

CITY OF MONTCLAIR
FINANCIAL STATEMENTS
Year Ended June 30, 2018

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Independent Auditor's Report

The Honorable City Council
City of Montclair, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Montclair (City), as of and for the year ended June 30, 2018, 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.

Van Lant & Fankhanel, LLP
25901 Kellogg Street
Loma Linda, CA 92354

909.856.6879

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, 2018, 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 8 to the financial statements, in fiscal year 2017-18, the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2018, 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.

Handwritten signature in cursive script that reads "Van Lant & Fankhaed, LLP".

December 17, 2018

BASIC FINANCIAL STATEMENTS



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City of Montclair
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled Cash and Investments	\$ 36,504,472	\$ 3,828,055	\$ 40,332,527
Receivables:			
Accounts	2,611,177	530,825	3,142,002
Notes and Loans	2,604,908	-	2,604,908
Accrued Interest	195,786	-	195,786
Internal Balances	(25,035)	25,035	-
Prepaid Costs	213,736	-	213,736
Due From Other Governments	3,912,715	237,749	4,150,464
Restricted Assets:			
Cash with Fiscal Agent	14,154,274	-	14,154,274
Capital Assets Not Being Depreciated	22,737,210	-	22,737,210
Capital Assets, Net of Accumulated Depreciation	81,178,292	2,102,323	83,280,615
Total Assets	<u>164,087,535</u>	<u>6,723,987</u>	<u>170,811,522</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow - Bond Refunding	258,188	-	258,188
Deferred Outflows Related to OPEB	509,094	22,540	531,634
Deferred Outflows Related to Pensions	14,076,538	406,681	14,483,219
Total Deferred Outflows of Resources	<u>14,843,820</u>	<u>429,221</u>	<u>15,273,041</u>
LIABILITIES			
Accounts Payable	5,240,866	573,009	5,813,875
Accrued Liabilities	185,922	15,100	201,022
Accrued Interest	441,314	-	441,314
Deposits Payable	245,607	-	245,607
Due to Other Governments	8,602	-	8,602
Noncurrent Liabilities:			
Due Within One Year	2,541,350	11,215	2,552,565
Due in More Than One Year	122,161,781	2,775,168	124,936,949
Total Liabilities	<u>130,825,442</u>	<u>3,374,492</u>	<u>134,199,934</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to OPEB	816,508	36,151	852,659
Deferred Inflows Related to Pensions	1,970,425	18,965	1,989,390
Total Deferred Inflows of Resources	<u>2,786,933</u>	<u>55,116</u>	<u>2,842,049</u>
NET POSITION			
Net Investment in Capital Assets	59,963,210	2,102,323	62,065,533
Restricted for:			
Housing	5,848,635	-	5,848,635
Public Safety	1,229,101	-	1,229,101
Transportation	2,592,093	-	2,592,093
Community Development	19,588,132	-	19,588,132
Debt Service	-	-	-
Unrestricted	(43,902,191)	1,621,277	(42,280,914)
Total Net Position	<u>\$ 45,318,980</u>	<u>\$ 3,723,600</u>	<u>\$ 49,042,580</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ (15,028,271)	\$ 2,203,621	\$ 12,033	\$ -
Public Safety	(17,283,492)	961,744	408,190	-
Community Development	(4,284,581)	1,436,671	534,700	38,964
Public Works	(5,890,092)	3,218,006	10,601	3,973,233
Interest on Long-Term Debt	(1,756,708)	-	-	-
Total Governmental Activities	<u>(44,243,144)</u>	<u>7,820,042</u>	<u>965,524</u>	<u>4,012,197</u>
Business-type Activities:				
Sewer Maintenance	<u>(4,882,816)</u>	<u>5,206,721</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>(4,882,816)</u>	<u>5,206,721</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ (49,125,960)</u>	<u>\$ 13,026,763</u>	<u>\$ 965,524</u>	<u>\$ 4,012,197</u>

General Revenues:

Taxes:

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

Miscellaneous Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Restatement of Net Position

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (12,812,617)	\$ -	\$ (12,812,617)
(15,913,558)	-	(15,913,558)
(2,274,246)	-	(2,274,246)
1,311,748	-	1,311,748
<u>(1,756,708)</u>	<u>-</u>	<u>(1,756,708)</u>
<u>(31,445,381)</u>	<u>-</u>	<u>(31,445,381)</u>
<u>-</u>	<u>323,905</u>	<u>323,905</u>
<u>-</u>	<u>323,905</u>	<u>323,905</u>
<u>(31,445,381)</u>	<u>323,905</u>	<u>(31,121,476)</u>
7,603,725	-	7,603,725
47,259	-	47,259
15,705,785	-	15,705,785
753,039	-	753,039
790,989	-	790,989
1,778,771	-	1,778,771
20,593	-	20,593
977,208	25,035	1,002,243
<u>150,000</u>	<u>(150,000)</u>	<u>-</u>
<u>27,827,369</u>	<u>(124,965)</u>	<u>27,702,404</u>
(3,618,012)	198,940	(3,419,072)
58,935,850	4,065,951	63,001,801
<u>(9,998,858)</u>	<u>(541,291)</u>	<u>(10,540,149)</u>
<u>\$ 45,318,980</u>	<u>\$ 3,723,600</u>	<u>\$ 49,042,580</u>

The accompanying notes are an integral part of this statement.

City of Montclair
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Capital Projects		Infrastructure
		2014 Refunding Bonds	Successor Agency Bonds	
ASSETS				
Pooled Cash and Investments	\$ 9,997,848	\$ -	\$ 13,944,956	\$ 159,361
Receivables:				
Accounts	2,467,144	-	-	-
Notes and Loans	5,000	-	-	-
Accrued Interest	61,532	60,270	66,295	-
Prepaid Costs	202,224	-	-	-
Due from Other Governments	2,732,186	-	-	-
Due from Other Funds	117,382	-	-	95
Advances to Other Funds	-	-	-	-
Restricted Assets:				
Cash and Investments with Fiscal Agents	-	14,111,190	-	-
Total Assets	\$ 15,583,316	\$ 14,171,460	\$ 14,011,251	\$ 159,456
LIABILITIES				
Accounts Payable	\$ 1,024,304	\$ 3,101,523	\$ 37,787	\$ 737,942
Accrued Liabilities	147,874	-	-	-
Deposits Payable	157,012	25,000	-	-
Due to Other Governments	7,907	-	-	-
Due to Other Funds	52,400	7,290	-	-
Advances from Other Funds	-	-	-	-
Total Liabilities	1,389,497	3,133,813	37,787	737,942
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	130,660	-	-	-
Total Deferred Inflows of Resources	130,660	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	202,224	-	-	-
Restricted	-	11,037,647	13,973,464	-
Committed	-	-	-	-
Assigned	7,300,000	-	-	-
Unassigned	6,560,935	-	-	(578,486)
Total Fund Balances (Deficits)	14,063,159	11,037,647	13,973,464	(578,486)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,583,316	\$ 14,171,460	\$ 14,011,251	\$ 159,456

The accompanying notes are an integral part of this statement.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 925,174	\$ 11,477,133	\$ 36,504,472
-	144,033	2,611,177
-	2,599,908	2,604,908
-	7,689	195,786
-	11,512	213,736
-	1,180,529	3,912,715
-	27,365	144,842
-	2,007,592	2,007,592
-	43,084	14,154,274
<u>\$ 925,174</u>	<u>\$ 17,498,845</u>	<u>\$ 62,349,502</u>
\$ -	\$ 339,310	\$ 5,240,866
-	38,048	185,922
-	63,595	245,607
-	695	8,602
-	110,187	169,877
<u>2,007,592</u>	<u>-</u>	<u>2,007,592</u>
<u>2,007,592</u>	<u>551,835</u>	<u>7,858,466</u>
-	-	130,660
-	-	130,660
-	11,512	213,736
-	16,941,954	41,953,065
-	-	-
-	-	7,300,000
<u>(1,082,418)</u>	<u>(6,456)</u>	<u>4,893,575</u>
<u>(1,082,418)</u>	<u>16,947,010</u>	<u>54,360,376</u>
<u>\$ 925,174</u>	<u>\$ 17,498,845</u>	<u>\$ 62,349,502</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, 2018

Fund Balances of Governmental Funds		\$ 54,360,376
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.		103,915,502
Long-term debt and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds		(44,210,480)
Claims and Judgements		(2,675,157)
Compensated Absences		(1,772,919)
Net Pension Liability		(64,740,399)
Net OPEB Liability		(11,304,176)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(441,314)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability and Net OPEB Liability are not reported in the funds.		
Deferred Outflows Related to Pensions		14,076,538
Deferred Inflows Related to Pensions		(1,970,425)
Deferred Outflows Related to OPEB		509,094
Deferred Inflows Related to OPEB		(816,508)
Amounts for deferred outflows related to the City's defeasance of prior bonds are not reported in the funds.		258,188
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as available revenues in the funds.		130,660
Net Position of Governmental Activities		\$ 45,318,980

The accompanying notes are an integral part of this statement.



