CITY OF MONTCLAIR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



CITY OF MONTCLAIR FINANCIAL STATEMENTS

Year Ended June 30, 2020

CITY OF MONTCLAIR FINANCIAL STATEMENTS TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5 - 6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7 - 8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10 - 11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Position - Proprietary Funds	13
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	14
Statement of Cash Flows - Proprietary Funds	15
Statement of Fiduciary Net Position - Fiduciary Funds	16
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	17
Notes to Financial Statements	18 - 42
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund	43 - 44
Notes to Required Supplementary Information	45
Schedule of Changes in Total OPEB Liability and Related Ratios	46 47
Schedule of Changes in the Net Pension Liability and Related Ratios - Agent Multiple-employer Plan	47 49
Schedule of Contributions - Agent Multiple-employer Plan Schedule of Proportionate Share of the Net Pension Liability – Cost-sharing Plan	48 49
Schedule of Contributions – Cost-sharing Plan	50
ochedule of Contributions – Cost-sharing Flair	30
Supplementary Information	
Non-Major Governmental Funds:	
Combining Balance Sheet	51 - 58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Agency Funds:	59 - 66
Combining Statement of Changes in Assets and Liabilities	67



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, 2020, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Montclair, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

America. In our opinion, the schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2021, 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.

February 25, 2021

Van Laut + Fankhanel, IIP



City of Montclair Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled Cash and Investments	\$ 42,653,810	\$ 4,537,617	\$ 47,191,427
Receivables:			
Accounts	2,898,614	540,768	3,439,382
Notes and Loans	2,604,461	-	2,604,461
Accrued Interest	109,286	-	109,286
Prepaid Costs	122,673	-	122,673
Due From Other Governments	3,175,690	135,434	3,311,124
Restricted Assets:			
Cash	98,550	-	98,550
Capital Assets Not Being Depreciated	31,534,664	-	31,534,664
Capital Assets, Net of Accumulated Depreciation	80,785,680	2,193,891	82,979,571
Total Assets	163,983,428	7,407,710	171,391,138
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow - Bond Refunding	239,062	-	239,062
Deferred Outflows Related to OPEB	928,294	37,404	965,698
Deferred Outflows Related to Pensions	13,287,247	462,205	13,749,452
Total Deferred Outflows of Resources	14,454,603	499,609	14,954,212
LIABILITIES			
Accounts Payable	2,569,932	731,630	3,301,562
Accrued Liabilities	411,761	27,914	439,675
Accrued Interest	431,972	-	431,972
Deposits Payable	171,645	-	171,645
Due to Other Governments	13,005	-	13,005
Noncurrent Liabilities:			
Due Within One Year	2,086,757	8,680	2,095,437
Due in More Than One Year	126,606,521	3,031,857	129,638,378
Total Liabilities	132,291,593	3,800,081	136,091,674
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to OPEB	776,940	31,306	808,246
Deferred Inflows Related to Pensions	2,964,285	88,386	3,052,671
Total Deferred Inflows of Resources	3,741,225	119,692	3,860,917
NET POSITION			
Net Investment in Capital Assets	70,130,072	2,193,891	72,323,963
Restricted for:	, ,	, ,	
Housing	5,319,027	-	5,319,027
Public Safety	1,265,513	-	1,265,513
Transportation	3,672,760	-	3,672,760
Community Development	14,664,229	-	14,664,229
Unrestricted	(52,646,388)	1,793,655	(50,852,733)
Total Net Position	\$ 42,405,213	\$ 3,987,546	\$ 46,392,759

City of Montclair Statement of Activities

Year Ended June 30, 2020

		Program Revenues		
		Charges	Operating	Capital
		for	Grants and	Grants and
Functions/Programs	Expenses	Services	Contributions	Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ (16,653,228)	\$ 2,302,200	\$ 39,729	\$ -
Public Safety	(21,598,587)	771,944	578,818	-
Community Development	(5,503,090)	884,832	799,880	551,209
Public Works	(4,147,997)	3,676,522	20,738	3,861,402
Interest on Long-Term Debt	(1,699,852)			
Total Governmental Activities	(49,602,754)	7,635,498	1,439,165	4,412,611
Business-type Activities:				
Sewer Maintenance	(5,446,448)	5,271,626		
Total Business-type Activities	(5,446,448)	5,271,626		
Total Primary Government	\$ (55,049,202)	\$ 12,907,124	\$ 1,439,165	\$ 4,412,611

General Revenues:

Taxes:

Property Taxes

Transient Occupancy Taxes

Sales Taxes

Franchise Taxes

Business Licenses Taxes

Utility Users Tax

Other Taxes

Miscellaneous Revenues

Interest Income

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position

Governmental Activites	Business-type Activities	Total
\$ (14,311,299) (20,247,825) (3,267,169) 3,410,665 (1,699,852)	\$ - - - -	\$ (14,311,299) (20,247,825) (3,267,169) 3,410,665 (1,699,852)
(36,115,480)		(36,115,480)
	(174,822) (174,822) (174,822)	(174,822) (174,822) (36,290,302)
8,232,243 61,321 15,390,605 767,676 814,326 1,623,731 31,312 848,671 955,542	- - - - - - - 58,006	8,232,243 61,321 15,390,605 767,676 814,326 1,623,731 31,312 848,671 1,013,548
28,725,427	58,006	28,783,433
(7,390,053)	(116,816)	(7,506,869)
49,795,266 \$ 42,405,213	\$ 3,987,546	\$ 46,392,759

City of Montclair Balance Sheet Governmental Funds

June 30, 2020

					Ca	pital Projects		
		General	F	2014 Refunding	,	Successor Agency		
		Fund		Bonds		Bonds	Int	rastructure
ASSETS								
Pooled Cash and Investments Receivables:	\$	7,527,646	\$	2,247,462	\$	13,487,698	\$	-
Accounts		2,314,499		_		-		165,832
Notes and Loans		5,000		-		-		-
Accrued Interest		57,023		651		45,890		-
Prepaid Costs		121,741		-		-		-
Due from Other Governments		2,851,646		-		-		-
Due from Other Funds		1,307,273		-		-		1,230,376
Restricted Assets: Cash		98,550		_		_		_
GdSiT	_	30,000						
Total Assets	\$	14,283,378	\$	2,248,113	\$	13,533,588	\$	1,396,208
LIABILITIES								
Accounts Payable	\$	1,033,627	\$	733,958	\$	87,724	\$	236,964
Accrued Liabilities		356,342		_		-		-
Deposits Payable		98,550		-		-		-
Due to Other Governments		7,905		-		-		-
Due to Other Funds		35,043			_			1,016,289
Total Liabilities		1,531,467		733,958		87,724		1,253,253
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenues - Grants		175,000						
Total Deferred Inflows of Resources		175,000						<u> </u>
ELIND DAL ANCES (DEFICITS)								
FUND BALANCES (DEFICITS) Nonspendable		121,741						
Restricted		121,741		1,514,155		13,445,864		_
Committed		_		1,514,155		-		_
Assigned		7,633,097		_		_		142,955
Unassigned		4,822,073						-
Total Fund Balances (Deficits)		12,576,911		1,514,155		13,445,864		142,955
Total Liabilities, Deferred Inflows of								
Resources, and Fund Balances	\$	14,283,378	\$	2,248,113	\$	13,533,588	\$	1,396,208

	Capital	Proje	ects				
Rei	PUC Reimbursement		Economic evelopment	Other Governmental Funds		G	Total overnmental Funds
\$	1,689,981	\$	5,897,444	\$	11,803,579	\$	42,653,810
	- - - - -		76 - - - -		418,207 2,599,461 5,722 932 324,044 577,983		2,898,614 2,604,461 109,286 122,673 3,175,690 3,115,632
	<u>-</u>						98,550
\$	1,689,981	\$	5,897,520	\$	15,729,928	\$	54,778,716
\$	- - -	\$	32,742 8,619	\$	444,917 46,800 73,095	\$	2,569,932 411,761 171,645
	- 1,221,927		- -		5,100 842,373		13,005 3,115,632
	1,221,927		41,361		1,412,285		6,281,975
							175,000
					<u>-</u>		175,000
	468,054 - - -		- - 5,856,159 - -		932 14,330,261 - - (13,550)		122,673 29,758,334 5,856,159 7,776,052 4,808,523
	468,054		5,856,159		14,317,643		48,321,741
\$	1,689,981	\$	5,897,520	\$	15,729,928	\$	54,778,716

City of Montclair Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2020

Fund Balances of Governmental Funds	\$ 48,321,741
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.	112,320,344
Long-term debt and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Claims and Judgements Compensated Absences Net Pension Liability Net OPEB Liability	(42,429,334) (1,910,458) (1,894,628) (70,692,292) (11,766,566)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(431,972)
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 Deferred Inflows Related to Pensions Deferred Outflows Related to OPEB Deferred Inflows Related to OPEB	13,287,247 (2,964,285) 928,294 (776,940)
Amounts for deferred outflows related to the City's defeasance of prior bonds are not reported in the funds.	239,062
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as available revenues in the funds.	 175,000
Net Position of Governmental Activities	\$ 42,405,213

