203,613</u> | <u>\$ 44,023</u>                           |

Continued

**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2015

|   | Special Revenue Funds  |                          |                               |                            |
|---|------------------------|--------------------------|-------------------------------|----------------------------|
|   | Federal Asset          | State                    |                               | Local Law                  |
|   | Forfeiture<br>Treasury | School<br>District Grant | Supplement Law<br>Enforcement | Enforcement<br>Block Grant |
| <b>ASSETS</b>   |                        |                          |                               |                            |
| Pooled Cash and Investments   | \$ 867                 | \$ -                     | \$ 42,848                     | \$ 122                     |
| Receivables:  |                        |                          |                               |                            |
| Accounts  | -                      | -                        | 2,799                         | -                          |
| Accrued Interest  | -                      | -                        | -                             | -                          |
| Due from Other Governments  | -                      | -                        | -                             | -                          |
| Due from Other Funds  | 3                      | -                        | 379                           | -                          |
| Restricted Assets:  |                        |                          |                               |                            |
| Cash and Investments with Fiscal Agents   | -                      | -                        | -                             | -                          |
| <br>Total Assets  | <u>\$ 870</u>          | <u>\$ -</u>              | <u>\$ 46,026</u>              | <u>\$ 122</u>              |
| <b>LIABILITIES</b>  |                        |                          |                               |                            |
| Accounts Payable  | \$ -                   | \$ -                     | \$ 21,116                     | \$ -                       |
| Accrued Liabilities   | -                      | -                        | -                             | -                          |
| Deposits Payable  | -                      | -                        | -                             | -                          |
| Due to Other Governments  | -                      | -                        | -                             | -                          |
| Due to Other Funds  | -                      | -                        | -                             | -                          |
| <br>Total Liabilities   | <u>-</u>               | <u>-</u>                 | <u>21,116</u>                 | <u>-</u>                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                        |                          |                               |                            |
| Unavailable Revenues - Grants   | -                      | -                        | -                             | -                          |
| <br>Total Deferred Inflows of Resources   | <u>-</u>               | <u>-</u>                 | <u>-</u>                      | <u>-</u>                   |
| <b>FUND BALANCES (DEFICITS)</b>   |                        |                          |                               |                            |
| Restricted  | 870                    | -                        | 24,910                        | 122                        |
| Unassigned  | -                      | -                        | -                             | -                          |
| <br>Total Fund Balances (Deficits)  | <u>870</u>             | <u>-</u>                 | <u>24,910</u>                 | <u>122</u>                 |
| <br>Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances (Deficits) | <u>\$ 870</u>          | <u>\$ -</u>              | <u>\$ 46,026</u>              | <u>\$ 122</u>              |

| Special Revenue Funds            |                             |                            |                             |                       |                     |
|----------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------|---------------------|
| Crime<br>Prevention PC<br>1202.5 | Recycling<br>Block<br>Grant | After<br>School<br>Program | Fire<br>Department<br>Grant | Immunization<br>Grant | E.M.S.<br>Paramedic |
| \$ 4,000                         | \$ 32,648                   | \$ 32,360                  | \$ -                        | \$ 27,116             | \$ -                |
| -                                | -                           | 12,457                     | -                           | -                     | 17,320              |
| -                                | -                           | -                          | -                           | -                     | -                   |
| 27                               | -                           | 11,571                     | 24,701                      | -                     | -                   |
| 13                               | 105                         | -                          | -                           | -                     | -                   |
| -                                | -                           | -                          | -                           | -                     | -                   |
| <u>\$ 4,040</u>                  | <u>\$ 32,753</u>            | <u>\$ 56,388</u>           | <u>\$ 24,701</u>            | <u>\$ 27,116</u>      | <u>\$ 17,320</u>    |
| \$ 1,531                         | \$ -                        | \$ 14,995                  | \$ 11,393                   | \$ 1,032              | \$ 2,751            |
| -                                | -                           | 39,092                     | -                           | 1,576                 | 9,466               |
| -                                | -                           | 225                        | -                           | -                     | -                   |
| -                                | -                           | -                          | -                           | -                     | -                   |
| -                                | -                           | 6,380                      | 13,308                      | -                     | 51,741              |
| <u>1,531</u>                     | <u>-</u>                    | <u>60,692</u>              | <u>24,701</u>               | <u>2,608</u>          | <u>63,958</u>       |
| -                                | -                           | -                          | -                           | -                     | -                   |
| -                                | -                           | -                          | -                           | -                     | -                   |
| 2,509                            | 32,753                      | -                          | -                           | 24,508                | -                   |
| -                                | -                           | (4,304)                    | -                           | -                     | (46,638)            |
| <u>2,509</u>                     | <u>32,753</u>               | <u>(4,304)</u>             | <u>-</u>                    | <u>24,508</u>         | <u>(46,638)</u>     |
| <u>\$ 4,040</u>                  | <u>\$ 32,753</u>            | <u>\$ 56,388</u>           | <u>\$ 24,701</u>            | <u>\$ 27,116</u>      | <u>\$ 17,320</u>    |