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City of Montclair
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	General Fund	Capital Projects		Infrastructure
		2014 Refunding Bonds	Successor Agency Bonds	
REVENUES				
Taxes	\$ 26,194,554	\$ -	\$ -	\$ -
Licenses and Permits	770,085	-	-	-
Intergovernmental	144,430	-	-	-
Charges for Services	3,882,565	-	-	-
Use of Money and Property	196,299	185,348	188,296	-
Fines and Forfeitures	504,277	-	-	-
Miscellaneous	309,295	-	-	-
Total Revenues	32,001,505	185,348	188,296	-
EXPENDITURES				
Current:				
General Government	10,009,219	-	-	-
Public Safety	14,018,674	-	-	-
Community Development	2,180,641	-	-	-
Public Works	3,401,941	4,921,244	136,221	-
Capital Outlay	367,284	-	-	4,658,670
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	29,977,759	4,921,244	136,221	4,658,670
Excess (Deficiency) of Revenues Over Expenditures	2,023,746	(4,735,896)	52,075	(4,658,670)
OTHER FINANCING SOURCES (USES)				
Transfers In	381,983	-	-	3,973,438
Transfers Out	(2,635,417)	-	-	-
Total Other Financing Sources (Uses)	(2,253,434)	-	-	3,973,438
Net Change in Fund Balances	(229,688)	(4,735,896)	52,075	(685,232)
Fund Balance, Beginning of Year	14,292,847	15,773,543	13,921,389	106,746
Fund Balance, End of Year	\$ 14,063,159	\$ 11,037,647	\$ 13,973,464	\$ (578,486)

The accompanying notes are an integral part of this statement.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,568,813	\$ 27,763,367
-	-	770,085
-	3,712,894	3,857,324
486,222	954,858	5,323,645
-	986,818	1,556,761
-	304,488	808,765
-	90,657	399,952
<u>486,222</u>	<u>7,618,528</u>	<u>40,479,899</u>
-	1,037,577	11,046,796
-	765,068	14,783,742
-	2,101,490	4,282,131
-	1,021,643	9,481,049
-	170,052	5,196,006
-	790,000	790,000
-	1,810,488	1,810,488
-	<u>7,696,318</u>	<u>47,390,212</u>
<u>486,222</u>	<u>(77,790)</u>	<u>(6,910,313)</u>
-	2,635,417	6,990,838
<u>(3,802,879)</u>	<u>(402,542)</u>	<u>(6,840,838)</u>
<u>(3,802,879)</u>	<u>2,232,875</u>	<u>150,000</u>
<u>(3,316,657)</u>	<u>2,155,085</u>	<u>(6,760,313)</u>
<u>2,234,239</u>	<u>14,791,925</u>	<u>61,120,689</u>
<u>\$ (1,082,418)</u>	<u>\$ 16,947,010</u>	<u>\$ 54,360,376</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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (6,760,313)

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	8,893,977
Depreciation Expense	(4,267,618)
Loss on Disposal	(81,264)

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	790,000
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. 811,446

Accrued interest payable is not reported in the governmental funds. 7,770

To record the net change in compensated absences in the Statement of Activities. (99,113)

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. (4,767)

Some expenses reported in the Statement of Activities relating to pensions and OPEB 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	1,193,604
Net change in Deferred Inflows Related to Pensions	2,516,870
Net change in Net Pension Liability	(7,278,639)
Net change in Deferred Outflows Related to OPEB	509,094
Net change in Deferred Inflows Related to OPEB	(816,508)
Net change in Net OPEB Liability	921,439

Change in Net Position of Governmental Activities \$ (3,618,012)

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Net Position
Proprietary Funds
June 30, 2018

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
ASSETS	
Current:	
Pooled Cash and Investments	\$ 3,828,055
Receivables:	
Accounts (net of allowance)	530,825
Due from Other Governments	237,749
Due from Other Funds	<u>25,035</u>
Total Current Assets	<u>4,621,664</u>
Noncurrent:	
Capital Assets Not Being Depreciated	-
Capital Assets - Net of Accumulated Depreciation	<u>2,102,323</u>
Total Noncurrent Assets	<u>2,102,323</u>
Total Assets	<u>6,723,987</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to OPEB	22,540
Deferred Outflows Related to Pensions	<u>406,681</u>
Total Deferred Outflows of Resources	<u>429,221</u>
LIABILITIES	
Current:	
Accounts Payable	573,009
Accrued Liabilities	15,100
Accrued Compensated Absences	<u>11,215</u>
Total Current Liabilities	<u>599,324</u>
Noncurrent:	
Accrued Compensated Absences	56,980
OPEB Liability	500,494
Net Pension Liability	<u>2,217,694</u>
Total Noncurrent Liabilities	<u>2,775,168</u>
Total Liabilities	<u>3,374,492</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	36,151
Deferred Inflows Related to Pensions	<u>18,965</u>
Total Deferred Inflows of Resources	<u>55,116</u>
NET POSITION	
Net Investment in Capital Assets	2,102,323
Unrestricted	<u>1,621,277</u>
Total Net Position	<u><u>\$ 3,723,600</u></u>

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2018

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
OPERATING REVENUES	
Sales and Service Charges	<u>\$ 5,206,721</u>
Total Operating Revenues	<u>5,206,721</u>
OPERATING EXPENSES	
Salaries and Benefits	1,190,885
Supplies and Services	412,794
Treatment	3,221,493
Depreciation Expense	<u>57,644</u>
Total Operating Expenses	<u>4,882,816</u>
Operating Income (Loss)	<u>323,905</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	<u>25,035</u>
Total Nonoperating Revenues (Expenses)	<u>25,035</u>
Income Before Transfers	348,940
Transfers Out	<u>(150,000)</u>
Changes in Net Position	198,940
Net Position, Beginning of Year	4,065,951
Restatement of Net Position	<u>(541,291)</u>
Net Position, End of Fiscal Year	<u><u>\$ 3,723,600</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, 2018

	<u>Business-Type Activities - Enterprise Funds Sewer Maintenance Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers and Users	\$ 5,258,934
Cash Paid to Suppliers for Goods and Services	(3,603,084)
Cash Paid to Employees for Services	(1,016,932)
	638,918
Net Cash Provided (Used) by Operating Activities	638,918
Cash Flows from Non-Capital Financing Activities	
Cash Received From (Paid to) Other Funds	(153,950)
	(153,950)
Net Cash Provided (Used) by Non-Capital Financing Activities	(153,950)
Cash Flows from Investing Activities	
Interest Received	25,035
	25,035
Net Cash Provided (Used) by Investing Activities	25,035
Net Increase (Decrease) in Cash and Cash Equivalents	510,003
Cash and Cash Equivalents at Beginning of Year	3,318,052
Cash and Cash Equivalents at End of Year	\$ 3,828,055
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 323,905
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:	
Depreciation	57,644
(Increase) Decrease in Accounts Receivable	(52,788)
(Increase) Decrease in Due from Other Governments	105,001
(Increase) Decrease in Deferred Outflows - OPEB	(22,540)
(Increase) Decrease in Deferred Outflows - Pensions	135,325
Increase (Decrease) in Accounts Payable	31,203
Increase (Decrease) in Accrued Liabilities	(8,797)
Increase (Decrease) in Compensated Absences	(1,546)
Increase (Decrease) in Deferred Inflows - OPEB	36,151
Increase (Decrease) in Deferred Inflows - Pension	(164,898)
Increase (Decrease) in Total OPEB Liability	(40,797)
Increase (Decrease) in Net Pension Liability	241,055
	315,013
Total Adjustments	315,013
Net Cash Provided (Used) by Operating Activities	\$ 638,918

The accompanying notes are an integral part of this statement.

City of Montclair
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Successor Agency Private-purpose Trust Fund	Agency Fund
ASSETS		
Pooled Cash and Investments	\$ 160,392	\$ 2,287,904
Restricted Cash with Fiscal Agent	6,756,350	-
Total Assets	6,934,291	\$ 2,287,904
LIABILITIES		
Accounts Payable	116	\$ -
Accrued Liabilities	6,585	-
Due to Other Governments	-	2,287,904
Interest Payable	610,140	-
Bonds Payable	41,825,000	-
Total Liabilities	42,459,390	\$ 2,287,904
NET POSITION		
Net Position Held in Trust for Successor Agency	\$ (35,525,099)	

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, 2018

	<u>Successor Agency Private-purpose Trust Fund</u>
ADDITIONS	
Taxes	\$ 16,755,527
Investment Income	50,080
Other Revenue	<u>100</u>
Total Additions	<u>16,805,707</u>
DEDUCTIONS	
Administrative Costs	420,732
Pass-through Payments	14,077,914
Interest on Bonds	<u>2,136,821</u>
Total Deductions	<u>16,635,467</u>
Change in Net Position	170,240
Net Position - Beginning of Year	<u>(35,695,339)</u>
Net Position - End of Year	<u><u>\$ (35,525,099)</u></u>

The accompanying notes are an integral part of this statement.

City of Montclair
Notes to Financial Statements
June 30, 2018

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, 2018

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 *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.

City of Montclair
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

The *Development Impact Fee Capital Projects Fund* accounts for impact fees collected from to developers to be expended on various capital improvements.

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 former 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.

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.

City of Montclair
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.
- 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.

City of Montclair
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- 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 \$5,000 for equipment and \$50,000 for infrastructure. 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, 2018.

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, 2018

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.

Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: June 30, 2018 Valuation Date, June 30, 2017 Measurement Date, July 1, 2016 through June 30, 2017 Measurement Period.

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.

City of Montclair
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In the fund financial statements, governmental funds recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City 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, 2018

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.

E) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 83 - Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

City of Montclair
Notes to Financial Statements
June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 87 – Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 88 – Certain Disclosures Related to Debt: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 90 – Majority Equity Interests: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In addition, the City implemented the following GASB pronouncements as of June 30, 2018 (see Notes 8 and 12):

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions: This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances

The following non-major funds have deficit fund balances at June 30, 2018:

Special Revenue Funds:		
CDBG	\$	95
Fire Department		6,361

These deficits will be funded with future years' revenues.

City of Montclair
Notes to Financial Statements
June 30, 2018

3) CASH AND INVESTMENTS

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$	50,658,746
Business-Type Activities		3,828,055
Fiduciary Funds		9,222,195
Total Cash and Investments	<u>\$</u>	<u>63,708,996</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 Unites 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, 2018

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, 2018, 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, 2018, 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, 2018, 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, 2018, the City is in compliance with the investment policy restrictions. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

City of Montclair
Notes to Financial Statements
June 30, 2018

3) CASH AND INVESTMENTS – Continued

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 – 16.21%.