City of Montclair Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2020

			Capital Projects	
	General Fund	2014 Refunding Bonds	Successor Agency Bonds	Infrastructure
REVENUES				
Taxes	\$ 26,324,290	\$ -	\$ -	\$ -
Licenses and Permits	480,046	-	-	450.004
Intergovernmental Charges for Services	219,115	-	-	159,021
Use of Money and Property	4,146,350 626,164	1,364	326,651	-
Fines and Forfeitures	306,953	1,304	320,031	_
Miscellaneous	301,152	- -	-	-
Total Revenues	32,404,070	1,364	326,651	159,021
EXPENDITURES				
Current:	40 -00 00-			
General Government	10,508,305	-	-	-
Public Safety	15,887,677	-	-	-
Community Development Public Works	1,955,208 2,898,883	6,940,717	- 841,189	-
Capital Outlay	415,820	0,540,717	041,103	2,772,079
Debt Service:	110,020			2,772,070
Principal Retirement	-	_	-	_
Interest and Fiscal Charges				
Total Expenditures	31,665,893	6,940,717	841,189	2,772,079
Excess (Deficiency) of Revenues				
Over Expenditures	738,177	(6,939,353)	(514,538)	(2,613,058)
OTHER FINANCING SOURCES (USES)				
Transfers In	151,494	-	-	2,639,404
Transfers Out	(2,715,035)			
Total Other Financing Sources (Uses)	(2,563,541)			2,639,404
Net Change in Fund Balances	(1,825,364)	(6,939,353)	(514,538)	26,346
Fund Balance, Beginning of Year	14,402,275	8,453,508	13,960,402	116,609
Fund Balance, End of Year	\$ 12,576,911	\$ 1,514,155	\$ 13,445,864	\$ 142,955

Capital Projects			
PUC	Economic	Other Governmental	Total Governmental
Reimbursement	Development	Funds	Funds
\$ -	\$ -	\$ 2,177,169	\$ 28,501,459
-	-	-	480,046
-	842,195	3,835,027	5,055,358
_	-	631,451 1,082,923	4,777,801 2,037,102
- -	_	286,008	592,961
		455,622	756,774
	842,195	8,468,200	42,201,501
_	_	1,205,587	11,713,892
-	-	959,155	16,846,832
-	461,731	3,081,064	5,498,003
-	<u>-</u>	1,054,177	11,734,966
-	19,613	190,657	3,398,169
-	-	850,000	850,000
		1,747,138	1,747,138
	481,344	9,087,778	51,789,000
_	360,851	(619,578)	(9,587,499)
		(010,010)	(0,007,100)
-	_	2,874,939	5,665,837
(1,221,927)		(1,728,875)	(5,665,837)
(1,221,927)		1,146,064	
(1,221,927)	360,851	526,486	(9,587,499)
1,689,981	5,495,308	13,791,157	57,909,240
\$ 468,054	\$ 5,856,159	\$ 14,317,643	\$ 48,321,741

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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	(9,587,499)
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 Depreciation Expense		11,100,505 (4,525,400)
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 Principal Repayments Amortization of Deferred Outflow on Refunding		55,573 850,000 (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.		139,248
Accrued interest payable is not reported in the governmental funds.		1,276
To record the net change in compensated absences in the Statement of Activities.		(145,228)
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.		11,200
Some expenses reported in the Statement of Activies 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 Net change in Deferred Inflows Related to Pensions Net change in Net Pension Liability Net change in Deferred Outflows Related to OPEB Net change in Deferred Inflows Related to OPEB Net change in Net OPEB Liability		363,274 (1,056,865) (4,530,036) 398,201 192,192 (646,931)

The accompanying notes are an integral part of this statement.

Change in Net Position of Governmental Activities

(7,390,053)

\$

City of Montclair Statement of Net Position Proprietary Funds

June 30, 2020

	Business-Type Activities - Enterprise Funds
	Sewer Maintenance Fund
ASSETS	maintenance i unu
Current: Pooled Cash and Investments Receivables:	\$ 4,537,617
Accounts (net of allowance) Due from Other Governments	540,768 135,434
Total Current Assets	5,213,819
Noncurrent: Capital Assets Not Being Depreciated Capital Assets - Net of Accumulated Depreciation	2,193,891
Total Noncurrent Assets	2,193,891
Total Assets	7,407,710
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to OPEB Deferred Outflows Related to Pensions	37,404 462,205
Total Deferred Outflows of Resources	499,609
LIABILITIES	
Current:	704.000
Accounts Payable Accrued Liabilities	731,630
Accrued Compensated Absences	27,914 8,680
Total Current Liabilities	768,224
Noncurrent:	
Accrued Compensated Absences	81,849
OPEB Liability	474,118
Net Pension Liability	2,475,890
Total Noncurrent Liabilities	3,031,857
Total Liabilities	3,800,081
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	31,306
Deferred Inflows Related to Pensions	88,386
Total Deferred Inflows of Resources	119,692
NET POSITION	
Net Investment in Capital Assets	2,193,891
Unrestricted	1,793,655
Total Net Position	\$ 3,987,546

City of Montclair Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds

Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds Sewer Maintenance Fund
OPERATING REVENUES Sales and Service Charges	\$ 5,271,626
calcs and octyloc charges	Ψ 3,271,020
Total Operating Revenues	5,271,626
OPERATING EXPENSES	
Salaries and Benefits	1,392,938
Supplies and Services	273,039
Treatment	3,706,915
Depreciation Expense	73,556
Total Operating Expenses	5,446,448
Operating Income (Loss)	(174,822)
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	58,006
Total Nonoperating Revenues (Expenses)	58,006
Income Before Transfers	(116,816)
Transfers Out	
Changes in Net Position	(116,816)
Net Position, Beginning of Year	4,104,362
Net Position, End of Fiscal Year	\$ 3,987,546

City of Montclair Statement of Cash Flows Proprietary Funds

Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds
	Sewer
	Maintenance Fund
Cash Flows from Operating Activities Cash Received from Customers and Users Cash Paid to Suppliers for Goods and Services Cash Paid to Employees for Services	\$ 5,222,731 (3,845,432) (1,195,721)
Net Cash Provided (Used) by Operating Activities	181,578
Cash Flows from Non-Capital Financing Activities Cash Received From (Paid to) Other Funds	(30,081)
Net Cash Provided (Used) by Non-Capital Financing Activities	(30,081)
Cash Flows from Capital and Related Financing Activities Acquistion of Capital Assets	<u>-</u> _
Net Cash Provided (Used) by Capital and Related Financing Activities	
Cash Flows from Investing Activities Interest Received	58,006
Net Cash Provided (Used) by Investing Activities	58,006
Net Increase (Decrease) in Cash and Cash Equivalents	209,503
Cash and Cash Equivalents at Beginning of Year	4,328,114
Cash and Cash Equivalents at End of Year	\$ 4,537,617
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: Operating Income (Loss)	\$ (174,822)
Adjustments to Reconcile Operating Income (Loss) Net Cash	
Provided (Used) by Operating Activities: Depreciation (Increase) Decrease in Accounts Receivable (Increase) Decrease in Due from Other Governments (Increase) Decrease in Deferred Outflows - OPEB	73,556 (39,145) (9,750) (13,934)
(Increase) Decrease in Deferred Outflows - Pensions Increase (Decrease) in Accounts Payable Increase (Decrease) in Accrued Liabilities Increase (Decrease) in Compensated Absences	(12,960) 134,522 13,258 15,580
Increase (Decrease) in Deferred Inflows - OPEB Increase (Decrease) in Deferred Inflows - Pension Increase (Decrease) in Total OPEB Liability Increase (Decrease) in Net Pension Liability	(11,602) 60,332 (18,205) 164,748
Total Adjustments	356,400
Net Cash Provided (Used) by Operating Activities	\$ 181,578

City of Montclair Statement of Fiduciary Net Position Fiduciary Funds

June 30, 2020

	Successor Agency	
	Private-purpose Trust Fund	Agency Fund
ASSETS		
Pooled Cash and Investments	\$ 1,412,934	\$ 4,136,371
Restricted Cash with Fiscal Agent	2,141,580	
Total Assets	3,554,514	\$ 4,136,371
LIABILITIES		
Accounts Payable	-	\$ 261,909
Accrued Liabilities	866	-
Due to Other Governments	5,000	3,874,462
Interest Payable	280,790	-
Bonds Payable	35,687,177	
Total Liabilities	35,973,833	\$ 4,136,371
NET POSITION		
Net Position Held in Trust for Successor Agency	\$ (32,419,319)	

City of Montclair Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended June 30, 2020

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 18,571,202
Investment Income	49,435
Other Revenue	2,286
Total Additions	18,622,923
DEDUCTIONS	
Administrative Costs	922,164
Bond Issuance Costs	901,673
Pass-through Payments	14,541,177
Interest on Bonds	1,021,360
Total Deductions	17,386,374
Change in Net Position	1,236,549
Net Position - Beginning of Year	(33,655,868)
Net Position - End of Year	\$ (32,419,319)

June 30, 2020

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.

