

CITY OF MONTCLAIR
FINANCIAL STATEMENTS
Year Ended June 30, 2016

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5 - 6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7 - 8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10 - 11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Position - Proprietary Fund	13
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	14
Statement of Cash Flows - Proprietary Fund	15
Statement of Fiduciary Net Position - Fiduciary Funds	16
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	17
Notes to Financial Statements	18 - 48
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund	49 - 50
Montclair Housing Corporation Special Revenue Fund	51
Notes to Required Supplementary Information	52
Schedule of Funding Progress	53
Schedule of Changes in the Net Pension Liability and Related Ratios - Agent Multiple-Employer Plan	54
Schedule of Contributions - Agent Multiple-Employer Plan	55
Schedule of Proportionate Share of the Net Pension Liability – Cost Sharing Plan	56
Schedule of Contributions – Cost Sharing Plan	57
Supplementary Information	
Non-Major Governmental Funds:	
Combining Balance Sheet	58 - 65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66 - 73
Agency Funds:	
Combining Balance Sheet	74
Combining Statement of Changes in Assets and Liabilities	75



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, 2016, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Montclair, as of June 30, 2016, 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 3 to the financial statements, the City has adopted new accounting guidance, *GASB Statement No. 72, Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

December 20, 2016

BASIC FINANCIAL STATEMENTS

City of Montclair
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled Cash and Investments	\$ 35,530,566	\$ 2,852,787	\$ 38,383,353
Receivables:			
Accounts	4,288,323	628,599	4,916,922
Notes and Loans	2,604,908	-	2,604,908
Accrued Interest	45,219	-	45,219
Internal Balances	(14,221)	14,221	-
Prepaid Costs	502,525	-	502,525
Due From Other Governments	3,463,806	-	3,463,806
Restricted Assets:			
Cash with Fiscal Agent	20,436,393	-	20,436,393
Capital Assets Not Being Depreciated	14,816,313	106,985	14,923,298
Capital Assets, Net of Accumulated Depreciation	83,144,466	2,099,653	85,244,119
Total Assets	<u>164,818,298</u>	<u>5,702,245</u>	<u>170,520,543</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow - Bond Refunding	277,314	-	277,314
Deferred Outflows Related to Pensions	3,828,845	116,764	3,945,609
Total Deferred Outflows of Resources	<u>4,106,159</u>	<u>116,764</u>	<u>4,222,923</u>
LIABILITIES			
Accounts Payable	1,746,896	458,326	2,205,222
Accrued Liabilities	355,527	15,712	371,239
Accrued Interest	462,272	-	462,272
Deposits Payable	277,827	-	277,827
Due to Other Governments	10,794	-	10,794
Noncurrent Liabilities:			
Due Within One Year	3,484,758	27,720	3,512,478
Due in More Than One Year	97,162,566	1,572,154	98,734,720
Total Liabilities	<u>103,500,640</u>	<u>2,073,912</u>	<u>105,574,552</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	4,800,716	104,356	4,905,072
Total Deferred Inflows of Resources	<u>4,800,716</u>	<u>104,356</u>	<u>4,905,072</u>
NET POSITION			
Net Investment in Capital Assets	72,759,819	2,206,638	74,966,457
Restricted for:			
Housing	5,612,188	-	5,612,188
Public Safety	974,501	-	974,501
Transportation	8,542,455	-	8,542,455
Community Development	15,215,477	-	15,215,477
Debt Service	-	-	-
Unrestricted	(42,481,339)	1,434,103	(41,047,236)
Total Net Position	<u>\$ 60,623,101</u>	<u>\$ 3,640,741</u>	<u>\$ 64,263,842</u>

The accompanying notes are an integral part of this statement.



- This page intentionally left blank.

City of Montclair
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ (12,858,518)	\$ 2,045,173	\$ 17,019	\$ -
Public Safety	(14,700,642)	1,524,394	1,003,140	-
Community Development	(3,799,374)	1,237,694	1,266,450	74,373
Public Works	(4,059,332)	2,830,330	21,075	4,602,744
Interest on Long-Term Debt	(1,813,644)	-	-	-
Total Governmental Activities	(37,231,510)	7,637,591	2,307,684	4,677,117
Business-type Activities:				
Sewer Maintenance	(3,963,569)	4,166,257	-	-
Total Business-type Activities	(3,963,569)	4,166,257	-	-
Total Primary Government	\$ (41,195,079)	\$ 11,803,848	\$ 2,307,684	\$ 4,677,117

General Revenues:

Taxes:

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

Miscellaneous Revenues

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (10,796,326)	\$ -	\$ (10,796,326)
(12,173,108)	-	(12,173,108)
(1,220,857)	-	(1,220,857)
3,394,817	-	3,394,817
(1,813,644)	-	(1,813,644)
<u>(22,609,118)</u>	<u>-</u>	<u>(22,609,118)</u>
-	202,688	202,688
<u>-</u>	<u>202,688</u>	<u>202,688</u>
(22,609,118)	202,688	(22,406,430)
6,714,874	-	6,714,874
25,052	-	25,052
16,120,269	-	16,120,269
802,105	-	802,105
776,770	-	776,770
1,760,176	-	1,760,176
15,517	-	15,517
662,632	13,673	676,305
<u>26,877,395</u>	<u>13,673</u>	<u>26,891,068</u>
4,268,277	216,361	4,484,638
<u>56,354,824</u>	<u>3,424,380</u>	<u>59,779,204</u>
<u>\$ 60,623,101</u>	<u>\$ 3,640,741</u>	<u>\$ 64,263,842</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue		Capital Projects	
		Montclair Housing Corporation	Montclair Housing Authority	2014 Refunding Bonds	Successor Agency Bonds
ASSETS					
Pooled Cash and Investments	\$ 7,800,764	\$ 2,031,096	\$ 104,293	\$ -	\$ 14,221,940
Receivables:					
Accounts	4,107,380	49,805	303	-	210
Notes and Loans	5,000	-	2,599,908	-	-
Accrued Interest	23,921	2,165	-	-	19,133
Prepaid Costs	491,347	11,178	-	-	-
Due from Other Governments	2,885,800	-	-	-	-
Due from Other Funds	377,611	-	-	-	-
Restricted Assets:					
Cash and Investments with Fiscal Agents	-	42,041	-	20,393,352	-
Total Assets	\$ 15,691,823	\$ 2,136,285	\$ 2,704,504	\$ 20,393,352	\$ 14,241,283
LIABILITIES					
Accounts Payable	\$ 1,250,686	\$ 20,315	\$ -	\$ 75,301	\$ 22,572
Accrued Liabilities	304,602	8,140	-	-	-
Deposits Payable	221,902	54,700	-	-	-
Due to Other Governments	8,620	-	-	-	-
Due to Other Funds	37,589	-	-	72,446	-
Total Liabilities	1,823,399	83,155	-	147,747	22,572
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	332,854	-	-	-	-
Total Deferred Inflows of Resources	332,854	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	491,347	11,178	-	-	-
Restricted	-	2,041,952	2,704,504	20,245,605	14,218,711
Committed	-	-	-	-	-
Assigned	6,980,229	-	-	-	-
Unassigned	6,063,994	-	-	-	-
Total Fund Balances (Deficits)	13,535,570	2,053,130	2,704,504	20,245,605	14,218,711
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,691,823	\$ 2,136,285	\$ 2,704,504	\$ 20,393,352	\$ 14,241,283

The accompanying notes are an integral part of this statement.

<u>Capital Projects</u>		
<u>Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 11,372,473	\$ 35,530,566
-	130,625	4,288,323
-	-	2,604,908
-	-	45,219
-	-	502,525
223,331	354,675	3,463,806
121,949	23,368	522,928
-	1,000	20,436,393
<u>\$ 345,280</u>	<u>\$ 11,882,141</u>	<u>\$ 67,394,668</u>
\$ 163,493	\$ 214,529	\$ 1,746,896
-	42,785	355,527
-	1,225	277,827
-	2,174	10,794
201,416	225,698	537,149
<u>364,909</u>	<u>486,411</u>	<u>2,928,193</u>
<u>139,073</u>	<u>66,685</u>	<u>538,612</u>
<u>139,073</u>	<u>66,685</u>	<u>538,612</u>
-	-	502,525
-	11,402,290	50,613,062
-	-	-
-	-	6,980,229
<u>(158,702)</u>	<u>(73,245)</u>	<u>5,832,047</u>
<u>(158,702)</u>	<u>11,329,045</u>	<u>63,927,863</u>
<u>\$ 345,280</u>	<u>\$ 11,882,141</u>	<u>\$ 67,394,668</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Fund Balances of Governmental Funds	\$	63,927,863
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.		97,960,779
Long-term debt and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds		(45,871,626)
Claims and Judgements		(3,542,512)
Compensated Absences		(1,631,293)
Net Pension Liability		(47,394,136)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(462,272)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.		
Deferred Outflows Related to Pensions		3,828,845
Deferred Inflows Related to Pensions		(4,800,716)
Amounts for deferred outflows related to the City's defeasance of prior bonds are not reported in the funds.		277,314
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.		(2,207,757)
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as available revenues in the funds.		538,612
Net Position of Governmental Activities	\$	60,623,101

The accompanying notes are an integral part of this statement.



- This page intentionally left blank.

