



**City of Montclair**  
**Annual Financial Report**  
**For the Fiscal Year Ended**  
**June 30, 2021**

**CITY OF MONTCLAIR**  
**FINANCIAL STATEMENTS**  
Year Ended June 30, 2021

**CITY OF MONTCLAIR  
FINANCIAL STATEMENTS  
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## Independent Auditor's Report

The Honorable City Council  
City of Montclair, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Montclair (City), as of and for the year ended June 30, 2021, 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.

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**Van Lant & Fankhanel, LLP**

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Murrieta, CA 92563  
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## ***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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As reported in the financial statements, in fiscal year 2020-21, the City adopted new accounting guidance, *GASBS No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

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

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

### *Other Information*

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

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 8, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Van Lant & Fankhaenel, LLP*

March 8, 2022

## **BASIC FINANCIAL STATEMENTS**

**City of Montclair**  
**Statement of Net Position**  
June 30, 2021

|                                                 | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|-------------------------------------------------|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Pooled Cash and Investments                     | \$ 42,523,761                      | \$ 4,575,064                        | \$ 47,098,825        |
| Receivables:                                    |                                    |                                     |                      |
| Accounts                                        | 2,980,307                          | 619,428                             | 3,599,735            |
| Notes and Loans                                 | 2,604,461                          | -                                   | 2,604,461            |
| Accrued Interest                                | 27,161                             | -                                   | 27,161               |
| Prepaid Costs                                   | 10,123                             | -                                   | 10,123               |
| Due From Other Governments                      | 6,379,837                          | 162,358                             | 6,542,195            |
| Internal Balances                               | 6,865                              | (6,865)                             | -                    |
| Capital Assets Not Being Depreciated            | 33,694,862                         | -                                   | 33,694,862           |
| Capital Assets, Net of Accumulated Depreciation | 80,316,721                         | 2,120,335                           | 82,437,056           |
| Total Assets                                    | <u>168,544,098</u>                 | <u>7,470,320</u>                    | <u>176,014,418</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                                    |                                     |                      |
| Deferred Outflow - Bond Refunding               | 229,499                            | -                                   | 229,499              |
| Deferred Outflows Related to OPEB               | 2,348,903                          | 94,646                              | 2,443,549            |
| Deferred Outflows Related to Pensions           | 14,317,307                         | 457,279                             | 14,774,586           |
| Total Deferred Outflows of Resources            | <u>16,895,709</u>                  | <u>551,925</u>                      | <u>17,447,634</u>    |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Accounts Payable                                | 1,596,377                          | 626,772                             | 2,223,149            |
| Accrued Liabilities                             | 498,601                            | 21,743                              | 520,344              |
| Accrued Interest                                | 409,285                            | -                                   | 409,285              |
| Deposits Payable                                | 242,019                            | -                                   | 242,019              |
| Unearned Revenue                                | 300,000                            | -                                   | 300,000              |
| Due to Other Governments                        | 24,397                             | -                                   | 24,397               |
| Noncurrent Liabilities:                         |                                    |                                     |                      |
| Due Within One Year                             | 2,352,832                          | 13,512                              | 2,366,344            |
| Due in More Than One Year                       | 130,004,890                        | 3,125,790                           | 133,130,680          |
| Total Liabilities                               | <u>135,428,401</u>                 | <u>3,787,817</u>                    | <u>139,216,218</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                                    |                                     |                      |
| Deferred Inflows Related to OPEB                | 1,555,209                          | 62,665                              | 1,617,874            |
| Deferred Inflows Related to Pensions            | 2,256,580                          | 61,498                              | 2,318,078            |
| Total Deferred Inflows of Resources             | <u>3,811,789</u>                   | <u>124,163</u>                      | <u>3,935,952</u>     |
| <b>NET POSITION</b>                             |                                    |                                     |                      |
| Net Investment in Capital Assets                | 72,752,321                         | 2,120,335                           | 74,872,656           |
| Restricted for:                                 |                                    |                                     |                      |
| Housing                                         | 5,410,711                          | -                                   | 5,410,711            |
| Public Safety                                   | 1,483,768                          | -                                   | 1,483,768            |
| Transportation                                  | 19,777,354                         | -                                   | 19,777,354           |
| Community Development                           | 2,571,646                          | -                                   | 2,571,646            |
| Unrestricted                                    | (55,796,183)                       | 1,989,930                           | (53,806,253)         |
| Total Net Position                              | <u>\$ 46,199,617</u>               | <u>\$ 4,110,265</u>                 | <u>\$ 50,309,882</u> |

The accompanying notes are an integral part of this statement.