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, 2018, 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	\$ 21,102,826	\$ -	\$ -	\$ -	\$ 21,102,826
Federal Farm Credit Bank	-	-	8,726,080	-	8,726,080
Money Market Funds	332,975	-	-	-	332,975
Cash with Fiscal Agent:					
Local Agency Investment Fund	12,702,076	-	-	-	12,702,076
Money Market Mutual Funds	8,189,370	-	-	-	8,189,370
Total	<u>\$ 42,327,247</u>	<u>\$ -</u>	<u>\$ 8,726,080</u>	<u>\$ -</u>	<u>\$ 51,053,327</u>

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, 2018:

- U.S. Agency Securities of \$8,726,080 are valued using quoted market prices (Level 2 inputs)

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

City of Montclair
Notes to Financial Statements
June 30, 2018

4) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 10,807,072	\$ -	\$ -	\$ 10,807,072
Work in Progress	3,038,522	7,794,041	1,493,570	9,338,993
Land Improvements	2,473,390	117,755	-	2,591,145
Total Capital Assets Not Depreciated	<u>16,318,984</u>	<u>7,911,796</u>	<u>1,493,570</u>	<u>22,737,210</u>
Capital Assets, Being Depreciated:				
Structures and Improvements	21,311,229	-	-	21,311,229
Furniture and Equipment	10,106,598	982,181	729,027	10,359,752
Infrastructure	93,124,189	1,493,570	-	94,617,759
Total Capital Assets Being Depreciated	<u>124,542,016</u>	<u>2,475,751</u>	<u>729,027</u>	<u>126,288,740</u>
Less Accumulated Depreciation:				
Structures and Improvements	7,906,317	468,852	-	8,375,169
Furniture and Equipment	8,188,777	561,360	647,763	8,102,374
Infrastructure	25,395,499	3,237,406	-	28,632,905
Total Accumulated Depreciation	<u>41,490,593</u>	<u>4,267,618</u>	<u>647,763</u>	<u>45,110,448</u>
Total Capital Assets Being Depreciated, Net	<u>83,051,423</u>	<u>(1,791,867)</u>	<u>81,264</u>	<u>81,178,292</u>
Governmental Activities Capital Assets, Net	<u>\$ 99,370,407</u>	<u>\$ 6,119,929</u>	<u>\$ 1,574,834</u>	<u>\$ 103,915,502</u>
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>106,985</u>	<u>-</u>
Capital Assets, Being Depreciated:				
Sewer Lines	3,333,838	-	-	3,333,838
Infrastructure	-	106,985	-	106,985
Furniture and Equipment	905,179	-	-	905,179
Total Capital Assets Being Depreciated	<u>4,239,017</u>	<u>106,985</u>	<u>-</u>	<u>4,346,002</u>
Less Accumulated Depreciation:				
Sewer Lines	1,475,164	33,338	-	1,508,502
Infrastructure	-	3,566	-	3,566
Furniture and Equipment	710,871	20,740	-	731,611
Total Accumulated Depreciation	<u>2,186,035</u>	<u>57,644</u>	<u>-</u>	<u>2,243,679</u>
Total Capital Assets Being Depreciated, Net	<u>2,052,982</u>	<u>49,341</u>	<u>-</u>	<u>2,102,323</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,159,967</u>	<u>\$ 49,341</u>	<u>\$ 106,985</u>	<u>\$ 2,102,323</u>

City of Montclair
Notes to Financial Statements
June 30, 2018

4) CAPITAL ASSETS - Continued

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

Governmental Activities:	
General Government	\$ 2,965,312
Public Safety	1,192,842
Community Development	2,450
Public Works	<u>107,014</u>
Total Governmental Activities	<u>\$ 4,267,618</u>
Business-Type Activities:	
Sewer	<u>\$ 57,644</u>

5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018, was as follows:

Due To/From Other Funds

		DUE FROM			Total
		General Fund	Refunding Bonds	Non-Major Funds	
		2014			
DUE TO	General Fund	\$ -	\$ 7,290	\$ 110,092	\$ 117,382
	Infrastructure Fund	-	-	95	95
	Sewer Maint. Fund	25,035	-	-	25,035
	Non-Major Funds	27,365	-	-	27,365
	Total	<u>\$ 52,400</u>	<u>\$ 7,290</u>	<u>\$ 110,187</u>	<u>\$ 169,877</u>

Interfund receivables and payables are used to loan amounts between funds to provide temporary funds for operations which will be reimbursed by tax and grant collections.

Transfers

		TRANSFERS IN			Total
		General Fund	Infrastructure Fund	Non-Major Funds	
TRANSFERS OUT	General Fund	\$ -	\$ -	\$ 2,635,417	\$ 2,635,417
	2014 Refunding Bonds	-	-	-	-
	Development Impact Fee	-	3,802,879	-	3,802,879
	Non-Major Funds	381,983	20,559	-	402,542
	Sewer Enterprise	-	150,000	-	150,000
	Total	<u>\$ 381,983</u>	<u>\$ 3,973,438</u>	<u>\$ 2,635,417</u>	<u>\$ 6,990,838</u>

City of Montclair
Notes to Financial Statements
June 30, 2018

5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

The General Fund received \$381,981 from non-major funds in reimbursement for costs incurred applicable to grant funded programs. Non-major funds also transferred \$20,559 to the Infrastructure Fund for various capital projects. The General Fund made transfers of \$2,635,417 to non-major funds for debt service costs and to cover deficits in various funds. The Development Impact Fee fund transferred \$3,802,879 to the Infrastructure Fund for capital improvement projects.

Advances To/From Other Funds

Non-major governmental funds advanced the Developer Impact Fee Capital Projects Fund \$2,007,592 for costs incurred on the Monte Vista Grade Separation Project, as Measure I is providing the cash flow but the liability for project funding is borne by Regional Developer Impact Fees. These fees will repay the amount advanced over future years.

6) LONG-TERM DEBT

A) Long-Term Debt

Long-term debt activity for the 2017-18 fiscal year is presented below:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Revenue Bonds:					
2014 Refunding Bonds	\$ 43,500,000	\$ -	\$ 790,000	\$ 42,710,000	\$ 820,000
Premium	1,556,053	-	55,573	1,500,480	55,573
Claims and Judgments	3,486,603	270,082	1,081,528	2,675,157	1,222,547
Net OPEB Obligation	2,226,757	-	2,226,757	-	-
Net OPEB Liability	-	12,225,615	921,439	11,304,176	-
Net Pension Liability	57,461,760	7,278,639	-	64,740,399	-
Compensated Absences	1,673,806	1,512,065	1,412,952	1,772,919	443,230
Total	<u>\$ 109,904,979</u>	<u>\$ 21,286,401</u>	<u>\$ 6,488,249</u>	<u>\$ 124,703,131</u>	<u>\$ 2,541,350</u>
Business-type Activities:					
Compensated Absences	\$ 69,741	\$ 47,935	\$ 49,481	\$ 68,195	\$ 11,215
Net OPEB Liability	-	541,291	40,797	500,494	-
Net Pension Liability	1,976,639	241,055	-	2,217,694	-
Total	<u>\$ 2,046,380</u>	<u>\$ 830,281</u>	<u>\$ 90,278</u>	<u>\$ 2,786,383</u>	<u>\$ 11,215</u>

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

City of Montclair
Notes to Financial Statements
June 30, 2018

6) LONG-TERM DEBT – Continued

on April 1 and October 1 of each year, commencing April 1, 2015. The Bonds carry various interest rates ranging from 3% to 5%. Principal maturities commenced on October 1, 2015, and continue on October 1 of each year through 2049. The outstanding balance at June 30, 2018 is \$42,710,000. The annual requirements to amortize the outstanding indebtedness as of June 30, 2018, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	930,000	1,660,388	2,590,388
2023	975,000	1,612,762	2,587,762
2024 - 2028	5,590,000	7,367,637	12,957,637
2029 - 2033	6,675,000	6,254,469	12,929,469
2034 - 2038	8,405,000	4,461,525	12,866,525
2039 - 2043	10,335,000	2,515,300	12,850,300
2044 - 2046	7,245,000	442,300	7,687,300
Totals	<u>\$ 42,710,000</u>	<u>\$ 29,543,318</u>	<u>\$ 72,253,318</u>

Claims and Judgments

The City is self-insured to some extent for general liability and workers' compensation claims. For more detail, see Note 9. The balance of claims payable at June 30, 2018 is \$2,675,157.

B) Fiduciary Fund Long-Term Debt

Fiduciary Fund long-term debt activity for the 2017-18 fiscal year is presented below:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
2007A	\$ 20,785,000	\$ -	\$ 620,000	\$ 20,165,000	\$ 645,000
2007B	2,380,000	-	160,000	2,220,000	170,000
2006A	5,565,000	-	230,000	5,335,000	245,000
2006B	3,280,000	-	-	3,280,000	-
2004	3,835,000	-	180,000	3,655,000	185,000
2001	7,440,000	-	375,000	7,065,000	395,000
1997	125,000	-	20,000	105,000	25,000
Total	<u>\$ 43,410,000</u>	<u>\$ -</u>	<u>\$ 1,585,000</u>	<u>\$ 41,825,000</u>	<u>\$ 1,665,000</u>

City of Montclair
Notes to Financial Statements
June 30, 2018

6) LONG-TERM DEBT – Continued

Tax Allocation Bonds

2007A Taxable Allocation Refunding Bonds, Project Area III

On October 1, 2007, the former Redevelopment Agency (Agency) issued Taxable Allocation Refunding Bonds 2007A in the amount of \$25,450,000. The Bonds were issued with the purpose of refunding the 1997 Tax Allocation Bonds in the amount of \$14,485,000, refunding a portion of the 1998 Taxable Allocation Bonds and to provide monies to finance the redevelopment project.