June 30, 2020

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 property included among program revenues are reported instead as general revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, to include revenues received later than 60 days due to delays in processing payments to the City by other levels of government. 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.

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.

June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The *PUC Reimbursement Capital Projects Fund* accounts for monies received from the Public Utilities Commission for reimbursement of right of way acquisitions of property for the Monte Vista Grade Separation Project. By agreement with the San Bernardino County Transportation Authority these have been restricted for use on that project as a buy down of the total construction costs.

The *Economic Development Capital Projects Fund* accounts for monies set aside by City Council for the purpose of economic development within the City.

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.

June 30, 2020

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.

June 30, 2020

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.

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

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.

June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2019 Measurement Date, July 1, 2018 through June 30, 2019 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.

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.

June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

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

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 the Total OPEB Liability and also the Net Pension Liability.

Net Position

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

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

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

Net Position Flow Assumption

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

Fund Balances

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance

June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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:

<u>Nonspendable Fund Balance</u> - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

<u>Restricted Fund Balance</u> - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

<u>Committed Fund Balance</u> - Amounts constrained for a specific purpose by City Council action. It would require the same action by City Council to remove the constraint.

<u>Assigned Fund Balance</u> - 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 as defined by the City's fund balance policy adopted by Resolution No. 11-2932.

<u>Unassigned Fund Balance</u> - 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 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, 2019.

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, 2020.

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, 2020.

June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2019.

GASB 91 - Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances

The following non-major funds have deficit fund balances at June 30, 2020:

Special Revenue Funds:

CDBG \$ 1,545 Safety Department Grants 12,005

These deficits will be funded with future years' revenues.

3) CASH AND INVESTMENTS

As of June 30, 2020, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$ 42,752,360
Business-Type Activities	4,537,617
Fiduciary Funds	 7,690,885
Total Cash and Investments	\$ 54,980,862

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.

June 30, 2020

3) CASH AND INVESTMENTS - Continued

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

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.

June 30, 2020

3) CASH AND INVESTMENTS - Continued

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2020, the City has no investment in medium-term notes. 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, 2020, 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, 2020, 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, 2020, the City is in compliance with the investment policy restrictions. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement. In accordance with GASB Statement No. 40, if the City has invested more than 5% of its investments in any one issuer, then they are exposed to credit risk. The City had no investments in any one issuer that exceeded 5% of total investments.

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, 2020, the City had the following investments and original maturities:

-	Remaining Investment Maturities								
	6 Months	6 Mo	nths	1 1	to 5	5	to 8	Fair	
Investment Type	Or Less	to 1 \	<u>rear</u>	Ye	ears	Y	'ears	Value	
Local Agency Investment Fund	\$ 30,500,896	\$	-	\$	-	\$	-	\$ 30,500,896	
Money Market Funds	9,609,952							9,609,952	
Total	\$ 40,110,848	\$		\$		\$		\$ 40,110,848	

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 no investments that are subject to the fair value hierarchy.

June 30, 2020

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities: Capital Assets, Not Depreciated: Land Work in Progress Land Improvements	\$ 10,807,072 9,179,018 2,591,145	\$ 110,493 9,769,994	\$ - 923,058 -	\$ 10,917,565 18,025,954 2,591,145
Total Capital Assets Not Depreciated	22,577,235	9,880,487	923,058	31,534,664
Capital Assets, Being Depreciated: Structures and Improvements Furniture and Equipment Infrastructure	21,437,304 7,064,442 100,155,527	331,480 888,538 923,058	- - -	21,768,784 7,952,980 101,078,585
Total Capital Assets Being Depreciated	128,657,273	2,143,076		130,800,349
Less Accumulated Depreciation: Structures and Improvements Furniture and Equipment Infrastructure	8,822,153 4,615,300 32,051,816	455,271 620,449 3,449,680	- - -	9,277,424 5,235,749 35,501,496
Total Accumulated Depreciation	45,489,269	4,525,400		50,014,669
Total Capital Assets Being Depreciated, Net	83,168,004	(2,382,324)		80,785,680
Governmental Activities Capital Assets, Net	\$ 105,745,239	\$ 7,498,163	\$ 923,058	\$ 112,320,344
Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Depreciated: Work in Progress	\$ -	\$ -	\$ -	\$ -
Total Capital Assets Not Depreciated Capital Assets, Being Depreciated: Sewer Lines Infrastructure Furniture and Equipment Total Capital Assets Being Depreciated	3,333,838 106,985 1,143,859 4,584,682			3,333,838 106,985 1,143,859 4,584,682
Less Accumulated Depreciation: Sewer Lines Infrastructure Furniture and Equipment Total Accumulated Depreciation Total Capital Assets Being Depreciated, Net	1,541,840 7,132 768,263 2,317,235 2,267,447	33,338 3,566 36,652 73,556 (73,556)	- - - - -	1,575,178 10,698 804,915 2,390,791 2,193,891
Business-Type Activities Capital Assets, Net	\$ 2,267,447	\$ (73,556)	\$ -	\$ 2,193,891

June 30, 2020

4) CAPITAL ASSETS - Continued

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

Governmental Activities:	
General Government	\$ 3,088,619
Public Safety	1,316,327
Community Development	5,087
Public Works	 115,367
Total Governmental Activities	\$ 4,525,400
Business-Type Acitivities: Sewer	\$ 73,556

5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020, was as follows:

		DUE FROM								
	(General				PUC	Ν	on-Major		
DUE TO		Fund	Inf	frastructure		Reimb.		Funds		Total
General Fund	\$	-	\$	1,016,289	\$	-	\$	290,984	\$	1,307,273
Infrastructure Fund		-		-		1,221,927		8,449		1,230,376
Non-Major Funds		35,043		-		-		542,940		577,983
Total	\$	35,043	\$	1,016,289	\$	1,221,927	\$	842,373	\$	3,115,632

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.

		•						
	(General		Infrastructure		Non-Major		
TRANSFERS OUT		Fund	F	und	Funds			Total
General Fund	\$	-	\$	95	\$ 2	2,714,940	\$	2,715,035
PUC Reimbursement		-	1,	221,927		-		1,221,927
Non-Major Funds		151,494	1,	417,382		159,999		1,728,875
Total	\$	151,494	\$ 2,	639,404	\$ 2	2,874,939	\$	5,665,837

The General Fund received \$151,494 from non-major funds in reimbursement for costs incurred applicable to grant funded programs. Non-major funds also transferred \$1,417,382 to the Infrastructure Fund for various capital projects. The General Fund made transfers of \$2,714,940 to non-major funds for debt service costs and to cover deficits in various funds. The PUC Reimbursement Fund transferred \$1,221,927 to the Infrastructure Fund for capital improvement projects.

June 30, 2020

6) LONG-TERM DEBT

A) Long-Term Debt Activity

Governmental Activities:		Beginning Balance	A	Additions	Deletions	Ending Balance		ue Within Ine Year
Lease Revenue Bonds:								,
2014 Refunding Bonds	\$	41,890,000	\$	-	\$ 850,000	\$ 41,040,000	\$	885,000
Premium		1,444,907		-	55,573	1,389,334		55,573
Claims and Judgments		2,049,706		223,156	362,404	1,910,458		897,138
Total OPEB Liability		11,119,635		646,931	-	11,766,566		-
Net Pension Liablity		66,162,256		4,530,036	-	70,692,292		-
Compensated Absences		1,749,400		1,125,381	980,153	 1,894,628		249,046
Total	\$1	24,415,904	\$	6,525,504	\$ 2,248,130	\$ 128,693,278	\$ 2	2,086,757
Business-type Activities:								
Compensated Absences	\$	74,949	\$	47,632	\$ 32,052	\$ 90,529	\$	8,680
Total OPEB Liability		492,323		-	18,205	474,118		-
Net Pension Liability		2,311,142		164,748	-	2,475,890		<u>-</u>
Total	\$	2,878,414	\$	212,380	\$ 50,257	\$ 3,040,537	\$	8,680

2014 Lease Revenue Refunding Bonds

During fiscal year 2014-15, the Montclair Public Financing Authority (Authority) issued \$45,000,000 of 2014 Lease Revenue Refunding Bonds. The Bonds were issued to refund the outstanding 2005 Lease Revenue Bonds, and provide funds for various public improvements and infrastructure projects. The City and the Authority have entered into a lease agreement, pursuant to which the City will make lease payments to the Authority. The Bonds are secured by these lease payments. Interest on the Bonds is payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2015. The Bonds carry various interest rates 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, 2020 is \$41,040,000. The annual requirements to amortize the outstanding indebtedness as of June 30, 2020, including interest, are as follows:

Fiscal Year Ending			
June 30,	Principal	Interest	Total
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	1,025,000	1,562,762	2,587,762
2025	1,075,000	1,510,263	2,585,263
2026 - 2030	6,005,000	6,967,981	12,972,981
2031 - 2035	7,285,000	5,601,625	12,886,625
2036 - 2040	9,170,000	3,693,400	12,863,400
2041 - 2045	11,180,000	1,655,000	12,835,000
2046	2,510,000	50,200	2,560,200
Totals	\$41,040,000	\$ 26,020,144	\$ 67,060,144
	•		

June 30, 2020

6) LONG-TERM DEBT - Continued

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, 2020 is \$1,910,458.