City of Montclair
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General Fund	Special Revenue		Capital Projects	
		Montclair Housing Corporation	Montclair Housing Authority	2014 Refunding Bonds	Successor Agency Bonds
REVENUES					
Taxes	\$ 25,885,733	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	635,325	-	-	-	-
Intergovernmental	665,547	-	-	-	-
Charges for Services	3,416,636	-	-	-	-
Use of Money and Property	286,930	858,129	17,332	92,661	61,579
Fines and Forfeitures	805,509	-	-	-	-
Miscellaneous	378,838	-	279,989	-	-
Total Revenues	32,074,518	858,129	297,321	92,661	61,579
EXPENDITURES					
Current:					
General Government	8,503,270	1,189,607	-	-	-
Public Safety	14,183,376	-	-	-	-
Community Development	2,062,991	-	3,979	-	-
Public Works	3,033,902	-	-	1,263,043	104,870
Capital Outlay	81,569	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	27,865,108	1,189,607	3,979	1,263,043	104,870
Excess (Deficiency) of Revenues Over Expenditures	4,209,410	(331,478)	293,342	(1,170,382)	(43,291)
OTHER FINANCING SOURCES (USES)					
Transfers In	411,632	5,858,772	-	-	-
Transfers Out	(2,713,364)	-	(5,858,772)	(82,446)	-
Total Other Financing Sources (Uses)	(2,301,732)	5,858,772	(5,858,772)	(82,446)	-
Net Change in Fund Balances	1,907,678	5,527,294	(5,565,430)	(1,252,828)	(43,291)
Fund Balance, Beginning of Year	11,706,347	(3,474,164)	8,269,934	21,498,433	14,262,002
Prior Period Adjustments	(78,455)	-	-	-	-
Fund Balance, End of Year	\$ 13,535,570	\$ 2,053,130	\$ 2,704,504	\$ 20,245,605	\$ 14,218,711

The accompanying notes are an integral part of this statement.

<u>Capital Projects</u>		
<u>Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,277,168	\$ 27,162,901
-	-	635,325
1,514,253	3,446,427	5,626,227
-	911,360	4,327,996
-	11,089	1,327,720
-	544,130	1,349,639
15,000	172,002	845,829
<u>1,529,253</u>	<u>6,362,176</u>	<u>41,275,637</u>
-	-	9,692,877
-	703,923	14,887,299
-	1,729,954	3,796,924
-	1,089,377	5,491,192
2,790,823	51,697	2,924,089
-	740,000	740,000
-	1,865,203	1,865,203
<u>2,790,823</u>	<u>6,180,154</u>	<u>39,397,584</u>
<u>(1,261,570)</u>	<u>182,022</u>	<u>1,878,053</u>
1,110,678	2,684,821	10,065,903
-	(1,411,321)	(10,065,903)
<u>1,110,678</u>	<u>1,273,500</u>	<u>-</u>
(150,892)	1,455,522	1,878,053
(7,810)	9,799,957	62,054,699
-	73,566	(4,889)
<u>\$ (158,702)</u>	<u>\$ 11,329,045</u>	<u>\$ 63,927,863</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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$	1,878,053
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		4,433,591
Depreciation Expense		(4,094,688)
Loss on Disposal		-
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.		
Debt Issuance		-
Amortization of Premium on Refunding Bond		55,573
Principal Repayments		740,000
Amortization of Deferred Outflow on Refunding		(9,563)
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.		(243,658)
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.		(41,000)
Accrued interest payable is not reported in the governmental funds.		5,549
To record the net change in compensated absences in the Statement of Activities.		(48,079)
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.		224,150
Some expenses reported in the Statement of Activies relating to pensions do not require the use of current financial resources and are not reported as governmental fund expenditures.		
Net change in Deferred Outflows Related to Pensions		773,485
Net change in Deferred Inflows Related to Pensions		5,463,897
Increase in Net Pension Liability		(4,869,033)
Change in Net Position of Governmental Activities	\$	<u>4,268,277</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
ASSETS	
Current:	
Pooled Cash and Investments	\$ 2,852,787
Receivables:	
Accounts (net of allowance)	628,599
Due from Other Governments	-
Due from Other Funds	14,221
Total Current Assets	<u>3,495,607</u>
Noncurrent:	
Capital Assets Not Being Depreciated	106,985
Capital Assets - Net of Accumulated Depreciation	2,099,653
Total Noncurrent Assets	<u>2,206,638</u>
Total Assets	<u>5,702,245</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	116,764
Total Deferred Outflows of Resources	<u>116,764</u>
LIABILITIES	
Current:	
Accounts Payable	458,326
Accrued Liabilities	15,712
Due to Other Funds	-
Accrued Compensated Absences	27,720
Total Current Liabilities	<u>501,758</u>
Noncurrent:	
Accrued Compensated Absences	30,031
Net Pension Liability	1,542,123
Total Noncurrent Liabilities	<u>1,572,154</u>
Total Liabilities	<u>2,073,912</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	104,356
Total Deferred Inflows of Resources	<u>104,356</u>
NET POSITION	
Net Investment in Capital Assets	2,206,638
Unrestricted	1,434,103
Total Net Position	<u>\$ 3,640,741</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, 2016

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
OPERATING REVENUES	
Sales and Service Charges	<u>\$ 4,166,257</u>
Total Operating Revenues	<u>4,166,257</u>
OPERATING EXPENSES	
Salaries and Benefits	880,766
Supplies and Services	539,104
Treatment	2,485,610
Depreciation Expense	<u>58,089</u>
Total Operating Expenses	<u>3,963,569</u>
Operating Income (Loss)	<u>202,688</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	<u>13,673</u>
Total Nonoperating Revenues (Expenses)	<u>13,673</u>
Income Before Transfers	216,361
Transfers Out	<u>-</u>
Changes in Net Position	216,361
Net Position, Beginning of Year	<u>3,424,380</u>
Net Position, End of Fiscal Year	<u><u>\$ 3,640,741</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, 2016

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers and Users	\$ 4,047,028
Cash Paid to Suppliers for Goods and Services	(2,969,362)
Cash Paid to Employees for Services	(682,291)
Net Cash Provided (Used) by Operating Activities	<u>395,375</u>
Cash Flows from Non-Capital Financing Activities	
Cash Received From (Paid to) Other Funds	(74,982)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(74,982)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>
Cash Flows from Investing Activities	
Interest Received	13,673
Net Cash Provided (Used) by Investing Activities	<u>13,673</u>
Net Increase (Decrease) in Cash and Cash Equivalents	334,066
Cash and Cash Equivalents at Beginning of Year	<u>2,518,721</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,852,787</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 202,688
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:	
Depreciation	58,089
(Increase) Decrease in Accounts Receivable	(119,286)
(Increase) Decrease in Due from Other Governments	57
(Increase) Decrease in Deferred Outflows - Pensions	32,378
Increase (Decrease) in Accounts Payable	55,352
Increase (Decrease) in Accrued Liabilities	(12,493)
Increase (Decrease) in Compensated Absences	16,192
Increase (Decrease) in Deferred Inflows - Pension	(157,178)
Increase (Decrease) in Net Pension Liability	319,576
Total Adjustments	<u>192,687</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 395,375</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Pooled Cash and Investments	\$ 190,760	\$ 2,406,672
Restricted Cash with Fiscal Agent	6,611,779	-
Interest Receivable	-	-
	<u>6,802,539</u>	<u>-</u>
Total Assets	<u>6,802,539</u>	<u>\$ 2,406,672</u>
LIABILITIES		
Accounts Payable	7,469	\$ -
Accrued Liabilities	5,760	-
Due to Other Governments	-	2,406,672
Interest Payable	664,377	-
Bonds Payable	44,920,000	-
	<u>45,597,606</u>	<u>-</u>
Total Liabilities	<u>45,597,606</u>	<u>\$ 2,406,672</u>
NET POSITION		
Net Position Held in Trust for Successor Agency	<u>\$ (38,795,067)</u>	

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, 2016

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 13,701,110
Investment Income	130
Other Revenue	1
	13,701,241
Total Additions	13,701,241
DEDUCTIONS	
Administrative Costs	512,043
Pass-through Payments	10,357,005
Interest on Bonds	2,290,960
	13,160,008
Total Deductions	13,160,008
Change in Net Position	541,233
Net Position - Beginning of Year	(39,336,300)
Net Position - End of Year	\$ (38,795,067)

The accompanying notes are an integral part of this statement.

City of Montclair
Notes to Financial Statements
June 30, 2016

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, the Montclair Public Financing Authority (PFA), and the Montclair Community Foundation (Foundation). The City, Housing Corporation, Housing Authority, PFA, and Foundation are financially interdependent. The Housing Corporation, Housing Authority, PFA, and Foundation 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 was established in September 1993. 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 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 Authority is qualified to assist in the financing of certain public improvements and to issue Bonds under the Bond Law.

The Montclair Community Foundation, a separate 501(c)(3) organization, was established to provide various community services, and is funded by contributions from the community.

Separate financial statements are not prepared for the Corporation, the Authority, the PFA, or Foundation.

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, 2016

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 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

The *Montclair 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.

City of Montclair
Notes to Financial Statements
June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 *Infrastructure Capital Projects Fund* accounts for amounts committed by the City Council to be expended on various capital improvement projects, to be funded by multiple City funding sources, including federal grants. Negative fund balance as of June 30, 2016 is a result of pending federal grant receipts which do not meet the current revenue recognition criteria.

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, 2016

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, if 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, 2016

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 received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received.

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, 2016.