Interest on the bonds is payable semi-annually on March 1 and September 1 commencing on March 1, 2008. The bonds carry interest rates ranging from 3.4% to 5.00%. Serial bonds maturities begin September 1, 2008, and continue annually through September 1, 2021, ranging from \$440,000 to \$735,000 and term bonds mature in the amount of \$5,135,000 on September 1, 2027, \$5,565,000 on September 1, 2031 and \$6,705,000 on September 1, 2035.

The balance at June 30, 2018 is \$20,165,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	735,000	839,325	1,574,325
2023	765,000	806,494	1,571,494
2024	800,000	771,281	1,571,281
2025	835,000	734,494	1,569,494
2026	875,000	696,019	1,571,019
2027	910,000	655,856	1,565,856
2028	950,000	614,006	1,564,006
2029	1,300,000	562,569	1,862,569
2030	1,360,000	501,056	1,861,056
2031	1,420,000	436,769	1,856,769
2032	1,485,000	369,590	1,854,590
2033	1,555,000	296,375	1,851,375
2034	1,635,000	216,625	1,851,625
2035	1,715,000	132,875	1,847,875
2036	1,800,000	45,000	1,845,000
Totals	<u>\$ 20,165,000</u>	<u>\$ 10,370,880</u>	<u>\$ 30,535,880</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%.

City of Montclair
Notes to Financial Statements
June 30, 2018

6) LONG-TERM DEBT – Continued

The balance at June 30, 2018 is \$2,220,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 2,220,000</u>	<u>\$ 729,000</u>	<u>\$ 2,949,000</u>

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 provide funds in accordance with a Disposition and Development Agreement, to advance refund the 1995 Tax Allocation Bonds, and 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, 2018 is \$5,335,000. The annual requirements to amortize the outstanding bond indebtedness are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 245,000	\$ 320,569	\$ 565,569
2020	260,000	305,040	565,040
2021	275,000	288,589	563,589
2022	295,000	271,061	566,061
2023	310,000	252,458	562,458
2024	330,000	232,777	562,777
2025	350,000	211,868	561,868
2026	70,000	198,952	268,952
2027	75,000	194,494	269,494
2028	75,000	189,881	264,881
2029	85,000	184,961	269,961
2030	95,000	179,426	274,426
2031	100,000	173,430	273,430
2032	865,000	143,756	1,008,756
2033	925,000	88,714	1,013,714
2034	980,000	30,135	1,010,135
Totals	<u>\$ 5,335,000</u>	<u>\$ 3,266,111</u>	<u>\$ 8,601,111</u>

City of Montclair
Notes to Financial Statements
June 30, 2018

6) LONG-TERM DEBT – Continued

2006B Tax Allocation Bonds, Project Area V

On June 1, 2006, the Agency issued Tax Allocation Bonds 2006B in the amount of \$3,280,000. The bonds were issued to 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%. The balance at June 30, 2018 is \$3,280,000.

The annual requirements to amortize the outstanding bond indebtedness are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ -	\$ 155,800	\$ 155,800
2020	-	155,800	155,800
2021	-	155,800	155,800
2022	-	155,800	155,800
2023	-	155,800	155,800
2024	-	155,800	155,800
2025	-	155,800	155,800
2026	305,000	148,556	453,556
2027	315,000	133,831	448,831
2028	330,000	118,513	448,513
2029	345,000	102,481	447,481
2030	360,000	85,738	445,738
2031	380,000	68,163	448,163
2032	395,000	49,756	444,756
2033	415,000	30,518	445,518
2034	435,000	10,331	445,331
Totals	<u>\$ 3,280,000</u>	<u>\$ 1,838,487</u>	<u>\$ 5,118,487</u>

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%. The outstanding balance at June 30, 2018 is \$3,655,000.

The annual requirements to amortize the outstanding bond indebtedness are as follows:

City of Montclair
Notes to Financial Statements
June 30, 2018

6) LONG-TERM DEBT – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 185,000	\$ 178,125	\$ 363,125
2020	195,000	168,625	363,625
2021	205,000	158,625	363,625
2022	215,000	148,125	363,125
2023	225,000	137,125	362,125
2024	240,000	125,500	365,500
2025	250,000	113,250	363,250
2026	265,000	100,375	365,375
2027	275,000	86,875	361,875
2028	290,000	72,750	362,750
2029	305,000	57,875	362,875
2030	320,000	42,250	362,250
2031	335,000	25,875	360,875
2032	350,000	8,750	358,750
Totals	<u>\$ 3,655,000</u>	<u>\$ 1,424,125</u>	<u>\$ 5,079,125</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 1992 Tax Allocation Bonds and the 1995 Tax Allocation Bonds. Interest on the bonds is payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2001. The bonds carry interest rates ranging from 5.00% to 5.30%. The outstanding balance as of June 30, 2018 is \$7,065,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 395,000	\$ 360,835	\$ 755,835
2020	415,000	340,585	755,585
2021	435,000	319,335	754,335
2022	455,000	296,403	751,403
2023	480,000	271,625	751,625
2024	505,000	245,522	750,522
2025	535,000	217,963	752,963
2026	560,000	188,945	748,945
2027	590,000	158,470	748,470
2028	625,000	126,272	751,272
2029	655,000	92,353	747,353
2030	690,000	56,710	746,710
2031	725,000	19,212	744,212
Totals	<u>\$ 7,065,000</u>	<u>\$ 2,694,230</u>	<u>\$ 9,759,230</u>

City of Montclair
Notes to Financial Statements
June 30, 2018

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%. The outstanding balance as of June 30, 2018 is \$105,000. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 105,000</u>	<u>\$ 18,270</u>	<u>\$ 123,270</u>

Dissolution of the former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X126 (the Bill) that provided for the dissolution of all redevelopment agencies in the State of California. The Bill provided that upon dissolution of the City's former Redevelopment Agency, either the City or another unit of local government were to serve as the "Successor Agency" to hold the assets of the dissolved redevelopment agency until they are distributed to other units of state and local government. The City elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California were prohibited from entering into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution, including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.

A Redevelopment Property Tax Trust Fund (RPTTF) has been established, in accordance with State law, to allocate revenue to the Successor Agency in the amount that is necessary to pay the estimated annual payments on enforceable obligations of the former Redevelopment Agency until all enforceable obligations have been paid in full and all assets have been liquidated.

The former Redevelopment Agency pledged, as security for bonds it issued, a portion of the tax increment revenue that it would have received. The Successor Agency currently receives distributions from the RPTTF, as described above, to pay the debt service on the outstanding bonds. The Successor Agency appropriates 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 \$62,166,103 with debt service requirements as indicated above.

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

City of Montclair
Notes to Financial Statements
June 30, 2018

6) LONG-TERM DEBT – Continued

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	\$ 267,080	\$ -	\$ 6,121,078	\$ 2,603,316	\$ 6,444,306	\$ 1,319,747	\$ 16,755,527
County Administration Charges	(2,004)	-	(54,108)	(22,101)	(56,240)	(11,726)	(146,179)
Payments to Taxing Entities	(226,788)	-	(4,117,157)	(2,177,454)	(6,271,180)	(1,285,335)	(14,077,914)
Net Tax Increment Available for Debt Service	<u>\$ 38,288</u>	<u>\$ -</u>	<u>\$ 1,949,813</u>	<u>\$ 403,761</u>	<u>\$ 116,886</u>	<u>\$ 22,686</u>	<u>\$ 2,531,434</u>

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, 2016 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, 2018, 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	9.788%	9.788%	6.25%

(1) - Depending on years of service

City of Montclair
Notes to Financial Statements
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7) PENSIONS PLANS – Continued

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries	
currently receiving benefits	178
Inactive employees entitled to but not yet	
receiving benefits	189
Active employees	103

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
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
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7) PENSIONS PLANS – Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 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 7.15 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 7.15 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 7.15 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, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%

(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, 2018

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, 2017	\$ 78,230,670	\$ 54,149,399	\$ 24,081,271
Changes in the year:			
Service cost	1,116,309	-	1,116,309
Interest on the total pension liability	5,776,058	-	5,776,058
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(422,026)	-	(422,026)
Changes in assumptions	4,515,966	-	4,515,966
Contributions from the employer	-	1,693,037	(1,693,037)
Contributions from employees	-	511,740	(511,740)
Net investment income	-	5,990,392	(5,990,392)
Benefit payments, including refunds	(4,197,477)	(4,197,477)	-
Administrative expense	-	(79,948)	79,948
Net changes	6,788,830	3,917,744	2,871,086
Balance at June 30, 2018	\$ 85,019,500	\$ 58,067,143	\$ 26,952,357

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$ 37,552,225
Current Discount Rate	7.15%
Net Pension Liability	\$ 26,952,357
1% Increase	8.15%
Net Pension Liability	\$ 18,132,195

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, 2018, the City recognized pension expense for the Miscellaneous Plan of \$4,421,258. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources for the Miscellaneous Plan from the following sources:

City of Montclair
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7) PENSIONS PLANS – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,898,964	\$ -
Differences between actual and expected experience	-	230,486
Changes in assumptions	2,257,983	-
Net differences between projected and actual earnings on plan investments	785,576	-
Total	\$ 4,942,523	\$ 230,486

\$1,898,964 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, 2019. 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 Ending June 30,	
2019	\$ 1,984,217
2020	932,766
2021	339,251
2022	(443,161)
2023	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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, 2016 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2016 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, 2018

7) PENSIONS PLANS – Continued

The rate plan provisions and benefits in effect at June 30, 2018, 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	June 27, 2005	June 27, 2005	January 1, 2013
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	19.723% + \$987,458	17.875% + 15,398	11.990% + \$2,793

	Safety - Fire		
	Prior to June 27, 2005	On or after June 27, 2005	On or after January 1, 2013
Hire date	June 27, 2005	June 27, 2005	January 1, 2013
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	21.418% + \$906,807	19.520% + \$7,505	12.729% + \$353

(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 \$1,920,314 in fiscal year 2018.