B) Fiduciary Fund Long-Term Debt Activity

	Beginning			Ending	Due Within	
	Balance	Additions	Deletions	Balance	One Year	
Tax Allocation Bonds:						
2007A	\$ 19,520,000	\$ -	\$19,520,000	\$ -	\$ -	
2007B	2,050,000	-	2,050,000	-	-	
2006A	5,090,000	-	5,090,000	-	-	
2006B	3,280,000	-	3,280,000	-	-	
2004	3,470,000	-	3,470,000	-	-	
2001	6,670,000	-	6,670,000	-	-	
1997	80,000	-	80,000	-	-	
2019A	-	19,890,000	-	19,890,000	1,325,000	
2019B	-	12,660,000	-	12,660,000	255,000	
Premium on Bonds		3,137,177		3,137,177		
Total	\$ 40,160,000	\$35,687,177	\$40,160,000	\$ 35,687,177	\$ 1,580,000	

Tax Allocation Bonds

2019 A and B (Taxable) Tax Allocation Refunding Bonds

In December 2019, the Successor Agency to the City of Montclair Redevelopment Agency issued the 2019 Series A and B (Taxable) Tax Allocation Refunding Bonds in the amount of \$19,890,000 and \$12,660,000. Proceeds from 2019 Bonds will be applied to: (i) refund bonds (2007A, 2007B, 2006A, 2006B, 2004, 2001 and 1997) incurred by the Former Agency, (ii) pay for the premium for a debt service reserve insurance policy to be issued by Build America Mutual Assurance Company and (iii) pay costs of issuance of the 2019 Bonds. The prior bonds were issued to finance and refinance the former Redevelopment Agency's undertakings with respect to four project areas known as Redevelopment Project Area No. 1, Montclair Redevelopment Project Area No. V.

The 2019 Bonds will be payable from and secured by a pledge of Tax Revenues derived from the Bond Project Areas. Interest on the bonds is payable semi-annually on April 1 and October 1 commencing on April 1, 2020. The bonds carry interest rates ranging from 3.00% to 4.00% on the Series A Bonds and 1.856% to 2.897% on the Series B Bonds. Bond maturities begin October 1, 2020, and continue annually through October 1, 2035, ranging from \$800,000 to \$1,705,000 on Series A Bonds and \$255,000 to \$1,740,000 on Series B Bonds.

The Agency refunded the prior bonds of the Former Redevelopment Agency to decrease total debt service payments by approximately \$11.7 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,522,479.

June 30, 2020

6) LONG-TERM DEBT - Continued

The future debt service requirements are as follows:

2019 A Tax Allocation Bonds

Fiscal Year Ending

J			
June 30,	Principal	Interest	Total
2021	\$ 1,325,000	\$ 740,725	\$ 2,065,725
2022	1,070,000	704,800	1,774,800
2023	1,105,000	672,175	1,777,175
2024	1,140,000	632,800	1,772,800
2025	1,195,000	586,100	1,781,100
2026 - 2030	7,220,000	2,140,800	9,360,800
2031 - 2035	6,035,000	720,700	6,755,700
2036	800,000	16,000	816,000
Totals	\$ 19,890,000	\$ 6,214,100	\$ 26,104,100

2019 B Tax Allocation Bonds

Fiscal Year Ending

June 30,	Principal	Interest	Total
2021	\$ 255,000	\$ 360,195	\$ 615,195
2022	285,000	355,112	640,112
2023	445,000	347,975	792,975
2024	450,000	338,829	788,829
2025	675,000	326,679	1,001,679
2026 - 2030	4,005,000	1,356,770	5,361,770
2031 - 2035	6,230,000	534,257	6,764,257
2036	315,000	5,242	320,242
Totals	\$ 12,660,000	\$ 3,625,059	\$ 16,285,059

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.

June 30, 2020

6) LONG-TERM DEBT - Continued

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 \$42,389,159 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:

Items	Project Area I	Project Area II		Project Area III	Project Area IV	Project Area V		ssion Blvd oject Area	Total
City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency									
Allocations to Redevelopment Obligation Retirement Fund (RORF)									
Tax Increment Collections	\$ 287,791	\$	-	\$6,393,982	\$3,005,687	\$6,967,531	\$1	,916,211	\$18,571,202
County Administration Charges	(1,506)		-	(33,197)	(15,646)	(36,116)		(6,285)	(92,750)
Payments to Taxing Entities	(253,614)		-	(4,419,842)	(2,597,620)	(5,379,208)	(1	,890,893)	(14,541,177)
Net Tax Increment Available for									
Debt Service	\$ 32,671	\$		\$1,940,943	\$ 392,421	\$1,552,207	\$	19,033	\$ 3,937,275

7) PENSIONS PLANS

General Information about the Pension Plans

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) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors nine rate plans (three miscellaneous and six safety). 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, 2017 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2017 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The rate plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

June 30, 2020

7) PENSIONS PLANS - Continued

		Miscellaneous	
	Prior to	On or after	On or after
Hire date	June 21, 2010	June 21, 2010	January 1, 2013
Benefit formula	3% @ 60	2% @ 60	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	8%	7%	6.25%
Required employer contribution rates	10.917% + \$1,958,250	10.917% + \$16,553	10.917% + \$9,215
		Safety - Police	
	Prior to	On or after	On or after
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	21.927% + \$1,484,257	20,073% + \$43,118	13.034% + \$5,121
		Safety - Fire	
	Prior to	On or after	On or after
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	23.654% + \$1,334,938	21.748% + \$20,007	13.786% + \$786

(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 \$4,872,245 in fiscal year 2020.

June 30, 2020

7) PENSIONS PLANS - Continued

The City's contributions to the Plan for the year ended June 30, 2020 were \$6,528,038.

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

As of June 30, 2020, the City reported a liability of \$73,168,182 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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.71058%
Proportion - June 30, 2019	0.71404%
Change - Increase (Decrease)	0.00346%

For the year ended June 30, 2020, the City recognized pension expense of \$11,963,787. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources		 eferred Inflows of Resources
Pension contributions subsequent to measurement date	\$	6,528,038	\$ -
Differences between actual and expected experience		4,740,571	-
Changes in assumptions		2,347,319	-
Change in employer's proportion		133,524	117,035
Differences between the employer's contributions and			
the employer's proportionate share of contributions		-	1,816,955
Net differences between projected and actual			
earnings on plan investments			 1,118,681
Total	\$	13,749,452	\$ 3,052,671

\$6,528,038 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, 2021. 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,	_	
2021	\$	4,363,739
2022		(941,636)
2023		525,033
2024		221,607
2025		-
Thereafter		_

June 30, 2020

7) PENSIONS PLANS - Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
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 mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return - 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows.

Using historical returns of all the funds' asset classes, expected compound 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

	New Strategic	Real Return	Real Return
Asset Class	Allocation	Years 1 - 10 (1)	Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

- (1) An expected inflation of 2.0% used for this period.
- (2) An expected inflation of 2.92% used for this period.

June 30, 2020

7) PENSIONS PLANS - Continued

Discount Rate - The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	1% Decrease (6.15%)		Discount Rate (7.15%)		1% Increase (8.15%)	
Net Pension Liability	\$	104,869,954	\$	73,168,182	\$	47,107,235	

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, 2020, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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:

June 30, 2020

8) OTHER POSTEMPLOYMENT BENEFITS - Continued

	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	- Lesser of:	- Lesser of:	- Lesser of:	- n/a			
Service (3)	\$200/mo. If	\$551/mo.	\$200/mo. If				
	retired < 7/1/13		retired <				
	\$230/mo. If	Act Single Cap	\$230/mo. If				
	retired > 7/1/13		retired >				
	Act Single Cap		Act Single Cap				
Age 50 and 25 Years	- Lesser of:	- Lesser of: (4)	- Lesser of:	- Greater of:			
Service	\$532.16/mo.	\$551/mo.	\$532.16/mo.	\$300/mo.			
	Act Single Cap	Act Single Cap	Act Single Cap	\$400/mo. at 30			
		or 2-party Cap		years			
		Dental & Vision		Max			
		if Single Medical		\$532.16/mo.			
Surviving Spouse Benefit	- Surviving spous	e can elect medica	al, dental, and visi	on coverage at			
J .	own cost						
Medicare Part A & B	- City Contributes	s toward Part B pre	miums subject to	caps			
	- City also contributes toward Part A premiums if hired < 4/1/86						
Dental, Vision, & Life	- None other than	n management at 25	5 years service				