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, 2016

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, 2016

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 related to pensions 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, 2016

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, 2016:

Special Revenue Funds:		
CDBG	\$	66,685
E.M.S Paramedic		2,861
Resource Center Grant		572
CFD 2011-2 Arrow Station		3,127

These deficits will be funded with future years' revenues.

City of Montclair
Notes to Financial Statements
June 30, 2016

3) CASH AND INVESTMENTS

As of June 30, 2016, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$	55,966,959
Business-Type Activities		2,852,787
Fiduciary Funds		<u>9,209,211</u>
 Total Cash and Investments	 \$	 <u>68,028,957</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.

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 and commercial paper
- Negotiable certificates of deposit
- Repurchase Agreements and reverse repurchase agreements
- Medium-term notes
- Money market funds
- Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest
- Mortgage pass-through securities
- Local Agency Investment fund

City of Montclair
Notes to Financial Statements
June 30, 2016

3) CASH AND INVESTMENTS - Continued

Investments Authorized by Debt Agreements

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

GASB Statement No. 31 established fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2016, 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, 2016, 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, 2016, 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, 2016, 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

City of Montclair
Notes to Financial Statements
June 30, 2016

3) CASH AND INVESTMENTS - Continued

are excluded from this requirement. In accordance with GASB Statement No. 40, if the City has invested more than 5% of its investments in any one issuer, then they are exposed to credit risk. The following investments exceed 5% of total investments: Federal Farm Credit Bank – 11.9% and Fannie Mae Discount Notes – 6.1%.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 15% of the City's portfolio shall mature in one year or less, and 50% in three years or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. As of June 30, 2016, 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	\$20,724,800	\$ -	\$ -	\$ -	\$20,724,800
Federal Farm Credit Bank	-	-	7,003,180	-	7,003,180
Federal Home Loan Bank	-	-	2,006,380	-	2,006,380
Federal National Mortgage Assoc.	-	-	2,000,320	-	2,000,320
Cash with Fiscal Agent:					
Local Agency Investment Fund	20,114,739	-	-	-	20,114,739
Fannie Mae Discount Notes	3,566,929	-	-	-	3,566,929
Money Market Mutual Funds	3,333,977	-	-	-	3,333,977
Total	\$47,740,445	\$ -	\$11,009,880	\$ -	\$58,750,325

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- U.S. Agency Securities of \$14,576,809 are valued using quoted market prices (Level 2 inputs)

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

City of Montclair
Notes to Financial Statements
June 30, 2016

4) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 10,156,383	\$ -	\$ -	\$ 10,156,383
Work in Progress	209,169	4,049,007	2,071,636	2,186,540
Land Improvements	2,473,390	-	-	2,473,390
Total Capital Assets Not Depreciated	<u>12,838,942</u>	<u>4,049,007</u>	<u>2,071,636</u>	<u>14,816,313</u>
Capital Assets, Being Depreciated:				
Structures and Improvements	20,914,867	396,362	-	21,311,229
Furniture and Equipment	9,213,113	384,584	79,236	9,518,461
Infrastructure	87,986,740	1,675,274	-	89,662,014
Total Capital Assets Being Depreciated	<u>118,114,720</u>	<u>2,456,220</u>	<u>79,236</u>	<u>120,491,704</u>
Less Accumulated Depreciation:				
Structures and Improvements	6,912,944	499,322	-	7,412,266
Furniture and Equipment	7,294,715	523,152	79,236	7,738,631
Infrastructure	19,124,127	3,072,214	-	22,196,341
Total Accumulated Depreciation	<u>33,331,786</u>	<u>4,094,688</u>	<u>79,236</u>	<u>37,347,238</u>
Net Capital Assets Being Depreciated	<u>84,782,934</u>	<u>(1,638,468)</u>	<u>-</u>	<u>83,144,466</u>
Governmental Activities Capital Assets, Net	<u>\$ 97,621,876</u>	<u>\$ 2,410,539</u>	<u>\$ 2,071,636</u>	<u>\$ 97,960,779</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Depreciated:				
Work in Progress	\$ 106,985	\$ -	\$ -	\$ 106,985
Total Capital Assets Not Depreciated	<u>106,985</u>	<u>-</u>	<u>-</u>	<u>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	1,408,490	33,336	-	1,441,826
Furniture and Equipment	662,354	24,753	-	687,107
Total Accumulated Depreciation	<u>2,070,844</u>	<u>58,089</u>	<u>-</u>	<u>2,128,933</u>
Net Capital Assets Being Depreciated	<u>2,157,742</u>	<u>(58,089)</u>	<u>-</u>	<u>2,099,653</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,264,727</u>	<u>\$ (58,089)</u>	<u>\$ -</u>	<u>\$ 2,206,638</u>

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

Governmental Activities:	
General Government	\$ 2,856,944
Public Safety	1,157,652
Community Development	2,450
Public Works	<u>77,642</u>
Total Governmental Activities	<u>\$ 4,094,688</u>
Business-Type Activities:	
Sewer	<u>\$ 58,089</u>

City of Montclair
Notes to Financial Statements
June 30, 2016

5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016, was as follows:

Due To/From Other Funds

		DUE TO				Total
		General Fund	2014 Refunding Bonds	Infra-structure Fund	Non-Major Funds	
DUE FROM	General Fund	\$ -	\$ 72,446	\$ 201,416	\$ 103,749	\$ 377,611
	Infrastructure Fund	-	-	-	121,949	121,949
	Sewer Maint. Fund	14,221	-	-	-	14,221
	Non-Major Funds	23,368	-	-	-	23,368
	Total	<u>\$ 37,589</u>	<u>\$ 72,446</u>	<u>\$ 201,416</u>	<u>\$ 225,698</u>	<u>\$ 537,149</u>

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

Transfers

		TRANSFERS IN				Total
		General Fund	Montclair Housing Corp.	Infrastructure Fund	Non-Major Funds	
TRANSFERS OUT	General Fund	\$ -	\$ -	\$ 28,684	\$ 2,684,680	\$ 2,713,364
	Montclair Housing Authority	-	5,858,772	-	-	5,858,772
	2014 Refunding Bonds	-	-	82,446	-	82,446
	Non-Major Funds	411,632	-	999,548	141	1,411,321
	Total	<u>\$ 411,632</u>	<u>\$ 5,858,772</u>	<u>\$ 1,110,678</u>	<u>\$ 2,684,821</u>	<u>\$ 10,065,903</u>

The General Fund received \$411,632 from non-major funds in reimbursement for costs incurred applicable to grant funded programs. Non-major funds also transferred \$999,548 to the Infrastructure Fund for various capital projects. The General Fund made transfers of \$2,684,680 to non-major funds for debt service costs and to cover deficits in various funds. The Montclair Housing Authority Fund transferred \$5,858,722 to the Montclair Housing Corporation due to the elimination of redevelopment, when a debt between the Montclair Housing Corporation and the prior redevelopment agency was assumed by the Montclair Housing Authority. Since the Housing Authority is the successor housing agency and low and moderate housing resources have been eliminated, this debt cannot be repaid. Recognizing this, the governing boards eliminated this debt during the current fiscal year. For financial statement purposes, this elimination of debt has been recognized as a transfer between these two entities. The 2014 Refunding Bonds Fund transferred \$82,446 to the Infrastructure Fund for various capital projects.

City of Montclair
Notes to Financial Statements
June 30, 2016

6) LONG-TERM DEBT

A) Long-Term Debt

Long-term debt activity for the 2015-16 fiscal year is presented below:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Lease Revenue Bonds:					
2014 Refunding Bonds	\$ 45,000,000	\$ -	\$ 740,000	\$ 44,260,000	\$ 760,000
Premium	1,667,199	-	55,573	1,611,626	55,573
Claims and Judgments	3,298,854	424,652	180,994	3,542,512	1,594,130
OPEB	2,166,757	655,000	614,000	2,207,757	993,490
Net Pension Liability	42,525,103	4,869,033	-	47,394,136	-
Compensated Absences	1,583,214	1,453,878	1,405,799	1,631,293	81,565
Total	\$ 96,241,127	\$ 7,402,563	\$ 2,996,366	\$ 100,647,324	\$ 3,484,758
Business-type Activities:					
Compensated Absences	\$ 41,559	\$ 65,673	\$ 49,481	\$ 57,751	\$ 27,720
Net Pension Liability	1,222,547	319,576	-	1,542,123	-
Total	\$ 1,264,106	\$ 385,249	\$ 49,481	\$ 1,599,874	\$ 27,720

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, 2016 is \$44,260,000. The annual requirements to amortize the outstanding indebtedness as of June 30, 2016, including interest, are as follows:

City of Montclair
Notes to Financial Statements
June 30, 2016

6) LONG-TERM DEBT - Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 760,000	\$ 1,837,688	\$ 2,597,688
2018	790,000	1,810,488	2,600,488
2019	820,000	1,778,287	2,598,287
2020	850,000	1,744,887	2,594,887
2021	885,000	1,705,763	2,590,763
2022 - 2026	5,130,000	7,812,688	12,942,688
2027 - 2031	6,200,000	6,763,918	12,963,918
2032 - 2036	7,645,000	5,228,375	12,873,375
2037 - 2041	9,555,000	3,310,500	12,865,500
2042 - 2046	11,625,000	1,198,900	12,823,900
Totals	<u>\$ 44,260,000</u>	<u>\$ 33,191,494</u>	<u>\$ 77,451,494</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, 2016 is \$3,542,512.