**City of Montclair**  
**Statement of Activities**  
Year Ended June 30, 2021

| Functions/Programs             | Expenses               | Program Revenues     |                                    |                                  |
|--------------------------------|------------------------|----------------------|------------------------------------|----------------------------------|
|                                |                        | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government:</b>     |                        |                      |                                    |                                  |
| Governmental Activities:       |                        |                      |                                    |                                  |
| General Government             | \$ (16,308,390)        | \$ 2,281,637         | \$ 1,051,566                       | \$ -                             |
| Public Safety                  | (19,065,476)           | 677,759              | 315,581                            | 36,864                           |
| Community Development          | (4,095,452)            | 888,734              | 1,078,387                          | 187,980                          |
| Public Works                   | (4,166,599)            | 3,725,262            | 15,174                             | 6,069,728                        |
| Interest on Long-Term Debt     | (1,640,272)            | -                    | -                                  | -                                |
| Total Governmental Activities  | <u>(45,276,189)</u>    | <u>7,573,392</u>     | <u>2,460,708</u>                   | <u>6,294,572</u>                 |
| Business-type Activities:      |                        |                      |                                    |                                  |
| Sewer Maintenance              | <u>(5,169,839)</u>     | <u>5,361,513</u>     | <u>-</u>                           | <u>-</u>                         |
| Total Business-type Activities | <u>(5,169,839)</u>     | <u>5,361,513</u>     | <u>-</u>                           | <u>-</u>                         |
| Total Primary Government       | <u>\$ (50,446,028)</u> | <u>\$ 12,934,905</u> | <u>\$ 2,460,708</u>                | <u>\$ 6,294,572</u>              |

General Revenues:

Taxes:

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

Miscellaneous Revenues

Interest Income

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Restatement of Net Position

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

| <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
|------------------------------------|-------------------------------------|----------------------|
| \$ (12,975,187)                    | \$ -                                | \$ (12,975,187)      |
| (18,035,272)                       | -                                   | (18,035,272)         |
| (1,940,351)                        | -                                   | (1,940,351)          |
| 5,643,565                          | -                                   | 5,643,565            |
| <u>(1,640,272)</u>                 | <u>-</u>                            | <u>(1,640,272)</u>   |
| <u>(28,947,517)</u>                | <u>-</u>                            | <u>(28,947,517)</u>  |
| <u>-</u>                           | <u>191,674</u>                      | <u>191,674</u>       |
| <u>-</u>                           | <u>191,674</u>                      | <u>191,674</u>       |
| <u>(28,947,517)</u>                | <u>191,674</u>                      | <u>(28,755,843)</u>  |
| 8,569,171                          | -                                   | 8,569,171            |
| 63,269                             | -                                   | 63,269               |
| 20,295,259                         | -                                   | 20,295,259           |
| 815,202                            | -                                   | 815,202              |
| 732,064                            | -                                   | 732,064              |
| 1,784,464                          | -                                   | 1,784,464            |
| 28,963                             | -                                   | 28,963               |
| 296,874                            | -                                   | 296,874              |
| 73,466                             | 14,234                              | 87,700               |
| <u>83,189</u>                      | <u>(83,189)</u>                     | <u>-</u>             |
| <u>32,741,921</u>                  | <u>(68,955)</u>                     | <u>32,672,966</u>    |
| 3,794,404                          | 122,719                             | 3,917,123            |
| <u>42,405,213</u>                  | <u>3,987,546</u>                    | <u>46,392,759</u>    |
| <u>-</u>                           | <u>-</u>                            | <u>-</u>             |
| <u>\$ 46,199,617</u>               | <u>\$ 4,110,265</u>                 | <u>\$ 50,309,882</u> |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2021