Continued



**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2015

|   | Special Revenue Funds |   |                                  |                                   |
|---|-----------------------|---|----------------------------------|-----------------------------------|
|   | Prop 30<br>SB 109     | Disability<br>Access-<br>Business License | Mt. Baldy<br>United Way<br>Grant | Montclair<br>Youth<br>Sponsorship |
| <b>ASSETS</b>   |                       |   |                                  |                                   |
| Pooled Cash and Investments   | \$ 111,759            | \$ 3,349                                  | \$ 17,042                        | \$ -                              |
| Receivables:  |                       |   |                                  |                                   |
| Accounts  | -                     | -   | -                                | -                                 |
| Accrued Interest  | -                     | -   | -                                | -                                 |
| Due from Other Governments  | -                     | -   | -                                | -                                 |
| Due from Other Funds  | 359                   | -   | -                                | -                                 |
| Restricted Assets:  |                       |   |                                  |                                   |
| Cash and Investments with Fiscal Agents   | -                     | -   | -                                | -                                 |
| <br>Total Assets  | <u>\$ 112,118</u>     | <u>\$ 3,349</u>                           | <u>\$ 17,042</u>                 | <u>\$ -</u>                       |
| <b>LIABILITIES</b>  |                       |   |                                  |                                   |
| Accounts Payable  | \$ -                  | \$ -                                      | \$ 2,409                         | \$ -                              |
| Accrued Liabilities   | -                     | -   | -                                | -                                 |
| Deposits Payable  | -                     | -   | -                                | -                                 |
| Due to Other Governments  | -                     | 523                                       | -                                | -                                 |
| Due to Other Funds  | -                     | -   | -                                | -                                 |
| <br>Total Liabilities   | <u>-</u>              | <u>523</u>                                | <u>2,409</u>                     | <u>-</u>                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                       |   |                                  |                                   |
| Unavailable Revenues - Grants   | -                     | -   | -                                | -                                 |
| <br>Total Deferred Inflows of Resources   | <u>-</u>              | <u>-</u>                                  | <u>-</u>                         | <u>-</u>                          |
| <b>FUND BALANCES (DEFICITS)</b>   |                       |   |                                  |                                   |
| Restricted  | 112,118               | 2,826                                     | 14,633                           | -                                 |
| Unassigned  | -                     | -   | -                                | -                                 |
| <br>Total Fund Balances (Deficits)  | <u>112,118</u>        | <u>2,826</u>                              | <u>14,633</u>                    | <u>-</u>                          |
| <br>Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances (Deficits) | <u>\$ 112,118</u>     | <u>\$ 3,349</u>                           | <u>\$ 17,042</u>                 | <u>\$ -</u>                       |

Special Revenue Funds

| Kaiser<br>Permanente<br>Grant | Resource<br>Center<br>Grant | Title IIIB<br>Sr. Supportive<br>Services | Community<br>Foundation<br>Grant | ASES<br>Supplemental<br>Grant | Hope Thru<br>Housing<br>Grant | Park<br>Maintenance |
|-------------------------------|-----------------------------|--|----------------------------------|-------------------------------|-------------------------------|---------------------|
| \$ 7,337                      | \$ 97                       | \$ -                                     | \$ -                             | \$ -                          | \$ 216                        | \$ 22,452           |
| -                             | -                           | -  | -                                | -                             | -                             | 1,181               |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | -                             | -                             | 1,000               |
| <u>\$ 7,337</u>               | <u>\$ 97</u>                | <u>\$ -</u>                              | <u>\$ -</u>                      | <u>\$ -</u>                   | <u>\$ 216</u>                 | <u>\$ 24,633</u>    |
| \$ 1,800                      | \$ 97                       | \$ -                                     | \$ -                             | \$ -                          | \$ 216                        | \$ -                |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | -                             | -                             | 1,000               |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| <u>1,800</u>                  | <u>97</u>                   | <u>-</u>                                 | <u>-</u>                         | <u>-</u>                      | <u>216</u>                    | <u>1,000</u>        |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| 5,537                         | -                           | -  | -                                | -                             | -                             | 23,633              |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| <u>5,537</u>                  | <u>-</u>                    | <u>-</u>                                 | <u>-</u>                         | <u>-</u>                      | <u>-</u>                      | <u>23,633</u>       |
| <u>\$ 7,337</u>               | <u>\$ 97</u>                | <u>\$ -</u>                              | <u>\$ -</u>                      | <u>\$ -</u>                   | <u>\$ 216</u>                 | <u>\$ 24,633</u>    |