- 1) 48 consecutive months of City employment in a management position contiguous to retirement date.
- 2) PEPRA 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	77
Inactives entitled to but not yet receviging benefits	-
Active employees	157
Total	234

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, 2019 and was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

June 30, 2020

8) OTHER POSTEMPLOYMENT BENEFITS - Continued

June 30, 2018
Entry Age Actuarial Cost
Pay-as-you-go
Mortality projected fully generational with Scale MP-2017
CalPERS 1997-2015 Experience Study
50 (52 for PEPRA)
7.50% initial, 4.00% ultimate - Non-Medicare
6.50% initial, 4.00% ultimate - Medicare
2.75%
3.00%
3.50% - Bond Buyer 20-year Bond index as of 6/30/19
3.87% - Bond Buyer 20-year Bond index as of 6/30/18
3.58% - Bond Buyer 20-year Bond Index as of 6/30/17

Changes in the Total OPEB Liability

	Т	otal OPEB
	Li	ability (TOL)
Balance at June 30, 2019 (June 30, 2018 measurement date)	\$	11,611,958
Changes in the year:		
Service cost		269,472
Interest on the total OPEB liability		449,101
Assumption Changes		463,716
Employer Contributions		-
Employee Contributions		-
Benefit payments, including refunds		(553,563)
Net changes		628,726
Balance at June 30, 2020 (June 30, 2019 measurement date)	\$	12,240,684

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:

	19	% Decrease (2.50%)	iscount Rate (3.50%)	1	1% Increase (4.50%)			
Total OPEB liability (asset)	\$	13,645,696	\$ 12,240,684	\$	11,047,924			

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:

				Healthcare			
	1	1% Decrease		Trend	1% Increase		
Total OPEB liability (asset)	\$	11,632,054	\$	12,240,684	\$	12,890,519	

June 30, 2020

8) OTHER POSTEMPLOYMENT BENEFITS - Continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the City recognized OPEB expense of \$583,990. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Defer	red Outflows	Defe	Deferred Inflows			
	of F	of I	Resources				
OPEB Contributions Subsequent to the Measurement Date	\$	571,193	\$	-			
Changes of Assumptions		394,505		808,246			
Net differences between projected and actual							
earnings on plan investments		-					
Total	\$	965,698	\$	808,246			

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,	
2021	\$ (134,583)
2022	(134,583)
2023	(134,583)
2024	(89,708)
2025	31,266
Thereafter	48,450

The \$571,193 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2021.

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 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, 2020, third party claims administrators estimated \$1,910,458 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.

June 30, 2020

9) SELF-INSURANCE PROGRAM - Continued

While the ultimate losses incurred through June 30, 2020 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, 2020 represent the City's best estimate, based on available information, as follows.

		- 1	Beginning						End		
			of Year	Cu	rrent Year		Claim	of Year			
	Fiscal Year		Liability		Claims	P	ayments	Liability			
-	2019-20	\$	2,049,706	\$	223,156	\$	362,404	\$	1,910,458	_	
	2018-19		2,675,157		22,135		647,586		2,049,706		

10) FUND BALANCES

The details of the fund balances as of June 30, 2020 are presented below:

Nonspendable:	General Fund	F	2014 Refunding Bonds	Successor gency Bonds	Inf	rastructure	Reir	PUC mbursement	conomic velopment	G	Other overnmental Funds	Go	Total vernmental Funds
Prepaids	\$ 121,741	\$	-	\$ -	\$	-	\$	-	\$ -	\$	932	\$	122,673
Restricted for: Housing	-		-	_		_		-	_		5,319,027		5,319,027
Public Safety	-		-	-		-		-	-		1,334,911		1,334,911
Transportation	-		-	-		-		468,054	-		6,176,133		6,644,187
Comm. Development	-		1,514,155	13,445,864		-		-	-		1,500,190		16,460,209
Committed to:													
Comm. Development	-		-	-		-		-	5,856,159		-		5,856,159
Assigned to:													
Capital Projects	-		-	-		142,955		-	-		-		142,955
Post-employ. Benefits	2,700,000		-	-		-		-	-		-		2,700,000
Retiree Medical Liab.	900,000		-	-		-		-	-		-		900,000
Technology	320,751		-	-		-		-	-		-		320,751
Self Insurance	850,000		-	-		-		-	-		-		850,000
Equip. Replacement	1,362,346		-	-		-		-	-		-		1,362,346
Unanticipated Pers.	700,000		-	-		-		-	-		-		700,000
Building Maintenance	600,000		-	-		-		-	-		-		600,000
Contingencies	200,000		-	-		-		-	-		-		200,000
Unassigned	4,795,696					-			 		(13,550)		4,782,146
Total Fund Balance	\$ 12,550,534	\$	1,514,155	\$ 13,445,864	\$	142,955	\$	468,054	\$ 5,856,159	\$	14,317,643	\$	48,295,364

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 \$7,277,082.



City of Montclair Budgetary Comparison Schedule General Fund

				Variance with Final Budget
	Budgeted Original	d Amounts Final	Actual Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 14,402,275	\$ 14,402,275	\$ 14,402,275	\$ -
Resources (Inflows):				
Taxes	24,455,000	24,660,000	26,324,290	1,664,290
Licenses and Permits	628,536	643,525	480,046	(163,479)
Intergovernmental	153,200	175,000	219,115	44,115
Charges for Services	4,001,000	4,142,400	4,146,350	3,950
Use of Money and Property	317,000	334,000	626,164	292,164
Fines and Forfeitures	570,400	485,200	306,953	(178,247)
Miscellaneous	296,410	201,460	301,152	99,692
Transfers In	100,000	100,000	151,494	51,494
Amounts Available for Appropriation	44,923,821	45,143,860	46,957,839	1,813,979
Charges to Appropriation (Outflow):				
General Government				
City Council	365,874	454,449	383,693	70,756
City Manager	265,630	560,446	501,990	58,456
Administration	225,794	225,794	220,700	5,094
Financial Services	629,762	629,762	584,521	45,241
Solid Waste Disposal	2,489,637	2,489,637	2,870,744	(381,107)
City Clerk	237,163	237,163	230,046	7,117
Personnel/Risk Assessment	370,638	370,638	378,602	(7,964)
Information Technology Services	800,347	918,569	947,244	(28,675)
Central Services	352,642	352,642	363,489	(10,847)
City Attorney	321,114	321,114	362,214	(41,100)
Non-Departmental	3,702,728	3,702,728	3,665,062	37,666
Public Safety	0,102,120	0,702,720	0,000,002	07,000
Police Administration	238,162	235,423	245,393	(9,970)
Police Support Services	678,996	654,106	672,380	(18,274)
Technical Services	368,376	350,896	322,584	28,312
Records Bureau	606,535	606,375	627,705	(21,330)
Investigations	972,508	1,023,563	1,029,717	(6,154)
•				, ,
Uniform Patrol	6,826,475	6,655,969	6,597,932	58,037 67,496
Communications	665,828	726,513	659,027	67,486
Volunteer Services	64,686	63,121	64,979	(1,858)
Fire Administration	503,594	503,594	481,973	21,621
Fire Prevention	116,976	116,976	147,857	(30,881)
Emergency Services	4,338,456	4,581,456	4,506,232	75,224
Personnel Development	19,000	19,000	9,797	9,203
Buildings and Grounds	6,800	6,800	6,310	490
Emergency Preparedness	69,014	68,934	69,899	(965)
Code Enforcement	425,399	427,899	445,892	(17,993)

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

	Budgete	d Amounts	Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Charges to Appropriation (Outflow): - Continued				
Community Development				
Planning Commission	\$ 11,150	\$ 11,150	\$ 8,377	\$ 2,773
Community Development Administration	114,732	114,732	118,222	(3,490)
Current Planning	178,691	178,691	183,532	(4,841)
Advance Planning	101,451	101,451	106,850	(5,399)
Field Inspection	139,764	139,764	137,202	2,562
Plan Check	104,227	104,227	84,471	19,756
Building Operations	142,685	142,685	150,247	(7,562)
Recreation	1,037,680	1,130,158	951,357	178,801
Clinic	137,414	148,085	52,248	95,837
Senior Citizens	114,360	114,360	73,060	41,300
Nutritional Meals	51,411	51,411	38,775	12,636
Family and Health Education	53,421	53,421	50,867	2,554
Public Works				
Management and Construction	353,570	353,570	440,685	(87,115)
Public Works Inspection	91,925	91,925	58,159	33,766
Traffic Safety Engineering	66,151	66,151	108,696	(42,545)
Graffiti Abatement	90,968	90,968	67,429	23,539
Street Maintenance	592,582	589,844	532,246	57,598
Signing/Painting	23,798	23,798	17,788	6,010
Street Sweeping	21,349	21,349	24,323	(2,974)
Parks Maintenance	466,050	466,050	404,641	61,409
Tree Maintenance	30,265	30,265	33,530	(3,265)
Vehicle Maintenance	388,111	388,111	407,861	(19,750)
Building Maintenance Services	370,676	371,627	324,000	47,627
Heating and Air Conditioning	124,263	137,714	150,976	(13,262)
Janitorial Services	317,828	319,828	328,549	(8,721)
Capital Outlay	34,200	436,350	415,820	20,530
Transfers Out	-		2,715,035	(2,715,035)
Total Charges to Appropriations	30,820,856	31,981,252	34,380,928	(2,399,676)
Budgetary Fund Balance, June 30	\$ 14,102,965	\$ 13,162,608	\$ 12,576,911	\$ (585,697)