B) Fiduciary Fund Long-Term Debt

Fiduciary Fund long-term debt activity for the 2015-16 fiscal year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
2007A	\$ 21,955,000	\$ -	\$ 570,000	\$ 21,385,000	\$ 600,000
2007B	2,665,000	-	140,000	2,525,000	145,000
2006A	5,985,000	-	205,000	5,780,000	215,000
2006B	3,280,000	-	-	3,280,000	-
2004	4,165,000	-	160,000	4,005,000	170,000
2001	8,140,000	-	340,000	7,800,000	360,000
1997	165,000	-	20,000	145,000	20,000
Total	<u>\$ 46,355,000</u>	<u>\$ -</u>	<u>\$ 1,435,000</u>	<u>\$ 44,920,000</u>	<u>\$ 1,510,000</u>

Tax Allocation Bonds

2007A Taxable Allocation Refunding Bonds, Project Area III

On October 1, 2007, the Agency issued Taxable Allocation Refunding Bonds 2007A in the amount of \$25,450,000. The Bonds were issued with the purpose of refunding the 1997 Tax Allocation Bonds in the amount of \$14,485,000, refunding a portion of the 1998 Taxable Allocation Bonds and to provide monies to finance the redevelopment project. Interest on the bonds is payable semi-annually on March 1 and

City of Montclair
Notes to Financial Statements
June 30, 2016

6) LONG-TERM DEBT - Continued

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, 2016 is \$21,385,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 600,000	\$ 981,450	\$ 1,581,450
2018	620,000	954,000	1,574,000
2019	645,000	925,537	1,570,537
2020	675,000	897,525	1,572,525
2021	705,000	869,484	1,574,484
2022 - 2026	4,010,000	3,847,613	7,857,613
2027 - 2031	5,940,000	2,770,256	8,710,256
2032 - 2036	8,190,000	1,060,465	9,250,465
Totals	<u>\$ 21,385,000</u>	<u>\$ 12,306,330</u>	<u>\$ 33,691,330</u>

2007B Taxable Allocation Bonds, Project Area III

On October 1, 2007, the Agency issued Taxable Allocation Bonds 2007B in the amount of \$3,500,000. The bonds were issued to provide monies to advance refund the 1998 Tax Allocation Bonds. Interest on the bonds is payable semi-annually on March 1 and September 1, in each year, commencing on March 1, 2008. The bonds carry interest rates ranging from 5.17% to 6.00%.

The balance at June 30, 2016 is \$2,525,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 145,000	\$ 146,267	\$ 291,267
2018	160,000	137,696	297,696
2019	170,000	128,100	298,100
2020	180,000	117,600	297,600
2021	190,000	106,500	296,500
2022	200,000	94,800	294,800
2023	210,000	82,500	292,500
2024	225,000	69,450	294,450
2025	240,000	55,500	295,500
2026	250,000	40,800	290,800
2027	270,000	25,200	295,200
2028	285,000	8,550	293,550
Totals	<u>\$ 2,525,000</u>	<u>\$ 1,012,963</u>	<u>\$ 3,537,963</u>

City of Montclair
Notes to Financial Statements
June 30, 2016

6) LONG-TERM DEBT - Continued

2006A Tax Allocation Refunding Bonds, Project Area V

On June 1, 2006, the Agency issued Taxable Allocation Refunding Bonds 2006A in the amount of \$8,235,000. The Bonds were issued to pay monies in accordance with a Disposition and Development Agreement with Costco Wholesale Corporation in the amount of \$2,500,000, to advance refund the 1995 Tax Allocation Bonds in the amount of \$1,155,000, and to provide monies to finance the redevelopment project. Interest on the bonds is payable semi-annually on April 1 and October 1, in each year, commencing on October 1, 2006. The bonds carry interest rates ranging from 5.55% to 6.15%. The balance at June 30, 2016 is \$5,780,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 215,000	\$ 348,504	\$ 563,504
2018	230,000	335,175	565,175
2019	245,000	320,569	565,569
2020	260,000	305,040	565,040
2021	275,000	288,589	563,589
2022 - 2026	1,355,000	1,167,116	2,522,116
2027 - 2031	430,000	922,192	1,352,192
2032 - 2034	2,770,000	262,605	3,032,605
Totals	<u>\$ 5,780,000</u>	<u>\$ 3,949,790</u>	<u>\$ 9,729,790</u>

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, 2016 is \$3,280,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ -	\$ 155,800	\$ 155,800
2018	-	155,800	155,800
2019	-	155,800	155,800
2020	-	155,800	155,800
2021	-	155,800	155,800
2022 - 2026	305,000	771,756	1,076,756
2027 - 2031	1,730,000	508,726	2,238,726
2032 - 2034	1,245,000	90,605	1,335,605
Totals	<u>\$ 3,280,000</u>	<u>\$ 2,150,087</u>	<u>\$ 5,430,087</u>

City of Montclair
Notes to Financial Statements
June 30, 2016

6) LONG-TERM DEBT - Continued

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, 2016 is \$4,005,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 170,000	\$ 196,000	\$ 366,000
2018	180,000	187,250	367,250
2019	185,000	178,125	363,125
2020	195,000	168,625	363,625
2021	205,000	158,625	363,625
2022 - 2026	1,195,000	624,375	1,819,375
2027 - 2031	1,525,000	285,625	1,810,625
2032	350,000	8,750	358,750
Totals	<u>\$ 4,005,000</u>	<u>\$ 1,807,375</u>	<u>\$ 5,812,375</u>

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, 2016 is \$7,800,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 360,000	\$ 398,460	\$ 758,460
2018	375,000	380,085	755,085
2019	395,000	360,835	755,835
2020	415,000	340,585	755,585
2021	435,000	319,335	754,335
2022 - 2026	2,535,000	1,220,458	3,755,458
2027 - 2031	3,285,000	453,017	3,738,017
Totals	<u>\$ 7,800,000</u>	<u>\$ 3,472,775</u>	<u>\$ 11,272,775</u>

City of Montclair
Notes to Financial Statements
June 30, 2016

6) LONG-TERM DEBT - Continued

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, 2016 is \$145,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2016, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 20,000	\$ 11,340	\$ 31,340
2018	20,000	9,660	29,660
2019	25,000	7,770	32,770
2020	25,000	5,670	30,670
2021	25,000	3,570	28,570
2022	30,000	1,260	31,260
Totals	<u>\$ 145,000</u>	<u>\$ 39,270</u>	<u>\$ 184,270</u>

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 \$69,658,590 with debt service requirements as indicated above.

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

Items	Project Area I	Project Area II	Project Area III	Project Area IV	Project Area V	Mission Blvd Project Area	Total
City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency							
<u>Allocations to Redevelopment Obligation</u>							
<u>Retirement Fund (RORF)</u>							
Tax Increment Collections	\$ 108,954	\$ -	\$ 5,201,279	\$ 2,209,070	\$ 5,057,166	\$ 1,124,641	\$13,701,110
County Administration Charges	(1,331)	-	(69,983)	(30,546)	(78,285)	(14,369)	(194,514)
Payments to Taxing Entities	(71,706)	-	(3,116,002)	(1,754,543)	(4,336,081)	(1,078,673)	(10,357,005)
Net Tax Increment Available for Debt Service	<u>\$ 35,917</u>	<u>\$ -</u>	<u>\$ 2,015,294</u>	<u>\$ 423,981</u>	<u>\$ 642,800</u>	<u>\$ 31,599</u>	<u>\$ 3,149,591</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:

City of Montclair
Notes to Financial Statements
June 30, 2016

6) LONG-TERM DEBT - Continued

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

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

7) PENSIONS PLANS

General Information about the Pension Plans – Miscellaneous

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s separate Miscellaneous Plan, an agent multiple-employer defined benefit pension plan 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 Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan’s June 30, 2014 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website.

The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous		
	Prior to June 21, 2010	On or after June 21, 2010	On or after 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%	6.25%
Required employer contribution rates	25.277%	25.277%	6.25%

(1) - Depending on years of service

City of Montclair
Notes to Financial Statements
June 30, 2016

7) PENSIONS PLANS - Continued

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries	
currently receiving benefits	171
Inactive employees entitled to but not yet	
receiving benefits	186
Active employees	106

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. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

(1) Depending on age, service and type of employment

(2) Derived using CalPERS’ Membership Data for all Funds.

City of Montclair
Notes to Financial Statements
June 30, 2016

7) PENSIONS PLANS – Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 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.