Continued

**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2015

|   | Special Revenue Funds |                             | Capital Projects Funds  |                         |                        |
|---|-----------------------|-----------------------------|-------------------------|-------------------------|------------------------|
|   | CFD 2011-1<br>Paseos  | CFD 2011-2<br>Arrow Station | Developer<br>Impact Fee | Pavement<br>Impact Fees | Underground<br>In-lieu |
| <b>ASSETS</b>   |                       |                             |                         |                         |                        |
| Pooled Cash and Investments   | \$ 70,331             | \$ -                        | \$ 1,716,258            | \$ 180,443              | \$ 208,816             |
| Receivables:  |                       |                             |                         |                         |                        |
| Accounts  | -                     | -                           | -                       | -                       | -                      |
| Accrued Interest  | -                     | -                           | -                       | -                       | -                      |
| Due from Other Governments  | -                     | -                           | -                       | 18,207                  | -                      |
| Due from Other Funds  | -                     | -                           | -                       | -                       | -                      |
| Restricted Assets:  |                       |                             |                         |                         |                        |
| Cash and Investments with Fiscal Agents   | -                     | -                           | -                       | -                       | -                      |
| <b>Total Assets</b>   | <b>\$ 70,331</b>      | <b>\$ -</b>                 | <b>\$ 1,716,258</b>     | <b>\$ 198,650</b>       | <b>\$ 208,816</b>      |
| <b>LIABILITIES</b>  |                       |                             |                         |                         |                        |
| Accounts Payable  | \$ 2,885              | \$ -                        | \$ -                    | \$ -                    | \$ -                   |
| Accrued Liabilities   | 12                    | -                           | -                       | -                       | -                      |
| Deposits Payable  | -                     | -                           | -                       | -                       | -                      |
| Due to Other Governments  | -                     | -                           | -                       | -                       | -                      |
| Due to Other Funds  | -                     | 1,134                       | -                       | -                       | -                      |
| <b>Total Liabilities</b>  | <b>2,897</b>          | <b>1,134</b>                | <b>-</b>                | <b>-</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>-</b>               |
| <b>FUND BALANCES (DEFICITS)</b>   |                       |                             |                         |                         |                        |
| Restricted  | 67,434                | -                           | 1,716,258               | 198,650                 | 208,816                |
| Unassigned  | -                     | (1,134)                     | -                       | -                       | -                      |
| <b>Total Fund Balances (Deficits)</b>   | <b>67,434</b>         | <b>(1,134)</b>              | <b>1,716,258</b>        | <b>198,650</b>          | <b>208,816</b>         |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b> | <b>\$ 70,331</b>      | <b>\$ -</b>                 | <b>\$ 1,716,258</b>     | <b>\$ 198,650</b>       | <b>\$ 208,816</b>      |

| Capital Projects Funds |                   |                         |                   | Debt Service Funds             |                            | Non-Major<br>Governmental<br>Total |
|------------------------|-------------------|-------------------------|-------------------|--------------------------------|----------------------------|------------------------------------|
| General Plan<br>Update | Housing<br>Fund   | Economic<br>Development | Infrastructure    | 2005 Lease<br>Revenue<br>Bonds | 2014<br>Refunding<br>Bonds |                                    |
| \$ 19,979              | \$ 775,895        | \$ 3,877,286            | \$ 337,851        | \$ -                           | \$ -                       | \$ 10,075,712                      |
| -                      | -                 | 76                      | -                 | -                              | -                          | 248,243                            |
| -                      | -                 | -                       | -                 | -                              | -                          | -                                  |
| -                      | -                 | -                       | -                 | -                              | -                          | 331,870                            |
| -                      | -                 | 12,470                  | 559,529           | -                              | -                          | 584,319                            |
| -                      | -                 | -                       | -                 | -                              | 3,348                      | 4,348                              |
| <u>\$ 19,979</u>       | <u>\$ 775,895</u> | <u>\$ 3,889,832</u>     | <u>\$ 897,380</u> | <u>\$ -</u>                    | <u>\$ 3,348</u>            | <u>\$ 11,244,492</u>               |
| \$ -                   | \$ -              | \$ 5,922                | \$ 880,190        | \$ -                           | \$ -                       | \$ 1,199,729                       |
| -                      | -                 | 6,886                   | -                 | -                              | -                          | 68,645                             |
| -                      | -                 | -                       | -                 | -                              | -                          | 1,225                              |
| -                      | -                 | -                       | -                 | -                              | -                          | 3,773                              |
| -                      | -                 | -                       | -                 | -                              | -                          | 255,599                            |
| -                      | -                 | 12,808                  | 880,190           | -                              | -                          | 1,528,971                          |
| -                      | -                 | -                       | 25,000            | -                              | -                          | 25,000                             |
| -                      | -                 | -                       | 25,000            | -                              | -                          | 25,000                             |
| 19,979                 | 775,895           | 3,877,024               | -                 | -                              | 3,348                      | 9,750,407                          |
| -                      | -                 | -                       | (7,810)           | -                              | -                          | (59,886)                           |
| <u>19,979</u>          | <u>775,895</u>    | <u>3,877,024</u>        | <u>(7,810)</u>    | <u>-</u>                       | <u>3,348</u>               | <u>9,690,521</u>                   |
| <u>\$ 19,979</u>       | <u>\$ 775,895</u> | <u>\$ 3,889,832</u>     | <u>\$ 897,380</u> | <u>\$ -</u>                    | <u>\$ 3,348</u>            | <u>\$ 11,244,492</u>               |