The City’s contributions to the Plan for the year ended June 30, 2018 were \$2,870,221.

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

As of June 30, 2018, the City reported a liability of \$35,357,128 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, 2017, 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, 2016

City of Montclair
Notes to Financial Statements
June 30, 2018

7) PENSIONS PLANS – Continued

rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.40861%
Proportion - June 30, 2017	0.40340%
Change - Increase (Decrease)	-0.00521%

For the year ended June 30, 2018, the City recognized pension expense of \$4,278,336. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Safety pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,870,221	\$ -
Differences between actual and expected experience	285,191	-
Changes in assumptions	5,165,428	-
Change in employer's proportion	-	918,174
Differences between the employer's contributions and the employer's proportionate share of contributions	-	840,730
Net differences between projected and actual earnings on plan investments	1,219,856	-
Total	<u>\$ 9,540,696</u>	<u>\$ 1,758,904</u>

\$2,870,221 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, 2018. 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 Ending June 30,	
2019	\$ 638,913
2020	3,083,816
2021	1,902,623
2022	(713,781)
2023	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

City of Montclair
Notes to Financial Statements
June 30, 2018

7) PENSIONS PLANS – Continued

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
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, 2016 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 7.15% 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	6.15%
Net Pension Liability	\$ 58,488,193
Current Discount Rate	7.15%
Net Pension Liability	\$ 40,005,736
1% Increase	8.15%
Net Pension Liability	\$ 24,897,250

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, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

City of Montclair
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June 30, 2018

8) OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS

Plan Description – The City’s defined benefit OPEB plan, (the Plan), provides OPEB for all eligible miscellaneous and public safety employees of the City. The plan is a single-employer defined benefit OPEB plan administered by the City. The benefit terms are defined in the applicable Memorandum’s of Understanding for each bargaining unit and may be amended by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – 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. Benefits are provided as shown below:

	SBPEA	Management(1)	Police	Fire
Eligibility	- Retire directly from City under CalPERS (age 50 and 5 years of service or disability) (2)			
Age 50 and 15 Years Service (3)	- Lesser of: \$200/mo. If retired < 7/1/13 \$230/mo. If retired > 7/1/13 Act Single Cap	- Lesser of: \$551/mo. Act Single Cap	- Lesser of: \$200/mo. If retired < \$230/mo. If retired > Act Single Cap	- n/a
Age 50 and 25 Years Service	- Lesser of: \$532.16/mo. Act Single Cap	- Lesser of: (4) \$551/mo. Act Single Cap or 2-party Cap Dental & Vision if Single Medical	- Lesser of: \$532.16/mo. Act Single Cap	- Greater of: \$300/mo. \$400/mo. at 30 years Max \$532.16/mo.
Surviving Spouse Benefit	- Surviving spouse can elect medical, dental, and vision coverage at own cost			
Medicare Part A & B	- City Contributes toward Part B premiums subject to caps - City also contributes toward Part A premiums if hired < 4/1/86			
Dental, Vision, & Life	- None other than management at 25 years service			

- 1) 48 consecutive months of City employment in a management position contiguous to retirement date.
- 2) PEPRAs Employees must be age 52 to retire under CalPERS.
- 3) Hired < 7/1/04, retired < 7/1/20. Active single cap currently \$825 for SBPEA and Fire, \$875 for Management, and \$948.75 for Police (generally unchanged since 2008/09).
- 4) Cap can be used towards spouse premium. All other caps can only be used toward retiree premium.

Employees Covered by Benefit Terms – As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees currently receiving benefits	151
Active employees	81
Total	232

City of Montclair
Notes to Financial Statements
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8) OTHER POSTEMPLOYMENT BENEFITS - Continued

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

Total OPEB Liability - The City's Total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Actuarial Cost
Contribution Policy	Pay-as-you-go
Mortality	Mortality projected fully generational with Scale MP-2017 CalPERS 1997-2015 Experience Study
Age at Retirement	50 (52 for PEPRA)
Health Care Trend Rate	7.50% initial, 4.00% ultimate - Non-Medicare 6.50% initial, 4.00% ultimate - Medicare
Inflation Rate	2.75%
Salary Changes	3.00%
Discount Rate	3.58% - Bond Buyer 20-year Bond Index as of 6/30/17

Changes in the Total OPEB Liability

	Total OPEB Liability (TOL)
Balance at June 30, 2017 (6/30/16 measurement date)	\$ 12,766,906
Changes in the year:	
Service cost	318,968
Interest on the total OPEB liability	363,789
Assumption Changes	(1,002,248)
Employer Contributions	-
Employee Contributions	-
Net Investment Income	-
Administrative Expense	-
Benefit payments, including refunds	(642,745)
Net changes	(962,236)
Balance at June 30, 2018 (6/30/17 measurement date)	\$ 11,804,670

Sensitivity of the Total OPEB Liability to changes in the Discount Rate - The following presents the total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability (asset)	\$ 13,210,614	\$ 11,804,670	\$ 10,615,030

City of Montclair
Notes to Financial Statements
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8) OTHER POSTEMPLOYMENT BENEFITS - Continued

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Trend	1% Increase
Total OPEB liability (asset)	\$ 11,297,177	\$ 11,804,670	\$ 12,338,018

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the City recognized OPEB expense of \$533,168. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ 531,634	\$ -
Changes of Assumptions	-	852,659
Net differences between projected and actual earnings on plan investments	-	-
Total	\$ 531,634	\$ 852,659

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2019	\$	(149,589)
2020		(149,589)
2021		(149,589)
2020		(149,589)
2023		(149,589)
Thereafter		(104,714)

The \$531,634 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2019.

9) SELF-INSURANCE PROGRAM

The City is self-insured for workers' compensation claims up to \$500,000 for each occurrence and for general liability claims up to \$200,000. Excess liability coverage above the self-insurance amounts is provided through the California Insurance Pool Authority (CIPA). CIPA, a public entity risk pool was established to pool resources, share risk, purchase excess insurance and share costs for professional risk management, and claims administration. Workers' Compensation and Employers Liability Pool Contract is limited per accident at \$3,000,000 in excess of the City's self-insurance retention stated above. Portions of general liability exceeding the above-mentioned amounts are covered by CIPA up to a maximum \$40,000,000 each occurrence and in the

City of Montclair
Notes to Financial Statements
June 30, 2018

9) SELF-INSURANCE PROGRAM - Continued

aggregate by Everest National Insurance Company (up to \$10,000,000), and American Merchants Casualty Insurance Company (up to \$15,000,000), and by Arch Specialty Insurance Company (up to \$15,000,000), in that order. Member cities make payments to CIPA based on underwriting estimates. Additional coverage for general liability claims is maintained through CIPA from a commercial insurer for claims in excess of per claim and annual aggregate amounts. Complete financial statements for CIPA may be obtained from their offices at the following address: CIPA, 240 Newport Center Drive, Suite 210, Newport Beach, CA 92660.

As of June 30, 2018, third party claims administrators estimated \$2,675,157 in necessary liability reserves for both general liability and workers' compensation claims. The City has not experienced a significant reduction in insurance coverage from the prior year. Additionally, the amount of settlements has not exceeded budgeted coverage for each of the past three fiscal years.

While the ultimate losses incurred through June 30, 2018 are dependent on future developments, based upon information from the City Attorney, outside counsel, service agents and others involved with the administration of the programs, City management believes that the estimated aggregate amount is adequate to cover such losses. Costs relating to the litigation of claims are charged to expenditures as incurred. Claims 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. Claims liabilities at June 30, 2018 represent the City's best estimate, based on available information, as follows.

Fiscal Year	Beginning of Year Liability	Current Year Claims	Claim Payments	End of Year Liability
2017-18	\$ 3,486,603	\$ 270,082	\$ 1,081,528	\$ 2,675,157
2016-17	3,542,512	383,792	439,701	3,486,603

10) FUND BALANCES

The details of the fund balances as of June 30, 2018 are presented below:

	General Fund	2014 Refunding Bonds	Successor Agency Bonds	Infrastructure	Developer Impact Fee	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays	\$ 202,224	\$ -	\$ -	\$ -	\$ -	\$ 11,512	\$ 213,736
Restricted for:							
Housing	-	-	-	-	-	5,848,635	5,848,635
Public Safety	-	-	-	-	-	1,248,712	1,248,712
Transportation	-	-	-	-	-	3,863,913	3,863,913
Comm. Development	-	11,037,647	13,973,464	-	-	5,980,694	30,991,805
Assigned to:							
Post-employ. Benefits	2,500,000	-	-	-	-	-	2,500,000
Retiree Medical Liab.	600,000	-	-	-	-	-	600,000
Technology	300,000	-	-	-	-	-	300,000
Self Insurance	750,000	-	-	-	-	-	750,000
Equip. Replacement	1,850,000	-	-	-	-	-	1,850,000
Unanticipated Pers.	600,000	-	-	-	-	-	600,000
Building Maintenance	600,000	-	-	-	-	-	600,000
Contingencies	100,000	-	-	-	-	-	100,000
Unassigned	6,560,935	-	-	(578,486)	(1,082,418)	(6,456)	4,893,575
Total Fund Balance	\$ 14,063,159	\$ 11,037,647	\$ 13,973,464	\$ (578,486)	\$ (1,082,418)	\$ 16,947,010	\$ 54,360,376

City of Montclair
Notes to Financial Statements
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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.