Change of Assumptions - GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate – The discount rate used to measure the total pension liability was 7.65 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 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. 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 (Public Employees’ Retirement 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	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, 2016

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 Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 74,647,209	\$ 56,396,998	\$ 18,250,211
Changes in the year:			
Service cost	1,051,926	-	1,051,926
Interest on the total pension liability	5,487,626	-	5,487,626
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(299,514)	-	(299,514)
Changes in assumptions	(1,247,901)	-	(1,247,901)
Contributions from the employer	-	1,316,337	(1,316,337)
Contributions from employees	-	560,336	(560,336)
Net investment income	-	1,262,238	(1,262,238)
Benefit payments, including refunds	(3,784,153)	(3,784,153)	-
Administrative expense	-	(62,571)	62,571
Net changes	1,207,984	(707,813)	1,915,797
Balance at June 30, 2016	\$ 75,855,193	\$ 55,689,185	\$ 20,166,008

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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$ 29,519,362
Current Discount Rate	7.65%
Net Pension Liability	\$ 20,166,008
1% Increase	8.65%
Net Pension Liability	\$ 12,370,504

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, 2016, the City recognized pension expense for the Miscellaneous Plan of \$692,582. At June 30, 2016, 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, 2016

7) PENSIONS PLANS – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,526,904	\$ -
Differences between actual and expected experience	-	156,888
Changes in assumptions	-	653,662
Net differences between projected and actual earnings on plan investments	-	554,086
Total	\$ 1,526,904	\$ 1,364,636

\$1,526,904 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, 2017. 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 June 30,	
2017	\$ (1,119,398)
2018	(456,218)
2019	(382,533)
2020	593,513
2021	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2016, the City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

General Information about the Pension Plans - Safety

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire). Plan assets may be used to pay benefits for any employer rate plan of the safety pool. Accordingly, rate plans within the safety pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the safety pool. The City sponsors five rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan 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, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

City of Montclair
Notes to Financial Statements
June 30, 2016

7) PENSIONS PLANS – Continued

The rate plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Safety - Police		
	Prior to June 27, 2005	On or after June 27, 2005	On or after 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	18.524%+\$1,083,251	16.523%+5,453	11.153%

	Safety - Fire		
	Prior to June 27, 2005	On or after June 27, 2005	On or after 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	20.23%+\$1,057,350	18.191%+\$2,635	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.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$2,148,689 in fiscal year 2016.

The City’s contributions to the Plan for the year ended June 30, 2016 were \$2,418,705.

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

As of June 30, 2016, the City reported a liability of \$28,770,251 for its proportionate share of the net pension liability. The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014

City of Montclair
Notes to Financial Statements
June 30, 2016

7) PENSIONS PLANS – Continued

rolled forward to June 30, 2015 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 plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the Plan's net pension liability as of June 30, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.68%
Proportion - June 30, 2015	0.70%
Change - Increase (Decrease)	0.02%

For the year ended June 30, 2016, the City recognized pension expense of \$2,231,593. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Safety pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,418,705	\$ -
Differences between actual and expected experience	-	255,850
Changes in assumptions	-	1,176,747
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	1,511,456
Net differences between projected and actual earnings on plan investments	-	596,383
	\$ 2,418,705	\$ 3,540,436
Total		

\$2,418,705 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 June 30,		
2017	\$	(1,604,210)
2018		(1,609,925)
2019		(1,418,822)
2020		1,092,521
2021		-
Thereafter		-

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

City of Montclair
Notes to Financial Statements
June 30, 2016

7) PENSIONS PLANS – Continued

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

(1) Depending on age, service and type of employment

(2) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 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 7.65% 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:

1% Decrease	6.65%
Net Pension Liability	\$ 46,128,592
Current Discount Rate	7.65%
Net Pension Liability	\$ 28,770,251
1% Increase	8.65%
Net Pension Liability	\$ 14,536,730

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, 2016, 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.

City of Montclair
Notes to Financial Statements
June 30, 2016

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 2015-16 were \$394,602. There are currently 80 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)	\$	755,000
Interest on Net OPEB Obligation		75,000
Adjustment to ARC		<u>(175,000)</u>
Annual OPEB Cost		655,000
Contribution Made		<u>(614,000)</u>
Increase in Net OPEB Obligation		41,000
Net OPEB Obligation at June 30, 2015		<u>2,166,757</u>
Net OPEB Obligation at June 30, 2016	\$	<u><u>2,207,757</u></u>

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

THREE-YEAR TREND INFORMATION				
Fiscal Year Ended	Annual OPEB Cost	Annual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/16	\$ 655,000	\$ 614,000	93.74%	\$ 2,207,757
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

City of Montclair
Notes to Financial Statements
June 30, 2016

8) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS - Continued

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$12,105,000, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAL) of \$12,105,000. The covered payroll (annual payroll of active employees covered by the plan) was \$11,696,000 and the ratio of the UAAL to the covered payroll was 103.5%.

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 January 1, 2016, actuarial valuation, the entry age normal cost level percent of pay method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), inflation rate of 3.25%, and an annual healthcare cost trend rate of 7.5% initially, to an ultimate rate of 5%. The City's unfunded actuarial accrued liability will be amortized as a level of percentage pay over a closed period of 28 years. It is assumed the City's payroll will increase 3.25% per year.

9) SELF-INSURANCE PROGRAM

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

Excess liability coverage above the self-insurance amounts is provided through the California Insurance Pool Authority (CIPA). CIPA, a public entity risk pool was established to pool resources, share risk, purchase excess insurance and share costs for professional risk management, and claims administration. Workers' Compensation and Employers Liability Pool Contract is limited per accident at \$3,000,000 in excess of the City's self-insurance retention stated in the above paragraph. Portions of general liability exceeded the above mentioned amounts are covered by CIPA up to a maximum \$40,000,000 each occurrence and in the aggregate by Everest National Insurance Company (up to \$10,000,000), and American Merchants Casualty Insurance Company (up to \$15,000,000), by Arch Specialty Insurance Company (up to \$15,000,000) in that order. Member cities make payments to CIPA based on underwriting estimates. Additional coverage for general liability claims is maintained through CIPA from a commercial insurer for claims in excess of per claim and annual aggregate amounts. Complete financial statements for CIPA may be obtained from their offices at the

City of Montclair
Notes to Financial Statements
June 30, 2016

9) SELF-INSURANCE PROGRAM

following address: CIPA, 240 Newport Center Drive, Suite 210, Newport Beach, CA 92660.

As of June 30, 2016, Adminsure and Carl Warren & Co., indicated a need for potential liability reserves of approximately \$3,542,512 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, 2016, 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, 2016, the amount of these liabilities was \$3,542,512. This liability is the City's best estimate based on available information.

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

Year	Beginning of Year Liability	Current Year Claims and Changes In Estimates	Claim Payments For Current and Prior Years	End of Year Liability
2015-2016	\$ 3,298,854	\$ 424,652	\$ 180,994	\$ 3,542,512
2014-2015	2,585,366	713,488	-	3,298,854

City of Montclair
Notes to Financial Statements
June 30, 2016

10) FUND BALANCES

The details of the fund balances as of June 30, 2016 are presented below:

	General Fund	Montclair Housing Corporation	Montclair Housing Authority	2014 Refunding Bonds	Successor Agency Bonds	Infrastructure	Other Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepays	\$ 491,347	\$ 11,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502,525
Restricted for:								
Debt Service	-	-	-	-	-	-	-	-
Housing	-	2,041,952	2,704,504	-	-	-	854,554	5,601,010
Public Safety	-	-	-	-	-	-	980,489	980,489
Transportation	-	-	-	-	-	-	3,884,444	3,884,444
Comm. Development	-	-	-	20,245,605	14,218,711	-	5,682,803	40,147,119
Committed to:	-	-	-	-	-	-	-	-
Assigned to:								
Post-employ. Benefits	2,500,000	-	-	-	-	-	-	2,500,000
Retiree Medical Liab.	600,000	-	-	-	-	-	-	600,000
Technology	200,000	-	-	-	-	-	-	200,000
Self Insurance	750,000	-	-	-	-	-	-	750,000
Equip. Replacement	1,830,229	-	-	-	-	-	-	1,830,229
Unanticipated Pers.	600,000	-	-	-	-	-	-	600,000
Building Maintenance	400,000	-	-	-	-	-	-	400,000
Contingencies	100,000	-	-	-	-	-	-	100,000
Unassigned	<u>6,063,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,702)</u>	<u>(73,245)</u>	<u>5,832,047</u>
Total Fund Balance	<u>\$13,535,570</u>	<u>\$ 2,053,130</u>	<u>\$ 2,704,504</u>	<u>\$20,245,605</u>	<u>\$14,218,711</u>	<u>\$ (158,702)</u>	<u>\$11,329,045</u>	<u>\$63,927,863</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 were adjusted as follows:

The \$78,455 decrease to beginning fund balance in the General Fund is the net result of writing off old outstanding receivables and reimbursing prior year expenditures. The net increase of \$73,566 in beginning fund balances of nonmajor funds resulted from reimbursements of prior year expenditures, and establishing new nonmajor funds.