**City of Montclair**  
**Combining Statement of Revenues Expenditures and Changes in Fund Balances**  
**Non-major Funds**  
June 30, 2015

|  | Special Revenue Funds    |                            |                          |                          |
|--|--------------------------|----------------------------|--------------------------|--------------------------|
|  | Gas Tax                  | Measure I                  | Traffic Safety           | Park<br>Development      |
| <b>REVENUES</b>  |                          |                            |                          |                          |
| Taxes  | \$ 1,059,977             | \$ -                       | \$ -                     | \$ -                     |
| Intergovernmental  | -                        | 603,651                    | -                        | -                        |
| Charges for Services   | -                        | -                          | -                        | 142,800                  |
| Use of Money and Property                                    | 1,183                    | 3,680                      | -                        | -                        |
| Fines and Forfeitures  | -                        | -                          | 220,502                  | -                        |
| Miscellaneous  | -                        | -                          | -                        | -                        |
| <b>Total Revenues</b>  | <b>1,061,160</b>         | <b>607,331</b>             | <b>220,502</b>           | <b>142,800</b>           |
| <b>EXPENDITURES</b>  |                          |                            |                          |                          |
| Current:   |                          |                            |                          |                          |
| General Government   | -                        | -                          | -                        | -                        |
| Public Safety  | -                        | -                          | -                        | -                        |
| Community Development  | -                        | -                          | -                        | -                        |
| Public Works   | 1,309,466                | -                          | -                        | 68,697                   |
| Capital Outlay   | 40,372                   | -                          | -                        | -                        |
| Debt Service:  |                          |                            |                          |                          |
| Principal Retirement   | -                        | -                          | -                        | -                        |
| Interest and Fiscal Charges                                  | -                        | -                          | -                        | -                        |
| <b>Total Expenditures</b>                                    | <b>1,349,838</b>         | <b>-</b>                   | <b>-</b>                 | <b>68,697</b>            |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(288,678)</u>         | <u>607,331</u>             | <u>220,502</u>           | <u>74,103</u>            |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                          |                            |                          |                          |
| Transfers In   | -                        | -                          | -                        | 30,000                   |
| Transfers Out  | <u>(102,446)</u>         | <u>(52,487)</u>            | <u>(135,000)</u>         | <u>(123,408)</u>         |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(102,446)</b>         | <b>(52,487)</b>            | <b>(135,000)</b>         | <b>(93,408)</b>          |
| <b>Net Change in Fund Balances</b>                           | <b>(391,124)</b>         | <b>554,844</b>             | <b>85,502</b>            | <b>(19,305)</b>          |
| Fund Balance, Beginning of Year                              | 692,701                  | 693,577                    | 124,741                  | 479,019                  |
| Prior Period Adjustment                                      | <u>(112,934)</u>         | <u>-</u>                   | <u>-</u>                 | <u>(4,144)</u>           |
| <b>Fund Balance, End of Year</b>                             | <b><u>\$ 188,643</u></b> | <b><u>\$ 1,248,421</u></b> | <b><u>\$ 210,243</u></b> | <b><u>\$ 455,570</u></b> |

Special Revenue Funds

| Community<br>Development<br>Block Grant | Air Quality<br>Improvement | Older<br>American Act | State Asset<br>Forfeiture | Public<br>Safety | Forfeiture<br>DOJ | State Asset<br>Forfeiture<br>Section 11489 |
|---|----------------------------|-----------------------|---------------------------|------------------|-------------------|--|
| \$ -                                    | \$ -                       | \$ -                  | \$ -                      | \$ 324,783       | \$ -              | \$ -                                       |
| 417,547                                 | 46,370                     | 115,118               | -                         | -                | -                 | -  |
| -                                       | -                          | -                     | -                         | -                | -                 | -  |
| -                                       | 437                        | -                     | 161                       | -                | 463               | 137  |
| -                                       | -                          | -                     | 21,310                    | -                | 112,041           | 3,761                                      |
| -                                       | -                          | 37,875                | -                         | 100              | 2,235             | -  |
| <u>417,547</u>                          | <u>46,807</u>              | <u>152,993</u>        | <u>21,471</u>             | <u>324,883</u>   | <u>114,739</u>    | <u>3,898</u>                               |
| -                                       | -                          | -                     | -                         | -                | -                 | -  |
| -                                       | -                          | -                     | -                         | 360,544          | 28,236            | 4,078                                      |
| 108,526                                 | 36,315                     | 143,684               | -                         | -                | -                 | -  |
| -                                       | -                          | -                     | -                         | -                | -                 | -  |
| -                                       | -                          | -                     | -                         | -                | -                 | -  |
| -                                       | -                          | -                     | -                         | -                | -                 | -  |
| <u>108,526</u>                          | <u>36,315</u>              | <u>143,684</u>        | <u>-</u>                  | <u>360,544</u>   | <u>28,236</u>     | <u>4,078</u>                               |
| 309,021                                 | 10,492                     | 9,309                 | 21,471                    | (35,661)         | 86,503            | (180)                                      |
| -                                       | -                          | -                     | -                         | -                | -                 | -  |
| (309,021)                               | -                          | -                     | -                         | -                | (2,177)           | -  |
| (309,021)                               | -                          | -                     | -                         | -                | (2,177)           | -  |
| -                                       | 10,492                     | 9,309                 | 21,471                    | (35,661)         | 84,326            | (180)                                      |
| -                                       | 133,235                    | (6,049)               | 37,730                    | 120,734          | 119,287           | 44,031                                     |
| -                                       | -                          | -                     | -                         | (3,018)          | -                 | -  |
| <u>\$ -</u>                             | <u>\$ 143,727</u>          | <u>\$ 3,260</u>       | <u>\$ 59,201</u>          | <u>\$ 82,055</u> | <u>\$ 203,613</u> | <u>\$ 43,851</u>                           |