The estimated amount of remaining construction obligations at year-end is \$2,325,470.

12) RESTATEMENT OF NET POSITION

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2017-18. As a result, the beginning net position in the Statement of Activities was restated to reduce net position by \$9,998,858 and \$541,291, in the Governmental Activities and Business-type Activities, respectively. The restatement in the Business-type Activities of \$541,291 is also a restatement in the Sewer Maintenance Enterprise Fund.

REQUIRED SUPPLEMENTARY INFORMATION

City of Montclair
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,292,847	\$ 14,292,847	\$ 14,292,847	\$ -
Resources (Inflows):				
Taxes	23,045,000	25,646,798	26,194,554	547,756
Licenses and Permits	537,415	581,805	770,085	188,280
Intergovernmental	190,700	145,800	144,430	(1,370)
Charges for Services	3,577,100	3,865,500	3,882,565	17,065
Use of Money and Property	229,496	143,834	196,299	52,465
Fines and Forfeitures	800,400	581,200	504,277	(76,923)
Miscellaneous	319,550	336,400	309,295	(27,105)
Transfers In	264,000	279,000	381,983	102,983
Amounts Available for Appropriation	43,256,508	45,873,184	46,676,335	803,151
Charges to Appropriation (Outflow):				
General Government				
City Council	301,267	314,567	273,426	41,141
City Manager	320,030	320,030	280,345	39,685
Administration	193,674	193,674	205,199	(11,525)
Financial Services	649,846	649,846	644,398	5,448
Solid Waste Disposal	2,294,351	2,294,351	2,407,415	(113,064)
City Clerk	141,149	141,149	133,191	7,958
Personnel/Risk Assessment	368,333	373,333	384,298	(10,965)
Information Technology Services	834,355	834,355	877,739	(43,384)
Central Services	369,109	364,109	306,213	57,896
City Attorney	311,224	311,224	301,202	10,022
Non-Departmental	3,654,709	4,154,709	4,195,793	(41,084)
Public Safety				
Police Administration	1,282,602	1,233,602	1,227,267	6,335
Police Support Services	449,242	449,242	478,045	(28,803)
Technical Services	297,074	257,074	259,836	(2,762)
Records Bureau	575,518	577,818	524,989	52,829
Investigations	907,212	958,212	992,092	(33,880)
Uniform Patrol	5,401,585	5,221,469	4,778,679	442,790
Communications	668,355	718,355	677,372	40,983
Volunteer Services	49,126	49,126	60,061	(10,935)
Fire Administration	1,320,609	1,320,609	1,391,880	(71,271)
Fire Prevention	116,224	116,224	124,475	(8,251)
Emergency Services	2,920,490	3,221,544	3,070,239	151,305
Personnel Development	19,325	19,325	12,750	6,575
Buildings and Grounds	7,350	7,350	3,127	4,223
Emergency Preparedness	59,116	59,116	61,997	(2,881)
Code Enforcement	352,092	352,092	355,865	(3,773)

City of Montclair
Budgetary Comparison Schedule by Department - Continued
General Fund
Year Ended June 30, 2018

	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	\$ 9,288	\$ 6,862
Community Development Administration	146,484	146,484	144,698	1,786
Current Planning	187,112	234,508	259,811	(25,303)
Advance Planning	67,473	83,271	89,737	(6,466)
Field Inspection	121,533	121,533	118,372	3,161
Plan Check	111,189	111,189	166,072	(54,883)
Building Operations	147,437	147,437	148,553	(1,116)
Recreation	986,487	986,487	1,038,073	(51,586)
Clinic	64,206	64,206	51,865	12,341
Senior Citizens	85,366	95,366	85,519	9,847
Nutritional Meals	14,876	26,243	8,252	17,991
Family and Health Education	67,023	48,813	60,401	(11,588)
Public Works				
Management and Construction	477,723	477,723	555,932	(78,209)
Public Works Inspection	118,841	118,841	114,278	4,563
Traffic Safety Engineering	45,324	45,324	97,196	(51,872)
Graffiti Abatement	60,723	60,723	46,497	14,226
Street Maintenance	504,788	506,288	743,789	(237,501)
Signing/Painting	30,860	44,360	43,267	1,093
Street Sweeping	21,780	21,780	21,142	638
Parks Maintenance	579,367	582,367	529,420	52,947
Tree Maintenance	29,542	29,542	61,111	(31,569)
Vehicle Maintenance	399,272	419,272	417,577	1,695
Building Maintenance Services	302,998	302,998	315,149	(12,151)
Heating and Air Conditioning	120,614	170,614	181,356	(10,742)
Janitorial Services	289,652	289,652	275,227	14,425
Capital Outlay	-	1,265,575	367,284	898,291
Transfers Out	-	2,600,234	2,635,417	(35,183)
Total Charges to Appropriations	28,860,787	33,529,485	32,613,176	916,309
Budgetary Fund Balance, June 30	\$ 14,395,721	\$ 12,343,699	\$ 14,063,159	\$ 1,719,460

City of Montclair
Notes to Required Supplementary Information
June 30, 2018

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
June 30, 2018

CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*

	Measurement Period
	2017
Total OPEB Liability	
Service cost	\$ 318,968
Interest on total OPEB liability	363,789
Changes in assumptions	(1,002,248)
Changes in benefits	-
Benefit payments, including refunds	(642,745)
Net change in total OPEB liability	(962,236)
Total OPEB liability - beginning	12,766,906
Total OPEB liability - ending (a)	\$ 11,804,670
 Covered - employee payroll	\$ 11,850,580
 Total OPEB liability as a percentage of covered payroll	99.61%

*Fiscal year 2018 was the first year of implementation; therefore, not all 10 years of information is available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

Benefit Changes: None

Changes in Assumptions: None

City of Montclair
Required Supplementary Information
June 30, 2018

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

	Measurement Period			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 1,116,309	\$ 1,034,296	\$ 1,051,926	\$ 1,111,086
Interest on total pension liability	5,776,058	5,661,587	5,487,626	5,293,536
Differences between expected and actual experience	(422,026)	(408,943)	(299,514)	-
Changes in assumptions	4,515,966	-	(1,247,901)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds	(4,197,477)	(3,911,463)	(3,784,153)	(3,564,687)
Net change in total pension liability	6,788,830	2,375,477	1,207,984	2,839,935
Total pension liability - beginning	78,230,670	75,855,193	74,647,209	71,807,274
Total pension liability - ending (a)	<u>\$ 85,019,500</u>	<u>\$ 78,230,670</u>	<u>\$ 75,855,193</u>	<u>\$ 74,647,209</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,693,037	\$ 1,526,904	\$ 1,316,337	\$ 1,139,453
Contributions - employee	511,740	615,134	560,336	471,260
Net investment income	5,990,392	263,579	1,262,238	8,533,869
Benefit payments	(4,197,477)	(3,911,463)	(3,784,153)	(3,564,687)
Administrative Expense	(79,948)	(33,940)	(62,571)	-
Net change in plan fiduciary net position	3,917,744	(1,539,786)	(707,813)	6,579,895
Plan fiduciary net position - beginning	54,149,399	55,689,185	56,396,998	49,817,103
Plan fiduciary net position - ending (b)	<u>\$ 58,067,143</u>	<u>\$ 54,149,399</u>	<u>\$ 55,689,185</u>	<u>\$ 56,396,998</u>
Net pension liability - ending (a) - (b)	<u>\$ 26,952,357</u>	<u>\$ 24,081,271</u>	<u>\$ 20,166,008</u>	<u>\$ 18,250,211</u>
Plan fiduciary net position as a percentage of the total pension liability	68.30%	69.22%	73.42%	75.55%
Covered payroll	\$ 6,106,387	\$ 6,138,986	\$ 6,056,685	\$ 5,950,546
Net pension liability as percentage of covered payroll	441.38%	392.27%	332.95%	306.70%

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

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.165 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 discount rate.

City of Montclair
Required Supplementary Information
June 30, 2018

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 1,898,964	\$ (1,898,964)	\$ -	\$ 6,106,387	31.10%
2017	1,693,037	(1,693,037)	-	6,138,986	27.58%
2016	1,526,904	(1,526,904)	-	6,056,685	25.21%
2015	1,164,198	(1,164,198)	-	5,950,546	19.56%

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

Valuation Date: 6/30/13, 6/30/14, 6/30/15, and 6/30/16

City of Montclair
Required Supplementary Information
June 30, 2018

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

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2017	0.40340%	\$ 40,005,736	\$ 5,742,193	696.70%	69.71%
2016	0.40861%	35,357,128	5,706,922	619.55%	70.87%
2015	0.41915%	28,770,251	5,523,210	520.90%	75.56%
2014	0.40976%	25,497,439	5,309,711	480.20%	78.20%

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

Notes to Schedule of the City's Proportionate Share of the Net Pension Liability:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 discount rate.