June 30, 2020

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

June 30, 2020

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

	Measurement Period								
		2019		2018		2017			
Total OPEB Liability									
Service cost	\$	269,472	\$	279,017	\$	318,968			
Interest on total OPEB liability		449,101		423,080		363,789			
Changes in assumptions		463,716		(363,175)		(1,002,248)			
Changes in benefits		-		-		_			
Benefit payments, including refunds		(553,563)		(531,634)		(642,745)			
Net change in total OPEB liability		628,726		(192,712)		(962,236)			
Total OPEB liability - beginning	•	11,611,958	•	11,804,670		12,766,906			
Total OPEB liability - ending (a)	\$ '	12,240,684	\$ ^	11,611,958	\$	11,804,670			
Covered - employee payroll	\$	12,201,903	\$ ^	11,361,672	\$	11,850,580			
Total OPEB liability as a percentage of covered-employee payroll		100.32%		102.20%		99.61%			

^{*}Fiscal year 2018 was the first year of implementation; therefore, 10 years of information are not yet 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

June 30, 2020

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)	\$	85,019,500	\$	78,230,670	\$	75,855,193	\$	74,647,209	
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)	\$	58,067,143	\$	54,149,399	\$	55,689,185	\$	56,396,998	
Net pension liability - ending (a) - (b)	\$	26,952,357	\$	24,081,271	\$	20,166,008	\$	18,250,211	
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. In addition, the plan was converted to the cost-sharing pool for the measurement period ended June 30, 2018.

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. In 2018, the Agent multiple-employer miscellaneous pension plan was converted to the cost-sharing pool with CalPERS.

June 30, 2020

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

Fiscal Year	I	ontractually Required ontributions	Re	ntributions in elation to the Actuarially Determined ontributions	Def	ntribution liciency/ excess)	Covered Payroll	Contributions as a % of Covered Payroll
1 ISCAI I CAI				OTILIDULOIIS			 rayron	Fayron
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 four years are reported. In addition, the plan was converted to the cost-sharing pool for the measurement period ended June 30, 2018.

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

June 30, 2020

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	S	Proportionate Share of Net Insion 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
2019	0.71404%	\$	73,168,182	\$	11,799,285	620.11%	68.61%
2018	0.71058%		68,473,398		12,111,468	565.36%	69.53%
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, ten years of information are not yet available.

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 2018, the City's miscellaneous Agent multiple-employer plan was converted to the risk pools and is now included as part of the risk pool reporting. 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.

June 30, 2020

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

Fiscal Year		ontractually Required ontributions	Re /	ntributions in elation to the Actuarially Determined ontributions	Defic	ribution ciency/ cess)	Covered Payroll	Contributions as a % of Covered Payroll
2020	\$	6,528,038	\$	(6,528,038)	\$	_	\$ 12,337,506	52.91%
2019		5,540,282		(5,540,282)		-	11,799,285	46.95%
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, ten years of information are not yet available.

Valuation Date: 6/30/13, 6/30/14, 6/30/15, 6/30/16 and 6/30/17



City of Montclair Combining Balance Sheet Non-major Funds June 30, 2020

	Special Revenue Funds											
		Gas Tax	Me	easure I		ffic Safety	Park Development	De	ommunity velopment ock Grant			
ASSETS												
Pooled Cash and Investments	\$	939,867	\$ 2,	,654,647	\$	14,766	\$ 1,800,207	\$	-			
Receivables:												
Accounts		31,568		-		2,881	-		10,015			
Notes and Loans		-		-		-	-		-			
Accrued Interest		-		-		-	-		-			
Prepaid Costs		-		-		-	-		-			
Due from Other Governments		104,638		137,434		5,045	-		-			
Due from Other Funds		223		542,941		34,819						
Total Assets	\$	1,076,296	\$ 3,	,335,022	\$	57,511	\$ 1,800,207	\$	10,015			
LIABILITIES												
Accounts Payable	\$	193,631	\$	_	\$	43	\$ -	\$	2,549			
Accrued Liabilities	Ψ	8,195	Ψ	_	Ψ	155	· -	Ψ	_,010			
Deposits Payable		-		_		-	_		_			
Due to Other Governments		_		_		6,135	_		_			
Due to Other Funds		7,895		_		2,881			9,011			
Total Liabilities		209,721				9,214			11,560			
DEFERRED INFLOWS OF RESOURCES												
Unavailable Revenues - Grants												
Total Deferred Inflows of Resources												
FUND BALANCES (DEFICITS)												
Nonspendable		_		_		_	-		_			
Restricted		866,575	3,	,335,022		48,297	1,800,207		-			
Unassigned									(1,545)			
Total Fund Balances (Deficits)		866,575	3,	,335,022		48,297	1,800,207		(1,545)			
Total Liabilities, Deferred Inflows of												
Resources, and Fund Balances	\$	1,076,296	\$ 3,	,335,022	\$	57,511	\$ 1,800,207	\$	10,015			

Special Revenue Funds State Asset Federal Asset Air Quality Older Forfeiture State Asset Public Forfeiture Forfeiture Improvement American Act Forfeiture Safety DOJ Section 11489 Treasury 152,396 \$ 20,736 117,141 195,941 417,641 44,977 87,679 54,850 12,382 179 24,423 32 220,364 45,009 164,778 75,586 117,320 417,641 87,679 \$ 15,020 \$ 4,041 29,014 74,105 5,716 54,850 74,105 4,041 75,586 29,014 160,737 117,320 191,350 343,536 45,009 87,679 160,737 117,320 191,350 343,536 45,009 87,679 164,778 \$ 75,586 \$ 117,320 \$ 220,364 \$ 417,641 \$ 45,009 87,679

Continued

City of Montclair Combining Balance Sheet Non-major Funds - Continued June 30, 2020

				Spe	ecial F	Revenue F	unds			
		hool			As	lustice sistance	Pr	Crime evention	R	ecycling Block
	District Grant		SSLEF			Grant	PC	1202.5	Grant	
ASSETS										
Pooled Cash and Investments	\$	-	\$	290,920	\$	3,285	\$	1,978	\$	75,679
Receivables:										
Accounts		-		-		-		-		-
Notes and Loans		-		-		-		-		-
Accrued Interest		-		-		-		-		-
Prepaid Costs		-		-		-		-		-
Due from Other Governments		-		-		-		29		-
Due from Other Funds										
Total Assets	\$		\$	290,920	\$	3,285	\$	2,007	\$	75,679
LIABILITIES										
Accounts Payable	\$	_	\$	_	\$	3,285	\$	_	\$	-
Accrued Liabilities		-		-		· -		-		-
Deposits Payable		-		-		-		-		-
Due to Other Governments		-		-		_		-		-
Due to Other Funds		_								
Total Liabilities						3,285				
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenues - Grants										
Total Deferred Inflows of Resources										
FUND BALANCES (DEFICITS)										
Nonspendable		_		_		_		_		-
Restricted		-		290,920		_		2,007		75,679
Unassigned										
Total Fund Balances (Deficits)				290,920				2,007		75,679
Total Liabilities, Deferred Inflows of										
Resources, and Fund Balances	\$	_	\$	290,920	\$	3,285	\$	2,007	\$	75,679

Special Revenue Funds After Safety Disability Mt. Baldy School Department United Way Immunization E.M.S. Prop 30 Access-SB 109 Program Grants Grant Paramedic Bus. License Grant \$ 28,327 \$ 13,512 \$ 139,395 \$ 28,248 \$ 179,779 4,197 28,248 4,197 139,395 28,327 179,779 13,512 \$ 7,022 400 2,544 23,968 980 561 225 (1,035)184,762 26,737 191,784 561 1,380 (1,035)1,590 12,951 2,817 139,395 29,283 (12,005)1,590 (12,005)12,951 2,817 139,395 29,283 \$ 28,327 \$ 179,779 \$ 13,512 \$ 4,197 \$ 139,395 \$ 28,248

Continued

City of Montclair Combining Balance Sheet Non-major Funds - Continued June 30, 2020