Continued

**City of Montclair**  
**Combining Statement of Revenues Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
June 30, 2015

|  | Special Revenue Funds                   |                          |  |   |
|--|---|--------------------------|--|---|
|  | Federal Asset<br>Forfeiture<br>Treasury | School<br>District Grant | State<br>Supplement Law<br>Enforcement | Local Law<br>Enforcement<br>Block Grant |
| <b>REVENUES</b>  |   |                          |  |   |
| Taxes  | \$ -                                    | \$ -                     | \$ -                                   | \$ -                                    |
| Intergovernmental  | -                                       | 64,000                   | 106,251                                | 14,562                                  |
| Charges for Services   | -                                       | -                        | -                                      | -                                       |
| Use of Money and Property                                    | 4                                       | -                        | 379                                    | -                                       |
| Fines and Forfeitures  | -                                       | -                        | -                                      | -                                       |
| Miscellaneous  | -                                       | -                        | -                                      | -                                       |
| Total Revenues   | <u>4</u>                                | <u>64,000</u>            | <u>106,630</u>                         | <u>14,562</u>                           |
| <b>EXPENDITURES</b>  |   |                          |  |   |
| Current:   |   |                          |  |   |
| General Government   | -                                       | -                        | -                                      | -                                       |
| Public Safety  | -                                       | 64,000                   | 108,803                                | -                                       |
| Community Development  | -                                       | -                        | -                                      | -                                       |
| Public Works   | -                                       | -                        | -                                      | -                                       |
| Capital Outlay   | -                                       | -                        | 27,321                                 | -                                       |
| Debt Service:  |   |                          |  |   |
| Principal Retirement   | -                                       | -                        | -                                      | -                                       |
| Interest and Fiscal Charges                                  | -                                       | -                        | -                                      | -                                       |
| Total Expenditures   | <u>-</u>                                | <u>64,000</u>            | <u>136,124</u>                         | <u>-</u>                                |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>4</u>                                | <u>-</u>                 | <u>(29,494)</u>                        | <u>14,562</u>                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |   |                          |  |   |
| Transfers In   | -                                       | -                        | -                                      | -                                       |
| Transfers Out  | -                                       | -                        | -                                      | (14,562)                                |
| Total Other Financing Sources (Uses)                         | <u>-</u>                                | <u>-</u>                 | <u>-</u>                               | <u>(14,562)</u>                         |
| Net Change in Fund Balances                                  | 4                                       | -                        | (29,494)                               | -                                       |
| Fund Balance, Beginning of Year                              | 866                                     | -                        | 54,404                                 | 122                                     |
| Prior Period Adjustment                                      | -                                       | -                        | -                                      | -                                       |
| Fund Balance, End of Year                                    | <u>\$ 870</u>                           | <u>\$ -</u>              | <u>\$ 24,910</u>                       | <u>\$ 122</u>                           |