City of Montclair
Required Supplementary Information
June 30, 2018

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 2,870,221	\$ (2,870,221)	\$ -	\$ 6,005,081	47.80%
2017	2,687,316	(2,687,316)	-	5,742,193	46.80%
2016	2,418,705	(2,418,705)	-	5,706,922	42.38%
2015	1,960,293	(1,960,293)	-	5,523,210	35.49%

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

Valuation Date: 6/30/13, 6/30/14, 6/30/15 and 6/30/16

SUPPLEMENTARY INFORMATION

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2018

	Special Revenue Funds				
	Gas Tax	Measure I	Traffic Safety	Park Development	Community Development Block Grant
ASSETS					
Pooled Cash and Investments	\$ 244,161	\$ -	\$ -	\$ 1,357,783	\$ -
Receivables:					
Accounts	10,531	-	12,702	8,814	19,658
Notes and Loans	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Prepaid Costs	-	-	-	-	-
Due from Other Governments	82,919	167,595	40,539	-	-
Due from Other Funds	1,180	11,801	5,578	-	-
Advances to Other Funds	-	2,007,592	-	-	-
Restricted Assets:					
Cash and Investments with Fiscal Agents	-	-	-	-	-
Total Assets	\$ 338,791	\$ 2,186,988	\$ 58,819	\$ 1,366,597	\$ 19,658
LIABILITIES					
Accounts Payable	\$ 100,550	\$ -	\$ 1,434	\$ 17,628	\$ 7,076
Accrued Liabilities	7,770	-	172	-	-
Deposits Payable	-	-	-	-	-
Due to Other Governments	-	-	686	-	-
Due to Other Funds	277	-	50,327	-	12,677
Total Liabilities	108,597	-	52,619	17,628	19,753
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	230,194	2,186,988	6,200	1,348,969	-
Unassigned	-	-	-	-	(95)
Total Fund Balances (Deficits)	230,194	2,186,988	6,200	1,348,969	(95)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 338,791	\$ 2,186,988	\$ 58,819	\$ 1,366,597	\$ 19,658

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
\$ 119,545	\$ -	\$ 80,218	\$ 129,829	\$ 641,812	\$ 41,959	\$ 7,327
-	28,433	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,880	-	-	66,756	22,765	-	16,153
782	-	542	-	4,184	277	41
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 133,207</u>	<u>\$ 28,433</u>	<u>\$ 80,760</u>	<u>\$ 196,585</u>	<u>\$ 668,761</u>	<u>\$ 42,236</u>	<u>\$ 23,521</u>
\$ 2,378	\$ 17,154	\$ -	\$ 31,479	\$ 20,402	\$ 1,493	\$ -
-	1,212	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,067	-	-	-	-	-
<u>2,378</u>	<u>28,433</u>	<u>-</u>	<u>31,479</u>	<u>20,402</u>	<u>1,493</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
130,829	-	80,760	165,106	648,359	40,743	23,521
-	-	-	-	-	-	-
<u>130,829</u>	<u>-</u>	<u>80,760</u>	<u>165,106</u>	<u>648,359</u>	<u>40,743</u>	<u>23,521</u>
<u>\$ 133,207</u>	<u>\$ 28,433</u>	<u>\$ 80,760</u>	<u>\$ 196,585</u>	<u>\$ 668,761</u>	<u>\$ 42,236</u>	<u>\$ 23,521</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2018

	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	\$ -	\$ 100,524	\$ -	\$ 1,212	\$ 53,992
Receivables:					
Accounts	-	-	-	-	-
Notes and Loans	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Prepaid Costs	-	-	-	-	-
Due from Other Governments	-	-	-	213	-
Due from Other Funds	-	657	-	8	353
Advances to Other Funds	-	-	-	-	-
Restricted Assets:					
Cash and Investments with Fiscal Agents	-	-	-	-	-
Total Assets	\$ -	\$ 101,181	\$ -	\$ 1,433	\$ 54,345
LIABILITIES					
Accounts Payable	\$ -	\$ 20,811	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	20,811	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	80,370	-	1,433	54,345
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	-	80,370	-	1,433	54,345
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 101,181	\$ -	\$ 1,433	\$ 54,345

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
\$ 30,655	\$ -	\$ 12,681	\$ -	\$ 185,567	\$ 11,831	\$ 40
-	-	-	6,398	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,792	-	-	-	-	-
-	-	-	-	1,214	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 30,655</u>	<u>\$ 6,792</u>	<u>\$ 12,681</u>	<u>\$ 6,398</u>	<u>\$ 186,781</u>	<u>\$ 11,831</u>	<u>\$ 40</u>
\$ 15,894	\$ -	\$ 2,778	\$ 1,688	\$ 4,172	\$ -	\$ -
14,536	-	96	872	-	-	-
225	-	-	-	-	-	-
-	-	-	-	-	9	-
-	13,153	-	3,838	-	-	-
<u>30,655</u>	<u>13,153</u>	<u>2,874</u>	<u>6,398</u>	<u>4,172</u>	<u>9</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	9,807	-	182,609	11,822	40
-	(6,361)	-	-	-	-	-
-	(6,361)	9,807	-	182,609	11,822	40
<u>\$ 30,655</u>	<u>\$ 6,792</u>	<u>\$ 12,681</u>	<u>\$ 6,398</u>	<u>\$ 186,781</u>	<u>\$ 11,831</u>	<u>\$ 40</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2018

	Special Revenue Funds				
	Montclair Housing Corporation	Kaiser Permanente Grant	Resource Center Grant	Title IIIB Sr. Supportive Services	Community Foundation
ASSETS					
Pooled Cash and Investments	\$ 2,076,145	\$ 287	\$ 7,249	\$ 8,830	\$ 156,358
Receivables:					
Accounts	48,748	-	-	1,170	-
Notes and Loans	-	-	-	-	-
Accrued Interest	7,689	-	-	-	-
Prepaid Costs	11,512	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-
Restricted Assets:					
Cash and Investments with Fiscal Agents	43,084	-	-	-	-
Total Assets	<u>\$ 2,187,178</u>	<u>\$ 287</u>	<u>\$ 7,249</u>	<u>\$ 10,000</u>	<u>\$ 156,358</u>
LIABILITIES					
Accounts Payable	\$ 19,795	\$ 287	\$ 455	\$ -	\$ 21,462
Accrued Liabilities	4,961	-	-	-	-
Deposits Payable	63,370	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>88,126</u>	<u>287</u>	<u>455</u>	<u>-</u>	<u>21,462</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)					
Nonspendable	11,512	-	-	-	-
Restricted	2,087,540	-	6,794	10,000	134,896
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>2,099,052</u>	<u>-</u>	<u>6,794</u>	<u>10,000</u>	<u>134,896</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 2,187,178</u>	<u>\$ 287</u>	<u>\$ 7,249</u>	<u>\$ 10,000</u>	<u>\$ 156,358</u>

Special Revenue Funds

ASES Supplemental Grant	Hope Thru Housing Grant	Park Maintenance	CFD 2011-1 Paseos	CFD 2011-2 Arrow Station	Montclair Housing Authority	Public Education Govt. PEG
\$ 4,858	\$ 1,453	\$ 75,764	\$ 89,166	\$ 25,290	\$ 163,887	\$ 122,000
-	-	-	-	-	-	7,503
-	-	-	-	-	2,599,908	-
-	-	-	-	-	-	-
-	-	-	-	744	-	-
-	-	-	583	165	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 4,858</u>	<u>\$ 1,453</u>	<u>\$ 75,764</u>	<u>\$ 89,749</u>	<u>\$ 26,199</u>	<u>\$ 2,763,795</u>	<u>\$ 129,503</u>
\$ 4,858	\$ 1,453	\$ 196	\$ 7,776	\$ 4,750	\$ -	\$ 10,000
-	-	-	79	-	-	-
-	-	-	-	-	-	-
-	-	-	-	7,500	-	-
<u>4,858</u>	<u>1,453</u>	<u>196</u>	<u>7,855</u>	<u>12,250</u>	<u>-</u>	<u>10,000</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	75,568	81,894	13,949	2,763,795	119,503
-	-	-	-	-	-	-
-	-	75,568	81,894	13,949	2,763,795	119,503
<u>\$ 4,858</u>	<u>\$ 1,453</u>	<u>\$ 75,764</u>	<u>\$ 89,749</u>	<u>\$ 26,199</u>	<u>\$ 2,763,795</u>	<u>\$ 129,503</u>

Continued

City of Montclair
Combining Balance Sheet
Non-major Funds
June 30, 2018

	Capital Project Funds				
	Pavement Impact Fees	Underground In-lieu	General Plan Update	Housing Fund	Economic Development
ASSETS					
Pooled Cash and Investments	\$ 256,417	\$ 13,771	\$ 61,023	\$ 997,300	\$ 4,398,199
Receivables:					
Accounts	-	-	-	-	76
Notes and Loans	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Prepaid Costs	-	-	-	-	-
Due from Other Governments	17,859	-	-	-	732,966
Due from Other Funds	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-
Restricted Assets:					
Cash and Investments with Fiscal Agents	-	-	-	-	-
Total Assets	<u>\$ 274,276</u>	<u>\$ 13,771</u>	<u>\$ 61,023</u>	<u>\$ 997,300</u>	<u>\$ 5,131,241</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 23,341
Accrued Liabilities	-	-	-	-	8,350
Deposits Payable	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,691</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)					
Nonspendable	-	-	-	-	-
Restricted	274,276	13,771	61,023	997,300	5,099,550
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>274,276</u>	<u>13,771</u>	<u>61,023</u>	<u>997,300</u>	<u>5,099,550</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 274,276</u>	<u>\$ 13,771</u>	<u>\$ 61,023</u>	<u>\$ 997,300</u>	<u>\$ 5,131,241</u>

Debt Service	
Fund	
2014	Non-Major
Refunding	Governmental
Bonds	Total
\$ -	\$ 11,477,133
-	144,033
-	2,599,908
-	7,689
-	11,512
12,348	1,180,529
-	27,365
-	2,007,592
-	43,084
<u>\$ 12,348</u>	<u>\$ 17,498,845</u>
\$ -	\$ 339,310
-	38,048
-	63,595
-	695
12,348	110,187
<u>12,348</u>	<u>551,835</u>
-	-
-	-
-	11,512
-	16,941,954
-	(6,456)
-	16,947,010
<u>\$ 12,348</u>	<u>\$ 17,498,845</u>