	Special Revenue Funds										
	Montclair		Kaiser		esource		itle IIIB		_		
	Housing	Pe	rmanente		Center	Sr. S	Supportive	Co	ommunity		
	Corporation		Grant		Grant	S	ervices	Fo	oundation		
ASSETS											
Pooled Cash and Investments	\$ 2,192,820	\$	5,643	\$	10,878	\$	-	\$	160,303		
Receivables:											
Accounts	52,676		-		-		3,998		-		
Notes and Loans	-		-		-		-		-		
Accrued Interest	5,722		-		-		-		-		
Prepaid Costs	932		-		-		-		-		
Due from Other Governments	-		-		-		-		-		
Due from Other Funds											
Total Assets	\$ 2,252,150	\$	5,643	\$	10,878	\$	3,998	\$	160,303		
LIABILITIES											
Accounts Payable	\$ 11,455	\$	123	\$	159	\$	-	\$	136		
Accrued Liabilities	7,125		-		-		-		-		
Deposits Payable	72,870		-		-		-		-		
Due to Other Governments	-		-		-		-		-		
Due to Other Funds											
Total Liabilities	91,450		123		159				136		
DEFERRED INFLOWS OF RESOURCES											
Unavailable Revenues - Grants											
Total Deferred Inflows of Resources											
FUND BALANCES (DEFICITS)											
Nonspendable	932		-		-		-		-		
Restricted	2,159,768		5,520		10,719		3,998		160,167		
Unassigned											
Total Fund Balances (Deficits)	2,160,700		5,520		10,719		3,998		160,167		
Total Liabilities, Deferred Inflows of											
Resources, and Fund Balances (Deficits)	\$ 2,252,150	\$	5,643	\$	10,878	\$	3,998	\$	160,303		

Special Revenue Funds													
	ES	Hope									ontclair		Public
	mental		sing		Park		D 2011-1		D 2011-2		ousing		ducation
Gr	ant	Gr	ant	Ma	intenance		Paseos	Arr	ow Station	Authority		Govt. PEG	
ф		Φ.		Φ.	04.704	Φ	400.005	Φ.	400 704	Φ.	4 474	Φ.	45.055
\$	-	\$	-	\$	84,734	\$	130,625	\$	100,734	\$	4,471	\$	15,055
	_		_		_		_		842		_		8,519
	_		_		_		_		-	2 !	599,461		-
	_		_		_		_		_	۷,۰	-		_
	_		_		_		_		_		_		_
	-		-		-		-		-		-		-
\$		\$		\$	84,734	\$	130,625	\$	101,576	\$ 2,0	603,932	\$	23,574
•		•		•	000	•	0.404	•	0.404	•		•	
\$	-	\$	-	\$	326	\$	8,491	\$	8,481	\$	-	\$	-
	-		-		-		100		-		-		-
	-		_		-		_		-		_		_
	-		_		_		_		7,500		_		-
-				-					7,000	-			
	-		_		326		8,591		15,981		_		-
					-		-		-		_		-
	_		-		- 84,408		- 122,034		- 85,595	21	- 603,932		- 23,574
	_		-		-		122,004		-	۷,۱	-		20,014
-								-	•				
	_		_		84,408		122,034		85,595	2.0	603,932		23,574
							,						
\$	-	\$	-	\$	84,734	\$	130,625	\$	101,576	\$ 2,0	603,932	\$	23,574
-								<u> </u>					

Continued

City of Montclair Combining Balance Sheet Non-major Funds - Continued June 30, 2020

	Special Revenue Funds					Capital Project Funds				
	H	omeless	ŀ	Healthy						
		nergency		mmunity		avement	Un	derground	_	neral Plan
	Aid	Program	Stra	tegic Plan	<u>Im</u>	pact Fees		In-lieu		Jpdate
ASSETS										
Pooled Cash and Investments	\$	41,215	\$	18,870	\$	158,901	\$	148,907	\$	77,579
Receivables:										
Accounts		42,142		-		-		26,740		-
Notes and Loans		-		-		-		-		-
Accrued Interest		-		-		-		-		-
Prepaid Costs		-		-		-		-		-
Due from Other Governments		-		-		18,100		-		-
Due from Other Funds										
Total Assets	\$	83,357	\$	18,870	\$	177,001	\$	175,647	\$	77,579
LIABILITIES										
Accounts Payable	\$	83,357	\$	735	\$	_	\$	_	\$	-
Accrued Liabilities				-		-		-		_
Deposits Payable		-		-		-		-		-
Due to Other Governments		-		-		-		-		-
Due to Other Funds										
Total Liabilities		83,357		735						
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenues - Grants										
Total Deferred Inflows of Resources										
FUND BALANCES (DEFICITS)										
Nonspendable		_		-		-		-		-
Restricted		-		18,135		177,001		175,647		77,579
Unassigned							_			
Total Fund Balances (Deficits)				18,135		177,001		175,647		77,579
Total Liabilities, Deferred Inflows of										
Resources, and Fund Balances (Deficits)	\$	83,357	\$	18,870	\$	177,001	\$	175,647	\$	77,579

	Ū		et Funds evelopment mpact Fee	R	ot Service Fund 2014 efunding Bonds		Non-Major overnmental Total
\$	555,327	\$	1,067,873	\$	2,302	\$	11,803,579
	- - - -		- - - -		- - - - 21,782		418,207 2,599,461 5,722 932 324,044
\$	555,327	\$	1,067,873	\$	24,084	\$	577,983 15,729,928
<u> </u>	000,021	<u> </u>	1,007,070	<u> </u>	24,004	<u> </u>	10,720,020
\$	- - -	\$	- - - - 551,390	\$	- - - 24,084	\$	444,917 46,800 73,095 5,100 842,373
			551,390		24,084		1,412,285
	_		_		_		_
	_		-		_		-
	-		-		-		932
	555,327 -		516,483 -		-		14,330,261 (13,550)
	555,327		516,483		-		14,317,643
\$	555,327	\$	1,067,873	\$	24,084	\$	15,729,928

City of Montclair

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Funds

	Special Revenue Funds										
	Gas Tax	Measure I	Traffic Safety	Park Development	Community Development Block Grant						
REVENUES											
Taxes	\$ 1,591,444	\$ -	\$ -	\$ -	\$ -						
Intergovernmental	-	733,675	5,612	-	213,656						
Charges for Services	-	-	-	-	-						
Use of Money and Property Fines and Forfeitures	13,041	39,167	- 144,460	-	-						
Miscellaneous	_	-	144,400	361,638	-						
Misochanicous											
Total Revenues	1,604,485	772,842	150,072	361,638	213,656						
EXPENDITURES Current:											
General Government	68,068	-	-	-	-						
Public Safety	-	-	-	-	-						
Community Development	-	-	6,275	-	77,607						
Public Works	982,787	-	-	-	-						
Capital Outlay Debt Service:	33,291	16,398	-	-	-						
Principal Retirement	_	_	_	_	_						
Interest and Fiscal Charges	_	_	_	_	_						
3											
Total Expenditures	1,084,146	16,398	6,275		77,607						
Excess (Deficiency) of Revenues Over (Under) Expenditures	520,339	756,444	143,797	361,638	120.040						
Over (Orider) Experiditures	520,539	7 30,444	143,797	301,030	136,049						
OTHER FINANCING SOURCES (USES)											
Transfers In	-	-	487	-	-						
Transfers Out	(607,049)	(298,293)	(100,000)		(135,952)						
Total Other Financing Sources (Uses)	(607,049)	(298,293)	(99,513)		(135,952)						
Net Change in Fund Balances	(86,710)	458,151	44,284	361,638	97						
Fund Balance, Beginning of Year	953,285	2,876,871	4,013	1,438,569	(1,642)						
Fund Balance, End of Year	\$ 866,575	\$ 3,335,022	\$ 48,297	\$ 1,800,207	\$ (1,545)						

Special Revenue Funds													
ir Quality provement	Older American Act		tate Asset Forfeiture		Public Safety	F	orfeiture DOJ	Fo	ite Asset orfeiture ion 11489	F	eral Asset orfeiture reasury		
\$ - 50,032	\$ - 159,952	\$	-	\$	389,716	\$	-	\$	-	\$	-		
1,601 -			- 1,487 24,010		- - -		5,304 67,339		- 572 4,237		- 1,113 45,683		
 	38,447												
 51,633	198,399		25,497		389,716		72,643		4,809		46,796		
-	-		-		_		-		-		-		
- 26,782	235,504		-		343,637		21,806		3,329		-		
, -	- -		- 5,294		-		- 77,088		-		30,140		
- -	<u>-</u>		<u>-</u>		- -		- -		- -		- -		
 26,782	235,504		5,294		343,637		98,894		3,329		30,140		
 24,851	(37,105)		20,203		46,079		(26,251)		1,480		16,656		
- -	37,105 -		- -		- -		- -		-		-		
-	37,105	_	-		-		-		_		-		
24,851	-		20,203		46,079		(26,251)		1,480		16,656		
 135,886			97,117		145,271		369,787		43,529		71,023		
\$ 160,737	\$ -	\$	117,320	\$	191,350	\$	343,536	\$	45,009	\$	87,679		