|                                                                            | General<br>Fund      | Special<br>Revenue | Capital Projects             |                         |
|----------------------------------------------------------------------------|----------------------|--------------------|------------------------------|-------------------------|
|                                                                            |                      | CARES Act          | Successor<br>Agency<br>Bonds | Economic<br>Development |
| <b>ASSETS</b>                                                              |                      |                    |                              |                         |
| Pooled Cash and Investments                                                | \$ 10,061,379        | \$ 38,777          | \$ 13,021,371                | \$ 5,705,036            |
| Receivables:                                                               |                      |                    |                              |                         |
| Accounts                                                                   | 2,258,280            | 22,787             | -                            | 76                      |
| Notes and Loans                                                            | 5,000                | -                  | -                            | -                       |
| Accrued Interest                                                           | 14,483               | -                  | 10,631                       | -                       |
| Prepaid Costs                                                              | 9,191                | -                  | -                            | -                       |
| Due from Other Governments                                                 | 5,500,540            | 434,661            | -                            | -                       |
| Due from Other Funds                                                       | 602,835              | -                  | -                            | -                       |
| <b>Total Assets</b>                                                        | <b>\$ 18,451,708</b> | <b>\$ 496,225</b>  | <b>\$ 13,032,002</b>         | <b>\$ 5,705,112</b>     |
| <b>LIABILITIES</b>                                                         |                      |                    |                              |                         |
| Accounts Payable                                                           | \$ 859,963           | 61,564             | \$ 13,404                    | \$ 4,150                |
| Accrued Liabilities                                                        | 422,335              | -                  | -                            | 20,299                  |
| Deposits Payable                                                           | 161,949              | -                  | -                            | -                       |
| Unearned Revenue                                                           | -                    | -                  | -                            | -                       |
| Due to Other Governments                                                   | 20,423               | -                  | -                            | -                       |
| Due to Other Funds                                                         | 36,615               | 434,661            | -                            | -                       |
| <b>Total Liabilities</b>                                                   | <b>1,501,285</b>     | <b>496,225</b>     | <b>13,404</b>                | <b>24,449</b>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                      |                    |                              |                         |
| Unavailable Revenues - Grants                                              | 180,850              | 434,661            | -                            | -                       |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>180,850</b>       | <b>434,661</b>     | <b>-</b>                     | <b>-</b>                |
| <b>FUND BALANCES (DEFICITS)</b>                                            |                      |                    |                              |                         |
| Nonspendable                                                               | 9,191                | -                  | -                            | -                       |
| Restricted                                                                 | -                    | -                  | 13,018,598                   | -                       |
| Committed                                                                  | -                    | -                  | -                            | 5,680,663               |
| Assigned                                                                   | 7,558,101            | -                  | -                            | -                       |
| Unassigned                                                                 | 9,202,281            | (434,661)          | -                            | -                       |
| <b>Total Fund Balances (Deficits)</b>                                      | <b>16,769,573</b>    | <b>(434,661)</b>   | <b>13,018,598</b>            | <b>5,680,663</b>        |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 18,451,708</b> | <b>\$ 496,225</b>  | <b>\$ 13,032,002</b>         | <b>\$ 5,705,112</b>     |

The accompanying notes are an integral part of this statement.

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 13,697,198                  | \$ 42,523,761                  |
| 699,164                        | 2,980,307                      |
| 2,599,461                      | 2,604,461                      |
| 2,047                          | 27,161                         |
| 932                            | 10,123                         |
| 444,636                        | 6,379,837                      |
| 674,810                        | 1,277,645                      |
| <u>\$ 18,118,248</u>           | <u>\$ 55,803,295</u>           |
| \$ 657,296                     | \$ 1,596,377                   |
| 55,967                         | 498,601                        |
| 80,070                         | 242,019                        |
| 300,000                        | 300,000                        |
| 3,974                          | 24,397                         |
| 799,504                        | 1,270,780                      |
| <u>1,896,811</u>               | <u>3,932,174</u>               |
| <u>180,634</u>                 | <u>796,145</u>                 |
| <u>180,634</u>                 | <u>796,145</u>                 |
| 932                            | 10,123                         |
| 16,224,881                     | 29,243,479                     |
| -                              | 5,680,663                      |
| -                              | 7,558,101                      |
| (185,010)                      | 8,582,610                      |
| <u>16,040,803</u>              | <u>51,074,976</u>              |
| <u>\$ 18,118,248</u>           | <u>\$ 55,803,295</u>           |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2021