| Special Revenue Funds            |                             |                            |                             |                       |                     |
|----------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------|---------------------|
| Crime<br>Prevention PC<br>1202.5 | Recycling<br>Block<br>Grant | After<br>School<br>Program | Fire<br>Department<br>Grant | Immunization<br>Grant | E.M.S.<br>Paramedic |
| \$ -                             | \$ -                        | \$ -                       | \$ -                        | \$ -                  | \$ -                |
| -                                | 10,044                      | 1,282,071                  | 123,702                     | 70,000                | -                   |
| -                                | -                           | -                          | -                           | -                     | 65,618              |
| 13                               | 105                         | -                          | -                           | -                     | -                   |
| 712                              | -                           | -                          | -                           | -                     | -                   |
| -                                | 62                          | -                          | -                           | 4,167                 | -                   |
| <u>725</u>                       | <u>10,211</u>               | <u>1,282,071</u>           | <u>123,702</u>              | <u>74,167</u>         | <u>65,618</u>       |
| -                                | -                           | -                          | -                           | -                     | -                   |
| 3,282                            | -                           | -                          | 123,702                     | -                     | 303,759             |
| -                                | -                           | 1,158,882                  | -                           | 49,659                | -                   |
| -                                | -                           | -                          | -                           | -                     | -                   |
| -                                | -                           | -                          | -                           | -                     | -                   |
| -                                | -                           | -                          | -                           | -                     | -                   |
| <u>3,282</u>                     | <u>-</u>                    | <u>1,158,882</u>           | <u>123,702</u>              | <u>49,659</u>         | <u>303,759</u>      |
| <u>(2,557)</u>                   | <u>10,211</u>               | <u>123,189</u>             | <u>-</u>                    | <u>24,508</u>         | <u>(238,141)</u>    |
| -                                | -                           | 79,281                     | -                           | -                     | 500,000             |
| -                                | -                           | (206,774)                  | -                           | -                     | -                   |
| -                                | -                           | (127,493)                  | -                           | -                     | 500,000             |
| (2,557)                          | 10,211                      | (4,304)                    | -                           | 24,508                | 261,859             |
| 5,066                            | 22,542                      | -                          | -                           | -                     | (308,497)           |
| -                                | -                           | -                          | -                           | -                     | -                   |
| <u>\$ 2,509</u>                  | <u>\$ 32,753</u>            | <u>\$ (4,304)</u>          | <u>\$ -</u>                 | <u>\$ 24,508</u>      | <u>\$ (46,638)</u>  |

Continued



**City of Montclair**  
**Combining Statement of Revenues Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
June 30, 2015

|  | Special Revenue Funds |   |                                  |                                   |
|--|-----------------------|---|----------------------------------|-----------------------------------|
|  | Prop 30<br>SB 109     | Disability<br>Access-<br>Business License | Mt. Baldy<br>United Way<br>Grant | Montclair<br>Youth<br>Sponsorship |
| <b>REVENUES</b>  |                       |   |                                  |                                   |
| Taxes  | \$ -                  | \$ -                                      | \$ -                             | \$ -                              |
| Intergovernmental  | 55,215                | -   | -                                | -                                 |
| Charges for Services   | -                     | 1,724                                     | -                                | -                                 |
| Use of Money and Property                                    | 359                   | -   | 17,500                           | (500)                             |
| Fines and Forfeitures  | -                     | -   | -                                | -                                 |
| Miscellaneous  | -                     | -   | -                                | 5,406                             |
| <b>Total Revenues</b>  | <b>55,574</b>         | <b>1,724</b>                              | <b>17,500</b>                    | <b>4,906</b>                      |
| <b>EXPENDITURES</b>  |                       |   |                                  |                                   |
| Current:   |                       |   |                                  |                                   |
| General Government   | -                     | -   | -                                | -                                 |
| Public Safety  | -                     | -   | -                                | -                                 |
| Community Development  | -                     | 800                                       | 12,909                           | 109,946                           |
| Public Works   | 7,025                 | -   | -                                | -                                 |
| Capital Outlay   | -                     | -   | -                                | -                                 |
| Debt Service:  |                       |   |                                  |                                   |
| Principal Retirement   | -                     | -   | -                                | -                                 |
| Interest and Fiscal Charges                                  | -                     | -   | -                                | -                                 |
| <b>Total Expenditures</b>                                    | <b>7,025</b>          | <b>800</b>                                | <b>12,909</b>                    | <b>109,946</b>                    |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 48,549                | 924                                       | 4,591                            | (105,040)                         |
| <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>48,549</b>         | <b>924</b>                                | <b>4,591</b>                     | <b>(105,040)</b>                  |
| Fund Balance, Beginning of Year                              | 63,569                | 1,902                                     | 10,042                           | 105,040                           |
| Prior Period Adjustment                                      | -                     | -   | -                                | -                                 |
| <b>Fund Balance, End of Year</b>                             | <b>\$ 112,118</b>     | <b>\$ 2,826</b>                           | <b>\$ 14,633</b>                 | <b>\$ -</b>                       |