REQUIRED SUPPLEMENTARY INFORMATION

City of Montclair
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 11,627,892	\$ 11,627,892	\$ 11,627,892	\$ -
Resources (Inflows):				
Taxes	20,632,880	24,065,217	25,885,733	1,820,516
Licenses and Permits	476,830	662,630	635,325	(27,305)
Intergovernmental	121,000	171,000	665,547	494,547
Charges for Services	3,567,325	3,586,000	3,416,636	(169,364)
Use of Money and Property	224,496	224,496	286,930	62,434
Fines and Forfeitures	1,031,200	983,000	805,509	(177,491)
Miscellaneous	324,035	217,580	378,838	161,258
Transfers In	381,000	381,000	411,632	30,632
Amounts Available for Appropriation	38,386,658	41,918,815	44,114,042	2,195,227
Charges to Appropriation (Outflow):				
General Government				
City Council	271,853	274,853	252,435	22,418
City Manager	270,881	270,881	250,766	20,115
Administration	194,804	185,517	185,794	(277)
Financial Services	731,513	697,014	701,707	(4,693)
Solid Waste Disposal	2,219,049	2,219,049	2,298,571	(79,522)
City Clerk	130,367	124,562	119,894	4,668
Personnel/Risk Assessment	396,250	386,343	415,415	(29,072)
Information Technology Services	682,645	717,982	736,755	(18,773)
Central Services	325,007	367,699	286,373	81,326
After School Program	62,624	62,624	63,005	(381)
City Attorney	301,755	426,755	536,322	(109,567)
Non-Departmental	2,568,000	2,803,000	2,656,233	146,767
Public Safety				
Police Administration	980,161	980,161	1,008,040	(27,879)
Police Support Services	549,799	551,799	572,511	(20,712)
Technical Services	215,322	232,056	248,084	(16,028)
Records Bureau	584,828	584,828	594,298	(9,470)
Investigations	935,098	837,798	790,184	47,614
Uniform Patrol	4,867,885	5,273,980	5,259,865	14,115
Communications	682,350	707,350	731,556	(24,206)
Volunteer Services	131,713	106,713	75,421	31,292
Fire Administration	1,200,141	1,201,141	1,241,673	(40,532)
Fire Prevention	145,950	145,950	164,711	(18,761)
Emergency Services	2,841,719	2,998,419	3,148,421	(150,002)
Personnel Development	20,300	20,300	14,552	5,748
Buildings and Grounds	8,950	11,420	11,683	(263)
Emergency Preparedness	40,779	40,779	42,235	(1,456)
Code Enforcement	299,421	250,231	280,142	(29,911)

City of Montclair
Budgetary Comparison Schedule by Department - Continued
General Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriation (Outflow): - Continued				
Community Development				
Planning Commission	\$ 16,150	\$ 16,150	\$ 8,440	\$ 7,710
Community Development Administration	219,516	218,516	238,505	(19,989)
Current Planning	265,129	265,129	286,579	(21,450)
Advance Planning	66,104	66,104	69,987	(3,883)
Field Inspection	116,682	118,682	121,886	(3,204)
Plan Check	104,311	104,311	91,680	12,631
Building Operations	142,626	142,626	151,226	(8,600)
Recreation	982,648	986,148	918,492	67,656
Clinic	58,636	59,136	52,718	6,418
Senior Citizens	87,087	84,007	58,167	25,840
Nutritional Meals	10,899	10,899	13,800	(2,901)
Health Education	-	-	43,922	(43,922)
Family Education	-	-	7,589	(7,589)
Public Works				
Management and Construction	499,429	499,429	418,942	80,487
Public Works Inspection	131,677	131,677	141,015	(9,338)
Traffic Safety Engineering	42,215	126,721	140,143	(13,422)
Graffiti Abatement	149,632	149,632	141,624	8,008
Street Maintenance	219,049	346,206	401,530	(55,324)
Signing/Painting	27,963	122,579	145,790	(23,211)
Street Sweeping	30,635	30,635	32,811	(2,176)
Parks Maintenance	557,917	551,817	533,435	18,382
Tree Maintenance	55,363	89,417	90,548	(1,131)
Vehicle Maintenance	420,902	428,402	408,385	20,017
Building Maintenance Services	216,747	216,747	236,006	(19,259)
Heating and Air Conditioning	99,743	99,493	106,419	(6,926)
Janitorial Services	257,068	256,668	237,254	19,414
Capital Outlay	72,045	80,545	81,569	(1,024)
Transfers Out	-	2,600,188	2,713,364	(113,176)
Total Charges to Appropriations	<u>26,509,337</u>	<u>30,281,068</u>	<u>30,578,472</u>	<u>(297,404)</u>
Budgetary Fund Balance, June 30	<u>\$ 11,877,321</u>	<u>\$ 11,637,747</u>	<u>\$ 13,535,570</u>	<u>\$ 1,897,823</u>

City of Montclair
Budgetary Comparison Schedule
Montclair Housing Corporation
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (3,474,164)	\$ (3,474,164)	\$ (3,474,164)	\$ -
Resources (Inflows):				
Use of Money and Property	840,000	840,000	858,129	18,129
Transfers In	-	-	5,858,772	5,858,772
Amounts Available for Appropriation	<u>(2,634,164)</u>	<u>(2,634,164)</u>	<u>3,242,737</u>	<u>5,876,901</u>
Charges to Appropriation (Outflow):				
General Government	<u>1,139,248</u>	<u>1,139,248</u>	<u>1,189,607</u>	<u>(50,359)</u>
Total Charges to Appropriations	<u>1,139,248</u>	<u>1,139,248</u>	<u>1,189,607</u>	<u>(50,359)</u>
Budgetary Fund Balance, June 30	<u><u>\$ (3,773,412)</u></u>	<u><u>\$ (3,773,412)</u></u>	<u><u>\$ 2,053,130</u></u>	<u><u>\$ 5,826,542</u></u>

City of Montclair
Notes to Required Supplementary Information
June 30, 2016

General Budget Policies

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

The following funds did not have an adopted budget:

- 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, 2016

Schedule of Funding Progress

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

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio AVA	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a)/(b)	(c)	[(b)-(a)]/(c)
06/30/11	\$ -	\$ 12,456	\$ 12,456	0.00%	\$ 11,679	106.7%
01/01/16	-	12,105	12,105	0.00%	11,696	103.5%

City of Montclair
Required Supplementary Information
For the Year Ended June 30, 2016

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

	Measurement Period	
	2015	2014
Total Pension Liability		
Service cost	\$ 1,051,926	\$ 1,111,086
Interest on total pension liability	5,487,626	5,293,536
Differences between expected and actual experience	(299,514)	-
Changes in assumptions	(1,247,901)	-
Changes in benefits	-	-
Benefit payments, including refunds	(3,784,153)	(3,564,687)
Net change in total pension liability	1,207,984	2,839,935
Total pension liability - beginning	74,647,209	71,807,274
Total pension liability - ending (a)	<u>\$ 75,855,193</u>	<u>\$ 74,647,209</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,316,337	\$ 1,139,453
Contributions - employee	560,336	471,260
Net investment income	1,199,667	8,533,869
Benefit payments	(3,784,153)	(3,564,687)
Net change in plan fiduciary net position	(707,813)	6,579,895
Plan fiduciary net position - beginning	56,396,998	49,817,103
Plan fiduciary net position - ending (b)	<u>\$ 55,689,185</u>	<u>\$ 56,396,998</u>
Net pension liability - ending (a) - (b)	<u>\$ 20,166,008</u>	<u>\$ 18,250,211</u>
Plan fiduciary net position as a percentage of the total pension liability	73.42%	75.55%
Covered - employee payroll	\$ 5,740,277	\$ 5,950,546
Net pension liability as percentage of covered-employee payroll	351.31%	306.70%

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

* - Fiscal Year 2015 was the first year of implementation, therefore, only two years are reported.

City of Montclair
Required Supplementary Information
For the Year Ended June 30, 2016

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

	2016	2015
Actuarially determined contribution	\$ 1,526,904	\$ 1,164,198
Contributions in relation to the actuarially determined contributions	\$ 1,526,904	\$ 1,164,198
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 5,740,277	\$ 5,950,546
Contributions as a percentage of covered-employee payroll	26.60%	19.56%

Notes to schedule

Valuation date: June 30, 2014

* - Fiscal year 2015 was the first year of implementation, therefore, only two years are reported.

City of Montclair
Required Supplementary Information
For the Year Ended June 30, 2016

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

	Measurement Period	
	2015	2014
Proportion of the net pension liability	0.70%	0.68%
Proportion share of the net pension liability	\$ 28,770,251	\$ 25,497,439
Covered-employee payroll	\$ 5,706,922	\$ 5,523,210
Proportion share of the net pension liability as percentage of covered-employee payroll	504.13%	461.64%
Plan fiduciary net position as a percentage of the total pension liability	75.56%	78.20%

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

* - Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.

City of Montclair
Required Supplementary Information
For the Year Ended June 30, 2016

Schedule of Contributions – Last 10 Years*
Cost-sharing Plan

	2016	2015
Contractually required contribution (actuarially determined)	\$ 2,418,705	\$ 1,960,293
Contributions in relation to the actuarially determined contributions	\$ 2,418,705	\$ 1,960,293
Contribution deficiency (excess)	\$ -	\$ -
 Covered-employee payroll	 \$ 5,706,922	 \$ 5,523,210
Contributions as a percentage of covered-employee payroll	42.38%	35.49%

Notes to schedule

Valuation date: June 30, 2014

* - Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.