|                                                                                                                                                      |    |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------|
| Fund Balances of Governmental Funds                                                                                                                  | \$ | 51,074,976   |
| 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.                            |    | 114,011,583  |
| Long-term debt and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.                 |    |              |
| Bonds                                                                                                                                                |    | (41,488,761) |
| Claims and Judgements                                                                                                                                |    | (2,146,065)  |
| Compensated Absences                                                                                                                                 |    | (1,549,587)  |
| Net Pension Liability                                                                                                                                |    | (75,611,443) |
| Total OPEB Liability                                                                                                                                 |    | (11,561,866) |
| Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.                           |    | (409,285)    |
| Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability and Net OPEB Liability are not reported in the funds. |    |              |
| Deferred Outflows Related to Pensions                                                                                                                |    | 14,317,307   |
| Deferred Inflows Related to Pensions                                                                                                                 |    | (2,256,580)  |
| Deferred Outflows Related to OPEB                                                                                                                    |    | 2,348,903    |
| Deferred Inflows Related to OPEB                                                                                                                     |    | (1,555,209)  |
| Amounts for deferred outflows related to the City's defeasance of prior bonds are not reported in the funds.                                         |    | 229,499      |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as available revenues in the funds. |    | 796,145      |
|                                                                                                                                                      |    | 796,145      |
| Net Position of Governmental Activities                                                                                                              | \$ | 46,199,617   |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2021

|                                                      | General<br>Fund    | Special<br>Revenue | Capital Projects             |                         |
|------------------------------------------------------|--------------------|--------------------|------------------------------|-------------------------|
|                                                      |                    | CARES Act          | Successor<br>Agency<br>Bonds | Economic<br>Development |
| <b>REVENUES</b>                                      |                    |                    |                              |                         |
| Taxes                                                | \$ 31,684,474      | \$ -               | \$ -                         | \$ -                    |
| Licenses and Permits                                 | 510,377            | -                  | -                            | -                       |
| Intergovernmental                                    | 192,342            | 997,963            | -                            | 998,654                 |
| Charges for Services                                 | 4,174,981          | -                  | -                            | -                       |
| Use of Money and Property                            | 179,347            | -                  | 2,646                        | -                       |
| Fines and Forfeitures                                | 334,189            | -                  | -                            | -                       |
| Miscellaneous                                        | 98,776             | -                  | -                            | -                       |
| <b>Total Revenues</b>                                | <b>37,174,486</b>  | <b>997,963</b>     | <b>2,646</b>                 | <b>998,654</b>          |
| <b>EXPENDITURES</b>                                  |                    |                    |                              |                         |
| Current:                                             |                    |                    |                              |                         |
| General Government                                   | 10,630,613         | 975,176            | -                            | -                       |
| Public Safety                                        | 15,281,015         | -                  | -                            | -                       |
| Community Development                                | 1,614,674          | -                  | -                            | 652,239                 |
| Public Works                                         | 2,617,293          | -                  | 429,912                      | -                       |
| Capital Outlay                                       | 279                | 914,897            | -                            | 64,462                  |
| Debt Service:                                        |                    |                    |                              |                         |
| Principal Retirement                                 | -                  | -                  | -                            | -                       |
| Interest and Fiscal Charges                          | -                  | -                  | -                            | -                       |
| <b>Total Expenditures</b>                            | <b>30,143,874</b>  | <b>1,890,073</b>   | <b>429,912</b>               | <b>716,701</b>          |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 7,030,612          | (892,110)          | (427,266)                    | 281,953                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                    |                              |                         |
| Transfers In                                         | 100,000            | 457,449            | -                            | -                       |
| Transfers Out                                        | (2,937,950)        | -                  | -                            | (457,449)               |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(2,837,950)</b> | <b>457,449</b>     | <b>-</b>                     | <b>(457,449)</b>        |
| <b>Net Change in Fund Balances</b>                   | <b>4,192,662</b>   | <b>(434,661)</b>   | <b>(427,266)</b>             | <b>(175,496)</b>        |
| Fund Balance, Beginning of Year                      | 12,576,911         | -                  | 13,445,864                   | 5,856,159               |
| Fund Balance, End of Year                            | \$ 16,769,573      | \$ (434,661)       | \$ 13,018,598                | \$ 5,680,663            |

The accompanying notes are an integral part of this statement.