Continued

City of Montclair

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Funds - Continued

	Special Revenue Funds											
	School District Grant	SSLEF	Justice Assistance Grant	Crime Prevention PC 1202.5	Recycling Block Grant							
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -							
Intergovernmental	172,800	156,422	-	-	20,738							
Charges for Services Use of Money and Property	-	3,694	-	26	- 961							
Fines and Forfeitures	-	5,094	_	279	-							
Miscellaneous												
Total Revenues	172,800	160,116		305	21,699							
EXPENDITURES												
Current:												
General Government Public Safety	172,800	100,000	6,590	-	-							
Community Development	172,000	100,000	0,590	-	-							
Public Works	-	-	<u>-</u>	-	_							
Capital Outlay	_	-	_	-	_							
Debt Service:												
Principal Retirement	-	-	-	-	-							
Interest and Fiscal Charges												
Total Expenditures	172,800	100,000	6,590									
Excess (Deficiency) of Revenues			(2.700)									
Over (Under) Expenditures		60,116	(6,590)	305	21,699							
OTHER FINANCING SOURCES (USES)												
Transfers In	-	-	6,590	-	-							
Transfers Out												
Total Other Financing Sources (Uses)			6,590									
Net Change in Fund Balances	-	60,116	-	305	21,699							
Fund Balance, Beginning of Year		230,804		1,702	53,980							
Fund Balance, End of Year	\$ -	\$ 290,920	\$ -	\$ 2,007	\$ 75,679							

				Spe	ecial Re	evenue Fi	unds						
After School Program	School Departme		nt Immunization Grant			E.M.S. Paramedic		Prop 30 SB 109		Disability Access- Bus. License		Mt. Baldy United Way Grant	
\$ -	\$	<u>-</u>	\$	_	\$	-	\$	-	\$	-	\$	-	
1,326,762 -		204,242	30,	000		49,345		-		- 9,004		-	
-		-		-		-		1,770		-		-	
-		- -		- -		-		- -		<u>-</u>		-	
1,326,762		204,242	30,	000		49,345		1,770		9,004			
95,181		-		_		-		_		-		_	
		162,939		<u>-</u>		85,568		-				-	
1,260,220		-	26,	760		-		- 16,730		1,017		-	
-		28,446		-		-		-		-		-	
-		-		-		-		-		-		-	
1,355,401		191,385	26,	760		85,568		16,730		1,017		-	
(28,639)	12,857	3,	240_		(36,223)		(14,960)		7,987			
29,639		- -		- -		39,040		- -		- -		- (40)	
29,639				-		39,040						(40)	
1,000		12,857	3,	240		2,817		(14,960)		7,987		(40)	
590		(24,862)	9,	711				154,355		21,296		40	
\$ 1,590	\$	(12,005)	\$ 12,	951	\$	2,817	\$	139,395	\$	29,283	\$	_	

Continued

City of Montclair

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Funds - Continued

	Special Revenue Funds						
	Montclair	Kaiser	Resource	Title IIIB			
	Housing	Permanente	Center	Sr. Supportive	Community		
	Corporation	Grant	Grant	Services	Foundation		
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -		
Intergovernmental	-	-	-	-	-		
Charges for Services	-	-	-	21,500	-		
Use of Money and Property	1,011,001	-	-	-	-		
Fines and Forfeitures	-	-	-	-	-		
Miscellaneous		10,000	14,200		31,337		
Total Revenues	1,011,001	10,000	14,200	21,500	31,337		
EXPENDITURES							
Current:							
General Government	1,040,463	_	_	_	_		
Public Safety	-	_	_	_	_		
Community Development	_	4,480	13,165	17,502	11,328		
Public Works	_	-	-	-	-		
Capital Outlay	_	_	_	_	_		
Debt Service:							
Principal Retirement	_	_	_	_	_		
Interest and Fiscal Charges	_	_	_	_	_		
interest and riseal charges							
Total Expenditures	1,040,463	4,480	13,165	17,502	11,328		
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	(29,462)	5,520	1,035	3,998	20,009		
OTHER FINANCING SOURCES (USES)							
Transfers In	160,000	-	-	-	-		
Transfers Out				(24,454)			
Total Other Financing Sources (Uses)	160,000			(24,454)			
Net Change in Fund Balances	130,538	5,520	1,035	(20,456)	20,009		
Fund Balance, Beginning of Year	2,030,162		9,684	24,454	140,158		
Fund Balance, End of Year	\$ 2,160,700	\$ 5,520	\$ 10,719	\$ 3,998	\$ 160,167		

Special Revenue Funds														
	ASES		ope Thru					Montclair		Public				
Su	pplemental		lousing	Park				CFD 2011-2		Housing			Education	
	Grant		Grant	Main	Maintenance		Paseos		w Station	Authority		Govt. PEG		
\$	_	\$	_	\$	-	\$	140,580	\$	55,429	\$	_	\$	_	
	119,847		40,174		-		· -		· -		,973		-	
	-		-		33,743		-		-		-		32,825	
	-		-		-		1,659		1,279		-		-	
	-		-		-		-		-		-		-	
					-			-					-	
	119,847		40,174		33,743		142,239		56,708	441	,973		32,825	
	110,011	-	10,171		00,7 10		1 12,200		00,700		,010	-	02,020	
	_		_		_		_		1,875		_		_	
	_		_		_		52,704		9,782		_		_	
	92,847		40,174		33,075		-		-	441	,974		154,801	
	-		-				42,799		11,861		-		-	
	-		-		-		-		-		-		-	
	-		-		-		-		-		-		-	
								-		-				
	92,847		40,174		33,075		95,503		23,518	441	,974		154,801	
	27,000				668		46,736		33,190		(1)		(121,976)	
	21,000				000		40,730		33,190		(1)		(121,970)	
	-		-		-		-		-		-		-	
	(27,000)				<u> </u>					(160	,000)			
	(27,000)		_		-		-		-	(160	,000)		-	
	, ,													
	-		-		668		46,736		33,190	(160	,001)		(121,976)	
					83,740		75,298		52,405	2,763	,933		145,550	
\$		\$	-	\$	84,408	\$	122,034	\$	85,595	\$ 2,603	,932	\$	23,574	

Continued

City of Montclair

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Funds - Continued

	Special Rev	enue Funds	Capital Project Funds				
	Homeless Emergency Aid Program	Healthy Community Strategic Plan	Pavement Impact Fees	Underground In-lieu	General Plan Update		
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -		
Intergovernmental	159,142	-	-	-	-		
Charges for Services	-	-	77,589	109,460	5,704		
Use of Money and Property	-	-	-	-	-		
Fines and Forfeitures	-	-	-	-	-		
Miscellaneous							
Total Revenues	159,142		77,589	109,460	5,704		
EXPENDITURES							
Current:							
General Government	-	-	-	-	-		
Public Safety	-	-	-	-	-		
Community Development	193,455	2,125	-	-	-		
Public Works	-	-	-	-	-		
Capital Outlay	-	-	-	-	-		
Debt Service:							
Principal Retirement	-	-	-	-	-		
Interest and Fiscal Charges							
Total Expenditures	193,455	2,125					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,313)	(2,125)	77,589	109,460	5,704		
OTHER FINANCING SOURCES (USES)							
Transfers In	5,188	_	_	_	_		
Transfers Out	-	-	(244,075)	_	-		
Total Other Financing Sources (Uses)	5,188		(244,075)				
Net Change in Fund Balances	(29,125)	(2,125)	(166,486)	109,460	5,704		
Fund Balance, Beginning of Year	29,125	20,260	343,487	66,187	71,875		
Fund Balance, End of Year	\$ -	\$ 18,135	\$ 177,001	\$ 175,647	\$ 77,579		

Capital Pr Housing Fund	oject Funds Development Impact Fee	Debt Service Fund 2014 Refunding Bonds	Non-Major Governmental Total		
	Impact r cc	Donus	Total		
\$ - - - - -	\$ - 292,281 - -	\$ - - 248 -	\$ 2,177,169 3,835,027 631,451 1,082,923 286,008 455,622		
	292,281	248	8,468,200		
-	-	-	1,205,587 959,155		
441,973	_	-	3,081,064		
-	-	-	1,054,177		
-	-	-	190,657		
		850,000 1,747,138	850,000 1,747,138		
441,973	_	2,597,138	9,087,778		
(441,973)	292,281	(2,596,890)	(619,578)		
-	-	2,596,890	2,874,939		
	(132,012)		(1,728,875)		
	(132,012)	2,596,890	1,146,064		
(441,973)	160,269	-	526,486		
997,300	356,214		13,791,157		
\$ 555,327	\$ 516,483	\$ -	\$ 14,317,643		

City of Montclair Combining Statement of Changes in Assets and Liabilities Agency Fund

Sewer Plant	Beginning Balance	Additions	Deductions	Ending Balance	
Assets:					
Pooled cash and investments	\$ 3,100,362	\$ 1,036,678	\$ 669	\$ 4,136,371	
Total Assets	\$ 3,100,362	\$ 1,036,678	\$ 669	\$ 4,136,371	
Liabilities					
Accounts Payable	\$ -	\$ 262,578	\$ 669	\$ 261,909	
Due to other governments	\$ 3,100,362	\$ 1,036,678	\$ 262,578	\$ 3,874,462	
Total Liabilities	\$ 3,100,362	\$ 1,299,256	\$ 263,247	\$ 4,136,371	