SUPPLEMENTARY INFORMATION

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2016

	Special Revenue Funds				
	Gas Tax	Measure I	Traffic Safety	Park Development	Community Development Block Grant
ASSETS					
Pooled Cash and Investments	\$ 145,050	\$ 1,261,939	\$ 106,745	\$ 603,970	\$ -
Receivables:					
Accounts	6,375	-	-	-	85,596
Accrued Interest	-	-	-	-	-
Due from Other Governments	-	93,853	21,007	-	-
Due from Other Funds	-	6,260	12,299	-	-
Restricted Assets:					
Cash and Investments with Fiscal Agents	-	-	-	-	-
Total Assets	\$ 151,425	\$ 1,362,052	\$ 140,051	\$ 603,970	\$ 85,596
LIABILITIES					
Accounts Payable	\$ 134,235	\$ -	\$ -	\$ -	\$ 5,349
Accrued Liabilities	16,913	-	-	-	-
Deposits Payable	-	-	-	-	-
Due to Other Governments	-	-	1,412	-	-
Due to Other Funds	277	-	-	-	80,247
Total Liabilities	151,425	-	1,412	-	85,596
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	66,685
Total Deferred Inflows of Resources	-	-	-	-	66,685
FUND BALANCES (DEFICITS)					
Restricted	-	1,362,052	138,639	603,970	-
Unassigned	-	-	-	-	(66,685)
Total Fund Balances (Deficits)	-	1,362,052	138,639	603,970	(66,685)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 151,425	\$ 1,362,052	\$ 140,051	\$ 603,970	\$ 85,596

Special Revenue Funds

Air Quality Improvement	Older American Act	State Asset Forfeiture	Public Safety	Forfeiture DOJ	State Asset Forfeiture Section 11489	Federal Asset Forfeiture Treasury
\$ 160,835	\$ 2,463	\$ 57,352	\$ 24,912	\$ 397,984	\$ 43,276	\$ 870
-	9,421	-	-	-	-	-
-	-	-	-	-	-	-
13,158	-	-	84,907	6,776	-	-
798	-	284	-	1,974	215	4
-	-	-	-	-	-	-
<u>\$ 174,791</u>	<u>\$ 11,884</u>	<u>\$ 57,636</u>	<u>\$ 109,819</u>	<u>\$ 406,734</u>	<u>\$ 43,491</u>	<u>\$ 874</u>
\$ 450	\$ 10,768	\$ -	\$ 24,715	\$ 1,000	\$ 1,253	\$ -
-	1,116	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
450	11,884	-	24,715	1,000	1,253	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
174,341	-	57,636	85,104	405,734	42,238	874
-	-	-	-	-	-	-
174,341	-	57,636	85,104	405,734	42,238	874
<u>\$ 174,791</u>	<u>\$ 11,884</u>	<u>\$ 57,636</u>	<u>\$ 109,819</u>	<u>\$ 406,734</u>	<u>\$ 43,491</u>	<u>\$ 874</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2016

	Special Revenue Funds				
	School District Grant	SSLEF	Local Law Enforcement Block Grant	Crime Prevention PC 1202.5	Recycling Block Grant
ASSETS					
Pooled Cash and Investments	\$ -	\$ 39,552	\$ 8,058	\$ 1,114	\$ 53,562
Receivables:					
Accounts	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Due from Other Governments	-	-	-	198	-
Due from Other Funds	-	196	43	6	266
Restricted Assets:					
Cash and Investments with Fiscal Agents	-	-	-	-	-
Total Assets	\$ -	\$ 39,748	\$ 8,101	\$ 1,318	\$ 53,828
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 1,661	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	1,661	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Restricted	-	39,748	6,440	1,318	53,828
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	-	39,748	6,440	1,318	53,828
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 39,748	\$ 8,101	\$ 1,318	\$ 53,828

Special Revenue Funds

After School Program	Fire Department Grant	Immunization Grant	E.M.S. Paramedic	Prop 30 SB 109	Disability Access- Bus. License	Mt. Baldy United Way Grant
\$ 22,939	\$ -	\$ 2,425	\$ -	\$ 133,437	\$ 5,484	\$ 14,633
-	12,581	-	9,528	-	-	-
-	-	-	-	-	-	-
-	-	-	-	662	-	-
-	-	-	-	-	-	-
<u>\$ 22,939</u>	<u>\$ 12,581</u>	<u>\$ 2,425</u>	<u>\$ 9,528</u>	<u>\$ 134,099</u>	<u>\$ 5,484</u>	<u>\$ 14,633</u>
\$ 2,805	\$ 560	\$ 2,075	\$ 3,948	\$ -	\$ -	\$ -
19,909	-	350	1,238	-	-	-
225	-	-	-	-	-	-
-	-	-	-	-	762	-
-	10,738	-	7,203	-	-	-
<u>22,939</u>	<u>11,298</u>	<u>2,425</u>	<u>12,389</u>	<u>-</u>	<u>762</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,283	-	-	134,099	4,722	14,633
-	-	-	(2,861)	-	-	-
-	1,283	-	(2,861)	134,099	4,722	14,633
<u>\$ 22,939</u>	<u>\$ 12,581</u>	<u>\$ 2,425</u>	<u>\$ 9,528</u>	<u>\$ 134,099</u>	<u>\$ 5,484</u>	<u>\$ 14,633</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2016

	Special Revenue Funds				
	Montclair Youth Sponsorship	Kaiser Permanente Grant	Resource Center Grant	Title IIIB Sr. Supportive Services	Community Foundation
ASSETS					
Pooled Cash and Investments	\$ -	\$ 2,213	\$ -	\$ -	\$ 120,406
Receivables:					
Accounts	-	-	-	362	-
Accrued Interest	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Restricted Assets:					
Cash and Investments with Fiscal Agents	-	-	-	-	-
Total Assets	\$ -	\$ 2,213	\$ -	\$ 362	\$ 120,406
LIABILITIES					
Accounts Payable	\$ -	\$ 673	\$ 406	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	166	362	-
Total Liabilities	-	673	572	362	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Restricted	-	1,540	-	-	120,406
Unassigned	-	-	(572)	-	-
Total Fund Balances (Deficits)	-	1,540	(572)	-	120,406
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ -	\$ 2,213	\$ -	\$ 362	\$ 120,406

Special Revenue Funds

ASES Supplemental Grant	Hope Thru Housing Grant	Park Maintenance	CFD 2011-1 Paseos	CFD 2011-2 Arrow Station	HS OTS Grant	Public Education Govt. PEG
\$ 7,221	\$ -	\$ 34,757	\$ 68,316	\$ 4,351	\$ -	\$ 131,365
-	-	1,197	-	-	-	5,489
-	-	-	-	-	-	-
-	-	-	339	22	-	-
-	-	1,000	-	-	-	-
<u>\$ 7,221</u>	<u>\$ -</u>	<u>\$ 36,954</u>	<u>\$ 68,655</u>	<u>\$ 4,373</u>	<u>\$ -</u>	<u>\$ 136,854</u>
\$ 7,221	\$ -	\$ 8,995	\$ 1,209	\$ -	\$ -	\$ -
-	-	-	70	-	-	-
-	-	1,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	7,500	-	-
<u>7,221</u>	<u>-</u>	<u>9,995</u>	<u>1,279</u>	<u>7,500</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	26,959	67,376	-	-	136,854
-	-	-	-	(3,127)	-	-
-	-	26,959	67,376	(3,127)	-	136,854
<u>\$ 7,221</u>	<u>\$ -</u>	<u>\$ 36,954</u>	<u>\$ 68,655</u>	<u>\$ 4,373</u>	<u>\$ -</u>	<u>\$ 136,854</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2016

	Capital Project Funds				
	Developer Impact Fee	Pavement Impact Fees	Underground In-lieu	General Plan Update	Housing Fund
ASSETS					
Pooled Cash and Investments	\$ 2,260,170	\$ 246,651	\$ 208,816	\$ 33,143	\$ 854,554
Receivables:					
Accounts	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Due from Other Governments	-	15,571	-	-	-
Due from Other Funds	-	-	-	-	-
Restricted Assets:					
Cash and Investments with Fiscal Agents	-	-	-	-	-
Total Assets	<u>\$ 2,260,170</u>	<u>\$ 262,222</u>	<u>\$ 208,816</u>	<u>\$ 33,143</u>	<u>\$ 854,554</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted	2,260,170	262,222	208,816	33,143	854,554
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>2,260,170</u>	<u>262,222</u>	<u>208,816</u>	<u>33,143</u>	<u>854,554</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 2,260,170</u>	<u>\$ 262,222</u>	<u>\$ 208,816</u>	<u>\$ 33,143</u>	<u>\$ 854,554</u>

Capital Project Fund	Debt Service Fund	Non-Major Governmental Total
Economic Development	2014 Refunding Bonds	
\$ 4,313,910	\$ -	\$ 11,372,473
76	-	130,625
-	-	-
-	119,205	354,675
-	-	23,368
-	-	1,000
<u>\$ 4,313,986</u>	<u>\$ 119,205</u>	<u>\$ 11,882,141</u>
\$ 7,206	\$ -	\$ 214,529
3,189	-	42,785
-	-	1,225
-	-	2,174
-	119,205	225,698
<u>10,395</u>	<u>119,205</u>	<u>486,411</u>
-	-	66,685
-	-	66,685
4,303,591	-	11,402,290
-	-	(73,245)
<u>4,303,591</u>	<u>-</u>	<u>11,329,045</u>
<u>\$ 4,313,986</u>	<u>\$ 119,205</u>	<u>\$ 11,882,141</u>

City of Montclair
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
Year Ended June 30, 2016

	Special Revenue Funds				
	Gas Tax	Measure I	Traffic Safety	Park Development	Community Development Block Grant
REVENUES					
Taxes	\$ 836,482	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	621,354	-	-	513,160
Charges for Services	-	-	-	148,400	-
Use of Money and Property	-	6,260	-	-	-
Fines and Forfeitures	-	-	228,396	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	836,482	627,614	228,396	148,400	513,160
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	94,919
Public Works	1,025,588	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	1,025,588	-	-	-	94,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,106)	627,614	228,396	148,400	418,241
OTHER FINANCING SOURCES (USES)					
Transfers In	463	-	-	-	-
Transfers Out	-	(513,983)	(300,000)	-	(484,926)
Total Other Financing Sources (Uses)	463	(513,983)	(300,000)	-	(484,926)
Net Change in Fund Balances	(188,643)	113,631	(71,604)	148,400	(66,685)
Fund Balance, Beginning of Year	188,643	1,248,421	210,243	455,570	-
Prior Period Adjustment	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ 1,362,052	\$ 138,639	\$ 603,970	\$ (66,685)