Special Revenue Funds

| Kaiser<br>Permanente<br>Grant | Resource<br>Center<br>Grant | Title IIIB<br>Sr. Supportive<br>Services | Community<br>Foundation<br>Grant | ASES<br>Supplemental<br>Grant | Hope Thru<br>Housing<br>Grant | Park<br>Maintenance |
|-------------------------------|-----------------------------|--|----------------------------------|-------------------------------|-------------------------------|---------------------|
| \$ -                          | \$ -                        | \$ -                                     | \$ -                             | \$ -                          | \$ -                          | \$ -                |
| -                             | -                           | -  | -                                | 147,390                       | 36,718                        | -                   |
| -                             | -                           | 6,920                                    | -                                | -                             | -                             | 42,953              |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| 10,000                        | 3,000                       | -  | -                                | -                             | -                             | -                   |
| <u>10,000</u>                 | <u>3,000</u>                | <u>6,920</u>                             | <u>-</u>                         | <u>147,390</u>                | <u>36,718</u>                 | <u>42,953</u>       |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| 28,513                        | 3,600                       | 6,920                                    | -                                | 144,794                       | 27,910                        | 19,320              |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | -                             | -                             | -                   |
| <u>28,513</u>                 | <u>3,600</u>                | <u>6,920</u>                             | <u>-</u>                         | <u>144,794</u>                | <u>27,910</u>                 | <u>19,320</u>       |
| <u>(18,513)</u>               | <u>(600)</u>                | <u>-</u>                                 | <u>-</u>                         | <u>2,596</u>                  | <u>8,808</u>                  | <u>23,633</u>       |
| -                             | 1,034                       | -  | -                                | -                             | -                             | -                   |
| -                             | -                           | -  | -                                | (2,596)                       | (8,808)                       | -                   |
| -                             | 1,034                       | -  | -                                | (2,596)                       | (8,808)                       | -                   |
| (18,513)                      | 434                         | -  | -                                | -                             | -                             | 23,633              |
| 24,050                        | -                           | -  | (433)                            | -                             | -                             | -                   |
| -                             | (434)                       | -  | 433                              | -                             | -                             | -                   |
| <u>\$ 5,537</u>               | <u>\$ -</u>                 | <u>\$ -</u>                              | <u>\$ -</u>                      | <u>\$ -</u>                   | <u>\$ -</u>                   | <u>\$ 23,633</u>    |

Continued

**City of Montclair**  
**Combining Statement of Revenues Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
June 30, 2015

|  | Special Revenue Funds |                             | Capital Projects Funds  |                         |                        |
|--|-----------------------|-----------------------------|-------------------------|-------------------------|------------------------|
|  | CFD 2011-1<br>Paseos  | CFD 2011-2<br>Arrow Station | Developer<br>Impact Fee | Pavement<br>Impact Fees | Underground<br>In-lieu |
| <b>REVENUES</b>  |                       |                             |                         |                         |                        |
| Taxes  | \$ 127,970            | \$ -                        | \$ -                    | \$ -                    | \$ -                   |
| Intergovernmental  | -                     | -                           | -                       | -                       | -                      |
| Charges for Services   | -                     | -                           | 259,870                 | 71,565                  | 161,933                |
| Use of Money and Property                                    | -                     | -                           | -                       | -                       | -                      |
| Fines and Forfeitures  | -                     | -                           | -                       | -                       | -                      |
| Miscellaneous  | -                     | -                           | -                       | -                       | -                      |
| <b>Total Revenues</b>  | <b>127,970</b>        | <b>-</b>                    | <b>259,870</b>          | <b>71,565</b>           | <b>161,933</b>         |
| <b>EXPENDITURES</b>  |                       |                             |                         |                         |                        |
| Current:   |                       |                             |                         |                         |                        |
| General Government   | -                     | -                           | -                       | -                       | -                      |
| Public Safety  | 56,751                | -                           | -                       | -                       | -                      |
| Community Development  | -                     | 1,134                       | -                       | -                       | -                      |
| Public Works   | -                     | -                           | -                       | -                       | -                      |
| Capital Outlay   | -                     | -                           | -                       | -                       | -                      |
| Debt Service:  |                       |                             |                         |                         |                        |
| Principal Retirement   | -                     | -                           | -                       | -                       | -                      |
| Interest and Fiscal Charges                                  | -                     | -                           | -                       | -                       | -                      |
| <b>Total Expenditures</b>                                    | <b>56,751</b>         | <b>1,134</b>                | <b>-</b>                | <b>-</b>                | <b>-</b>               |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 71,219                | (1,134)                     | 259,870                 | 71,565                  | 161,933                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                             |                         |                         |                        |
| Transfers In   | -                     | -                           | -                       | -                       | -                      |
| Transfers Out  | -                     | -                           | (270,491)               | -                       | -                      |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>-</b>              | <b>-</b>                    | <b>(270,491)</b>        | <b>-</b>                | <b>-</b>               |
| <b>Net Change in Fund Balances</b>                           | <b>71,219</b>         | <b>(1,134)</b>              | <b>(10,621)</b>         | <b>71,565</b>           | <b>161,933</b>         |
| Fund Balance, Beginning of Year                              | (3,785)               | -                           | 1,726,879               | 127,085                 | 46,883                 |
| Prior Period Adjustment                                      | -                     | -                           | -                       | -                       | -                      |
| <b>Fund Balance, End of Year</b>                             | <b>\$ 67,434</b>      | <b>\$ (1,134)</b>           | <b>\$ 1,716,258</b>     | <b>\$ 198,650</b>       | <b>\$ 208,816</b>      |