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 2,248,801                   | \$ 33,933,275                  |
| -                              | 510,377                        |
| 4,696,108                      | 6,885,067                      |
| 685,601                        | 4,860,582                      |
| 1,024,371                      | 1,206,364                      |
| 164,774                        | 498,963                        |
| 101,175                        | 199,951                        |
| <u>8,920,830</u>               | <u>48,094,579</u>              |
| 990,890                        | 12,596,679                     |
| 812,426                        | 16,093,441                     |
| 1,822,390                      | 4,089,303                      |
| 3,764,101                      | 6,811,306                      |
| 2,260,197                      | 3,239,835                      |
| 885,000                        | 885,000                        |
| <u>1,708,969</u>               | <u>1,708,969</u>               |
| <u>12,243,973</u>              | <u>45,424,533</u>              |
| <u>(3,323,143)</u>             | <u>2,670,046</u>               |
| 5,215,542                      | 5,772,991                      |
| <u>(2,294,403)</u>             | <u>(5,689,802)</u>             |
| <u>2,921,139</u>               | <u>83,189</u>                  |
| (402,004)                      | 2,753,235                      |
| <u>16,442,807</u>              | <u>48,321,741</u>              |
| <u>\$ 16,040,803</u>           | <u>\$ 51,074,976</u>           |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
Year Ended June 30, 2021

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|
| Net Change in Fund Balances - Total Governmental Funds                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$ | 2,753,235   |
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                             |    | 5,975,393   |
| Depreciation Expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    | (4,555,834) |
| Donation of Capital Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    | 271,680     |
| 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. |    |             |
| Amortization of Premium on Refunding Bond                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    | 55,573      |
| Principal Repayments                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    | 885,000     |
| Amortization of Deferred Outflow on Refunding                                                                                                                                                                                                                                                                                                                                                                                                                                             |    | (9,563)     |
| Claims and judgments expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.                                                                                                                                                                                                                                                                                       |    |             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    | (235,607)   |
| Accrued interest payable is not reported in the governmental funds.                                                                                                                                                                                                                                                                                                                                                                                                                       |    |             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    | 22,687      |
| To record the net change in compensated absences in the Statement of Activities.                                                                                                                                                                                                                                                                                                                                                                                                          |    |             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    | 345,041     |
| 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.                                                                                                                                                                                                                                                                                            |    |             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    | 621,145     |
| Some expenses reported in the Statement of Activities relating to pensions and OPEB do not require the use of current financial resources and are not reported as governmental fund expenditures.                                                                                                                                                                                                                                                                                         |    |             |
| Net change in Deferred Outflows Related to Pensions                                                                                                                                                                                                                                                                                                                                                                                                                                       |    | 1,030,060   |
| Net change in Deferred Inflows Related to Pensions                                                                                                                                                                                                                                                                                                                                                                                                                                        |    | 707,705     |
| Net change in Net Pension Liability                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    | (4,919,151) |
| Net change in Deferred Outflows Related to OPEB                                                                                                                                                                                                                                                                                                                                                                                                                                           |    | 1,420,609   |
| Net change in Deferred Inflows Related to OPEB                                                                                                                                                                                                                                                                                                                                                                                                                                            |    | (778,269)   |
| Net change in Total OPEB Liability                                                                                                                                                                                                                                                                                                                                                                                                                                                        |    | 204,700     |
| Change in Net Position of Governmental Activities                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$ | 3,794,404   |

The accompanying notes are an integral part of this statement.



**City of Montclair**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2021

|                                                  | <b>Business-Type<br/>Activities -<br/>Enterprise Funds<br/>Sewer<br/>Maintenance Fund</b> |
|--------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>ASSETS</b>                                    |                                                                                           |
| Current:                                         |                                                                                           |
| Pooled Cash and Investments                      | \$ 4,575,064                                                                              |
| Receivables:                                     |                                                                                           |
| Accounts (net of allowance)                      | 619,428                                                                                   |
| Due from Other Governments                       | <u>162,358</u>                                                                            |
| Total Current Assets                             | <u>5,356,850</u>                                                                          |
| Noncurrent:                                      |                                                                                           |
| Capital Assets Not Being Depreciated             | -                                                                                         |
| Capital Assets - Net of Accumulated Depreciation | <u>2,120,335</u>                                                                          |
| Total Noncurrent Assets                          | <u>2,120,335</u>                                                                          |
| Total Assets                                     | <u>7,477,185</u>                                                                          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                                                                                           |
| Deferred Outflows Related to OPEB                | 94,646                                                                                    |
| Deferred Outflows Related to Pensions            | <u>457,279</u>                                                                            |
| Total Deferred Outflows of Resources             | <u>551,925</u>                                                                            |
| <b>LIABILITIES</b>                               |                                                                                           |
| Current:                                         |                                                                                           |
| Accounts Payable                                 | 626,772                                                                                   |
| Accrued Liabilities                              | 21,743                                                                                    |
| Due to Other Funds                               | 6,865                                                                                     |
| Accrued Compensated Absences                     | <u>13,512</u>                                                                             |
| Total Current Liabilities                        | <u>668,892</u>                                                                            |
| Noncurrent:                                      |                                                                                           |
| Accrued Compensated Absences                     | 32,009                                                                                    |
| OPEB Liability                                   | 465,870                                                                                   |
| Net Pension Liability                            | <u>2,627,911</u>                                                                          |
| Total Noncurrent Liabilities                     | <u>3,125,790</u>                                                                          |
| Total Liabilities                                | <u>3,794,682</u>                                                                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                                                                                           |
| Deferred Inflows Related to OPEB                 | 62,665                                                                                    |
| Deferred Inflows Related to Pensions             | <u>61,498</u>                                                                             |
| Total Deferred Inflows of Resources              | <u>124,163</u>                                                                            |
| <b>NET POSITION</b>                              |                                                                                           |
| Net Investment in Capital Assets                 | 2,120,335                                                                                 |
| Unrestricted                                     | <u>1,989,930</u>                                                                          |
| Total Net Position                               | <u>\$ 4,110,265</u>                                                                       |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
Year Ended June 30, 2021