Special Revenue Funds

Air Quality Improvement	Older American Act	State Asset Forfeiture	Public Safety	Forfeiture DOJ	State Asset Forfeiture Section 11489	Federal Asset Forfeiture Treasury
\$ -	\$ -	\$ -	\$ 329,030	\$ -	\$ -	\$ -
48,864	111,806	-	-	-	-	-
-	-	-	-	-	-	-
798	-	284	-	1,974	215	4
-	-	10,329	-	302,471	1,823	-
-	38,487	-	-	-	-	-
49,662	150,293	10,613	329,030	304,445	2,038	4
-	-	-	-	-	-	-
-	-	-	250,981	62,805	3,651	-
19,048	150,223	-	-	-	-	-
-	-	-	-	-	-	-
-	-	12,178	-	39,519	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,048	150,223	12,178	250,981	102,324	3,651	-
30,614	70	(1,565)	78,049	202,121	(1,613)	4
-	5,946	-	-	-	-	-
-	-	-	(75,000)	-	-	-
-	5,946	-	(75,000)	-	-	-
30,614	6,016	(1,565)	3,049	202,121	(1,613)	4
143,727	3,260	59,201	82,055	203,613	43,851	870
-	(9,276)	-	-	-	-	-
\$ 174,341	\$ -	\$ 57,636	\$ 85,104	\$ 405,734	\$ 42,238	\$ 874

Continued

City of Montclair
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
Year Ended June 30, 2016

	Special Revenue Funds				
	School District Grant	SSLEF	Local Law Enforcement Block Grant	Crime Prevention PC 1202.5	Recycling Block Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	64,000	114,641	13,459	-	20,809
Charges for Services	-	-	-	-	-
Use of Money and Property	-	196	44	6	266
Fines and Forfeitures	-	-	-	1,111	-
Miscellaneous	-	-	-	-	-
Total Revenues	64,000	114,837	13,503	1,117	21,075
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	64,000	99,999	7,185	2,308	-
Community Development	-	-	-	-	-
Public Works	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	64,000	99,999	7,185	2,308	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	14,838	6,318	(1,191)	21,075
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	14,838	6,318	(1,191)	21,075
Fund Balance, Beginning of Year	-	24,910	122	2,509	32,753
Prior Period Adjustment	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ 39,748	\$ 6,440	\$ 1,318	\$ 53,828

Special Revenue Funds

After School Program	Fire Department Grant	Immunization Grant	E.M.S. Paramedic	Prop 30 SB 109	Disability Access- Bus. License	Mt. Baldy United Way Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,161,383	58,143	70,000	-	27,607	-	-
-	-	-	69,629	-	1,896	-
-	-	-	-	662	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	7,625
1,161,383	58,143	70,000	69,629	28,269	1,896	7,625
-	-	-	-	-	-	-
-	56,860	-	99,567	6,288	-	-
1,136,056	-	70,000	-	-	-	7,625
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,136,056	56,860	70,000	99,567	6,288	-	7,625
25,327	1,283	-	(29,938)	21,981	1,896	-
-	-	-	76,576	-	-	-
(21,023)	-	-	-	-	-	-
(21,023)	-	-	76,576	-	-	-
4,304	1,283	-	46,638	21,981	1,896	-
(4,304)	-	24,508	(46,638)	112,118	2,826	14,633
-	-	(24,508)	(2,861)	-	-	-
\$ -	\$ 1,283	\$ -	\$ (2,861)	\$ 134,099	\$ 4,722	\$ 14,633

Continued

City of Montclair
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
Year Ended June 30, 2016

	Special Revenue Funds			
	Montclair Youth Sponsorship	Kaiser Permanente Grant	Resource Center Grant	Title IIIB Sr. Supportive Services
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	10,000
Charges for Services	-	-	-	-
Use of Money and Property	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	14,000	3,000	-
Total Revenues	-	14,000	3,000	10,000
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	17,997	3,572	10,000
Public Works	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	17,997	3,572	10,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,997)	(572)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(3,997)	(572)	-
Fund Balance, Beginning of Year	-	5,537	-	-
Prior Period Adjustment	-	-	-	-
Fund Balance, End of Year	\$ -	\$ 1,540	\$ (572)	\$ -

Special Revenue Funds

Community Foundation	ASES Supplemental Grant	Hope Thru Housing Grant	Park Maintenance	CFD 2011-1 Paseos	CFD 2011-2 Arrow Station	HS OTS Grant	Public Education Govt. PEG
\$ -	\$ -	\$ -	\$ -	\$ 98,522	\$ 13,134	\$ -	\$ -
-	147,390	35,437	-	-	-	-	-
-	-	-	44,144	-	-	-	26,643
-	-	-	-	339	22	-	-
-	-	-	-	-	-	-	-
30,231	-	-	-	-	-	-	-
<u>30,231</u>	<u>147,390</u>	<u>35,437</u>	<u>44,144</u>	<u>98,861</u>	<u>13,156</u>	<u>-</u>	<u>26,643</u>
-	-	-	-	-	-	-	-
-	-	-	-	43,512	6,767	-	-
11,451	141,539	31,679	34,038	-	-	-	-
-	-	-	-	55,407	8,382	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>11,451</u>	<u>141,539</u>	<u>31,679</u>	<u>34,038</u>	<u>98,919</u>	<u>15,149</u>	<u>-</u>	<u>-</u>
18,780	5,851	3,758	10,106	(58)	(1,993)	-	26,643
-	-	-	-	-	-	-	-
-	(5,851)	(3,758)	(6,780)	-	-	-	-
-	(5,851)	(3,758)	(6,780)	-	-	-	-
18,780	-	-	3,326	(58)	(1,993)	-	26,643
101,626	-	-	23,633	67,434	(1,134)	-	-
-	-	-	-	-	-	-	110,211
<u>\$ 120,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,959</u>	<u>\$ 67,376</u>	<u>\$ (3,127)</u>	<u>\$ -</u>	<u>\$ 136,854</u>

Continued

City of Montclair
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
Year Ended June 30, 2016

	Capital Project Funds				
	Developer Impact Fee	Pavement Impact Fees	Underground In-lieu	General Plan Update	Housing Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	543,912	63,572	-	13,164	-
Use of Money and Property	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	78,659
Total Revenues	<u>543,912</u>	<u>63,572</u>	<u>-</u>	<u>13,164</u>	<u>78,659</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>543,912</u>	<u>63,572</u>	<u>-</u>	<u>13,164</u>	<u>78,659</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	543,912	63,572	-	13,164	78,659
Fund Balance, Beginning of Year	1,716,258	198,650	208,816	19,979	775,895
Prior Period Adjustment	-	-	-	-	-
Fund Balance, End of Year	<u>\$ 2,260,170</u>	<u>\$ 262,222</u>	<u>\$ 208,816</u>	<u>\$ 33,143</u>	<u>\$ 854,554</u>

Capital Project Fund	Debt Service Fund	
Economic Development	2014 Refunding Bonds	Non-Major Governmental Total
\$ -	\$ -	\$ 1,277,168
428,374	-	3,446,427
-	-	911,360
-	19	11,089
-	-	544,130
-	-	172,002
<u>428,374</u>	<u>19</u>	<u>6,362,176</u>
-	-	-
-	-	703,923
1,807	-	1,729,954
-	-	1,089,377
-	-	51,697
-	740,000	740,000
-	1,865,203	1,865,203
<u>1,807</u>	<u>2,605,203</u>	<u>6,180,154</u>
<u>426,567</u>	<u>(2,605,184)</u>	<u>182,022</u>
-	2,601,836	2,684,821
-	-	(1,411,321)
<u>-</u>	<u>2,601,836</u>	<u>1,273,500</u>
426,567	(3,348)	1,455,522
3,877,024	3,348	9,799,957
-	-	73,566
<u>\$ 4,303,591</u>	<u>\$ -</u>	<u>\$ 11,329,045</u>

City of Montclair
Combining Balance Sheet
Agency Fund
June 30, 2016

	<u>Sewer Plant</u>
ASSETS	
Pooled Cash and Investments	<u>\$ 2,406,672</u>
Total Assets	<u><u>\$ 2,406,672</u></u>
LIABILITIES	
Due to Other Governments	<u>\$ 2,406,672</u>
Total Liabilities	<u><u>\$ 2,406,672</u></u>

City of Montclair
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Sewer Plant</u>				
Assets:				
Pooled cash and investments	<u>\$ 2,455,489</u>	<u>\$ 590,546</u>	<u>\$ 639,363</u>	<u>\$ 2,406,672</u>
Total Assets	<u><u>\$ 2,455,489</u></u>	<u><u>\$ 590,546</u></u>	<u><u>\$ 639,363</u></u>	<u><u>\$ 2,406,672</u></u>
Liabilities				
Due to other governments	<u>\$ 2,455,489</u>	<u>\$ 590,546</u>	<u>\$ 639,363</u>	<u>\$ 2,406,672</u>
Total Liabilities	<u><u>\$ 2,455,489</u></u>	<u><u>\$ 590,546</u></u>	<u><u>\$ 639,363</u></u>	<u><u>\$ 2,406,672</u></u>