City of Montclair
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
Year Ended June 30, 2018

	Special Revenue Funds				
	Gas Tax	Measure I	Traffic Safety	Park Development	Community Development Block Grant
REVENUES					
Taxes	\$ 1,058,438	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	684,015	14,333	-	73,034
Charges for Services	-	-	-	702,800	-
Use of Money and Property	957	11,801	-	-	-
Fines and Forfeitures	-	-	161,255	-	-
Miscellaneous	-	-	-	9,500	-
Total Revenues	1,059,395	695,816	175,588	712,300	73,034
EXPENDITURES					
Current:					
General Government	33,808	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	-	8,133	-	73,035
Public Works	795,393	-	-	31,638	-
Capital Outlay	-	-	-	117,756	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	829,201	-	8,133	149,394	73,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	230,194	695,816	167,455	562,906	(1)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	(20,559)	(212,027)	-	-
Total Other Financing Sources (Uses)	-	(20,559)	(212,027)	-	-
Net Change in Fund Balances	230,194	675,257	(44,572)	562,906	(1)
Fund Balance, Beginning of Year	-	1,511,731	50,772	786,063	(94)
Fund Balance, End of Year	\$ 230,194	\$ 2,186,988	\$ 6,200	\$ 1,348,969	\$ (95)

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
\$ -	\$ -	\$ -	\$ 372,303	\$ -	\$ -	\$ -
50,082	127,908	-	-	-	-	-
-	-	-	-	-	-	-
782	-	542	-	4,184	277	41
-	-	15,893	-	106,957	2,805	17,154
-	40,958	-	-	-	-	-
50,864	168,866	16,435	372,303	111,141	3,082	17,195
-	-	-	-	-	-	-
-	-	-	303,475	43,625	3,008	-
119,189	179,645	-	-	-	-	-
-	-	-	-	-	-	-
-	-	31,368	-	1,421	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
119,189	179,645	31,368	303,475	45,046	3,008	-
(68,325)	(10,779)	(14,933)	68,828	66,095	74	17,195
-	10,779	-	-	-	-	-
-	-	-	-	-	-	-
-	10,779	-	-	-	-	-
(68,325)	-	(14,933)	68,828	66,095	74	17,195
199,154	-	95,693	96,278	582,264	40,669	6,326
<u>\$ 130,829</u>	<u>\$ -</u>	<u>\$ 80,760</u>	<u>\$ 165,106</u>	<u>\$ 648,359</u>	<u>\$ 40,743</u>	<u>\$ 23,521</u>

Continued

City of Montclair
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
Year Ended June 30, 2018

	Special Revenue Funds				
	School District Grant	SSLEF	Local Law Enforcement Block Grant	Crime Prevention PC 1202.5	Recycling Block Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	130,816	139,490	-	-	10,601
Charges for Services	-	-	-	-	-
Use of Money and Property	-	657	-	8	353
Fines and Forfeitures	-	-	-	424	-
Miscellaneous	-	-	-	-	-
Total Revenues	130,816	140,147	-	432	10,954
EXPENDITURES					
Current:					
General Government	-	-	-	-	10,750
Public Safety	130,816	109,822	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	-	-	-
Capital Outlay	-	19,507	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	130,816	129,329	-	-	10,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	10,818	-	432	204
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	10,818	-	432	204
Fund Balance, Beginning of Year	-	69,552	-	1,001	54,141
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 80,370</u>	<u>\$ -</u>	<u>\$ 1,433</u>	<u>\$ 54,345</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,256,792	32,418	20,000	-	-	-	-
-	-	-	64,377	-	5,659	-
-	-	-	-	1,214	-	40
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,256,792</u>	<u>32,418</u>	<u>20,000</u>	<u>64,377</u>	<u>1,214</u>	<u>5,659</u>	<u>40</u>
97,263	-	-	-	-	-	-
-	40,566	-	88,509	-	-	-
1,019,178	-	36,752	-	-	374	850
-	-	-	-	15,540	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,116,441</u>	<u>40,566</u>	<u>36,752</u>	<u>88,509</u>	<u>15,540</u>	<u>374</u>	<u>850</u>
<u>140,351</u>	<u>(8,148)</u>	<u>(16,752)</u>	<u>(24,132)</u>	<u>(14,326)</u>	<u>5,285</u>	<u>(810)</u>
-	-	-	24,132	-	-	-
<u>(140,351)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(140,351)</u>	<u>-</u>	<u>-</u>	<u>24,132</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(8,148)	(16,752)	-	(14,326)	5,285	(810)
-	1,787	26,559	-	196,935	6,537	850
<u>\$ -</u>	<u>\$ (6,361)</u>	<u>\$ 9,807</u>	<u>\$ -</u>	<u>\$ 182,609</u>	<u>\$ 11,822</u>	<u>\$ 40</u>

Continued

City of Montclair
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
Year Ended June 30, 2018

	Special Revenue Funds				
	Montclair Housing Corporation	Kaiser Permanente Grant	Resource Center Grant	Title IIIB Sr. Supportive Services	Community Foundation
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	16,784
Charges for Services	-	-	-	10,000	-
Use of Money and Property	959,790	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	12,033	-	28,166
Total Revenues	959,790	-	12,033	10,000	44,950
EXPENDITURES					
Current:					
General Government	895,756	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	6,564	7,924	-	32,891
Public Works	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	895,756	6,564	7,924	-	32,891
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,034	(6,564)	4,109	10,000	12,059
OTHER FINANCING SOURCES (USES)					
Transfers In	-	272	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	272	-	-	-
Net Change in Fund Balances	64,034	(6,292)	4,109	10,000	12,059
Fund Balance, Beginning of Year	2,035,018	6,292	2,685	-	122,837
Fund Balance, End of Year	\$ 2,099,052	\$ -	\$ 6,794	\$ 10,000	\$ 134,896

Special Revenue Funds

ASES Supplemental Grant	Hope Thru Housing Grant	Park Maintenance	CFD 2011-1 Paseos	CFD 2011-2 Arrow Station	Montclair Housing Authority	Public Education Govt. PEG
\$ -	\$ -	\$ -	\$ 97,076	\$ 40,996	\$ -	\$ -
201,137	43,338	-	-	-	-	-
-	-	31,198	-	-	-	28,838
-	-	-	583	165	5,170	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>201,137</u>	<u>43,338</u>	<u>31,198</u>	<u>97,659</u>	<u>41,161</u>	<u>5,170</u>	<u>28,838</u>
-	-	-	-	-	-	-
-	-	-	35,465	9,782	-	-
172,934	41,936	7,991	-	-	-	24,999
-	-	-	46,240	13,448	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>172,934</u>	<u>41,936</u>	<u>7,991</u>	<u>81,705</u>	<u>23,230</u>	<u>-</u>	<u>24,999</u>
<u>28,203</u>	<u>1,402</u>	<u>23,207</u>	<u>15,954</u>	<u>17,931</u>	<u>5,170</u>	<u>3,839</u>
-	-	-	-	-	-	-
(28,203)	(1,402)	-	-	-	-	-
<u>(28,203)</u>	<u>(1,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	23,207	15,954	17,931	5,170	3,839
-	-	52,361	65,940	(3,982)	2,758,625	115,664
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,568</u>	<u>\$ 81,894</u>	<u>\$ 13,949</u>	<u>\$ 2,763,795</u>	<u>\$ 119,503</u>

Continued

City of Montclair
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
Year Ended June 30, 2018

	Capital Project Funds				
	Pavement Impact Fees	Underground In-lieu	General Plan Update	Housing Fund	Economic Development
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	912,146
Charges for Services	67,018	-	12,510	32,458	-
Use of Money and Property	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	67,018	-	12,510	32,458	912,146
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	369,095
Public Works	119,384	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	119,384	-	-	-	369,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,366)	-	12,510	32,458	543,051
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(52,366)	-	12,510	32,458	543,051
Fund Balance, Beginning of Year	326,642	13,771	48,513	964,842	4,556,499
Fund Balance, End of Year	<u>\$ 274,276</u>	<u>\$ 13,771</u>	<u>\$ 61,023</u>	<u>\$ 997,300</u>	<u>\$ 5,099,550</u>

Debt Service	
Fund	
2014	Non-Major
Refunding	Governmental
Bonds	Total
\$ -	\$ 1,568,813
-	3,712,894
-	954,858
254	986,818
-	304,488
-	90,657
<u>254</u>	<u>7,618,528</u>
-	1,037,577
-	765,068
-	2,101,490
-	1,021,643
-	170,052
790,000	790,000
<u>1,810,488</u>	<u>1,810,488</u>
<u>2,600,488</u>	<u>7,696,318</u>
<u>(2,600,234)</u>	<u>(77,790)</u>
2,600,234	2,635,417
-	(402,542)
<u>2,600,234</u>	<u>2,232,875</u>
-	2,155,085
-	14,791,925
<u>\$ -</u>	<u>\$ 16,947,010</u>

City of Montclair
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Sewer Plant</u>				
Assets:				
Pooled cash and investments	<u>\$ 846,653</u>	<u>\$ 1,672,536</u>	<u>\$ 231,285</u>	<u>\$ 2,287,904</u>
Total Assets	<u><u>\$ 846,653</u></u>	<u><u>\$ 1,672,536</u></u>	<u><u>\$ 231,285</u></u>	<u><u>\$ 2,287,904</u></u>
Liabilities				
Due to other governments	<u>\$ 846,653</u>	<u>\$ 231,285</u>	<u>\$ 1,672,536</u>	<u>\$ 2,287,904</u>
Total Liabilities	<u><u>\$ 846,653</u></u>	<u><u>\$ 231,285</u></u>	<u><u>\$ 1,672,536</u></u>	<u><u>\$ 2,287,904</u></u>