| Capital Projects Funds |                   |                         |                    | Debt Service Funds             |                            | Non-Major<br>Governmental<br>Total |
|------------------------|-------------------|-------------------------|--------------------|--------------------------------|----------------------------|------------------------------------|
| General Plan<br>Update | Housing<br>Fund   | Economic<br>Development | Infrastructure     | 2005 Lease<br>Revenue<br>Bonds | 2014<br>Refunding<br>Bonds |                                    |
| \$ -                   | \$ -              | \$ -                    | \$ -               | \$ 1,333,612                   | \$ 652,253                 | \$ 3,498,595                       |
| -                      | -                 | 417,029                 | 180,000            | -                              | -                          | 3,689,668                          |
| 8,360                  | -                 | -                       | -                  | -                              | -                          | 761,743                            |
| -                      | -                 | 12,470                  | -                  | -                              | -                          | 36,391                             |
| -                      | -                 | -                       | -                  | -                              | -                          | 358,326                            |
| -                      | -                 | -                       | 18,324             | -                              | -                          | 81,169                             |
| <u>8,360</u>           | <u>-</u>          | <u>429,499</u>          | <u>198,324</u>     | <u>1,333,612</u>               | <u>652,253</u>             | <u>8,425,892</u>                   |
| -                      | -                 | -                       | -                  | -                              | -                          | -                                  |
| -                      | -                 | -                       | -                  | -                              | -                          | 1,053,155                          |
| -                      | -                 | 584,562                 | -                  | -                              | -                          | 2,437,474                          |
| -                      | -                 | -                       | 959,883            | -                              | -                          | 2,345,071                          |
| -                      | -                 | -                       | 842,651            | -                              | -                          | 910,344                            |
| -                      | -                 | -                       | -                  | 2,383,703                      | -                          | 2,383,703                          |
| -                      | -                 | -                       | -                  | 880,490                        | 652,253                    | 1,532,743                          |
| -                      | -                 | 584,562                 | 1,802,534          | 3,264,193                      | 652,253                    | 10,662,490                         |
| <u>8,360</u>           | <u>-</u>          | <u>(155,063)</u>        | <u>(1,604,210)</u> | <u>(1,930,581)</u>             | <u>-</u>                   | <u>(2,236,598)</u>                 |
| -                      | 775,895           | -                       | 1,411,383          | -                              | 3,348                      | 2,800,941                          |
| -                      | -                 | -                       | -                  | -                              | -                          | (1,227,770)                        |
| -                      | 775,895           | -                       | 1,411,383          | -                              | 3,348                      | 1,573,171                          |
| 8,360                  | 775,895           | (155,063)               | (192,827)          | (1,930,581)                    | 3,348                      | (663,427)                          |
| 11,619                 | -                 | 4,032,087               | 185,017            | 1,930,581                      | -                          | 10,474,045                         |
| -                      | -                 | -                       | -                  | -                              | -                          | (120,097)                          |
| <u>\$ 19,979</u>       | <u>\$ 775,895</u> | <u>\$ 3,877,024</u>     | <u>\$ (7,810)</u>  | <u>\$ -</u>                    | <u>\$ 3,348</u>            | <u>\$ 9,690,521</u>                |

**City of Montclair**  
**Combining Balance Sheet**  
**Agency Fund**  
June 30, 2015

|                             | <u>Sewer Plant</u>         |
|-----------------------------|----------------------------|
| <b>ASSETS</b>               |                            |
| Pooled Cash and Investments | <u>\$ 2,455,489</u>        |
| Total Assets                | <u><u>\$ 2,455,489</u></u> |
| <b>LIABILITIES</b>          |                            |
| Due to Other Governments    | <u>\$ 2,455,489</u>        |
| Total Liabilities           | <u><u>\$ 2,455,489</u></u> |

**City of Montclair**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
Year Ended June 30, 2015

|                             | <u>Beginning<br/>Balance</u> | <u>Additions</u>         | <u>Deductions</u>        | <u>Ending<br/>Balance</u>  |
|-----------------------------|------------------------------|--------------------------|--------------------------|----------------------------|
| <b><u>Sewer Plant</u></b>   |                              |                          |                          |                            |
| <b>Assets:</b>              |                              |                          |                          |                            |
| Pooled cash and investments | \$ 3,009,462                 | \$ 304,900               | \$ 858,873               | \$ 2,455,489               |
| <b>Total Assets</b>         | <b><u>\$ 3,009,462</u></b>   | <b><u>\$ 304,900</u></b> | <b><u>\$ 858,873</u></b> | <b><u>\$ 2,455,489</u></b> |
| <b>Liabilities</b>          |                              |                          |                          |                            |
| Due to other governments    | \$ 3,009,462                 | \$ 304,900               | \$ 858,873               | \$ 2,455,489               |
| <b>Total Liabilities</b>    | <b><u>\$ 3,009,462</u></b>   | <b><u>\$ 304,900</u></b> | <b><u>\$ 858,873</u></b> | <b><u>\$ 2,455,489</u></b> |



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