|                                         | <u><b>Business-Type<br/>Activities -<br/>Enterprise Funds<br/>Sewer<br/>Maintenance Fund</b></u> |
|-----------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>OPERATING REVENUES</b>               |                                                                                                  |
| Sales and Service Charges               | <u>\$ 5,361,513</u>                                                                              |
| Total Operating Revenues                | <u>5,361,513</u>                                                                                 |
| <b>OPERATING EXPENSES</b>               |                                                                                                  |
| Salaries and Benefits                   | 1,326,977                                                                                        |
| Supplies and Services                   | 226,287                                                                                          |
| Treatment                               | 3,543,019                                                                                        |
| Depreciation Expense                    | <u>73,556</u>                                                                                    |
| Total Operating Expenses                | <u>5,169,839</u>                                                                                 |
| Operating Income (Loss)                 | <u>191,674</u>                                                                                   |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                                                                                                  |
| Interest Revenue                        | <u>14,234</u>                                                                                    |
| Total Nonoperating Revenues (Expenses)  | <u>14,234</u>                                                                                    |
| Income Before Transfers                 | 205,908                                                                                          |
| Transfers Out                           | <u>(83,189)</u>                                                                                  |
| Changes in Net Position                 | 122,719                                                                                          |
| Net Position, Beginning of Year         | <u>3,987,546</u>                                                                                 |
| Net Position, End of Fiscal Year        | <u><u>\$ 4,110,265</u></u>                                                                       |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year Ended June 30, 2021

|                                                                                                               | <u>Business-Type<br/>Activities -<br/>Enterprise Funds<br/>Sewer<br/>Maintenance Fund</u> |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>Cash Flows from Operating Activities</b>                                                                   |                                                                                           |
| Cash Received from Customers and Users                                                                        | \$ 5,255,929                                                                              |
| Cash Paid to Suppliers for Goods and Services                                                                 | (3,874,164)                                                                               |
| Cash Paid to Employees for Services                                                                           | (1,282,228)                                                                               |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                                       | <u>99,537</u>                                                                             |
| <b>Cash Flows from Non-Capital Financing Activities</b>                                                       |                                                                                           |
| Cash Received From (Paid to) Other Funds                                                                      | (76,324)                                                                                  |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                           | <u>(76,324)</u>                                                                           |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                               |                                                                                           |
| Acquisition of Capital Assets                                                                                 | -                                                                                         |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>                                   | <u>-</u>                                                                                  |
| <b>Cash Flows from Investing Activities</b>                                                                   |                                                                                           |
| Interest Received                                                                                             | 14,234                                                                                    |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                                       | <u>14,234</u>                                                                             |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                                   | <u>37,447</u>                                                                             |
| Cash and Cash Equivalents at Beginning of Year                                                                | <u>4,537,617</u>                                                                          |
| Cash and Cash Equivalents at End of Year                                                                      | <u>\$ 4,575,064</u>                                                                       |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided (Used) by Operating Activities:</b>            |                                                                                           |
| Operating Income (Loss)                                                                                       | \$ 191,674                                                                                |
| <b>Adjustments to Reconcile Operating Income (Loss) Net Cash<br/>Provided (Used) by Operating Activities:</b> |                                                                                           |
| Depreciation                                                                                                  | 73,556                                                                                    |
| (Increase) Decrease in Accounts Receivable                                                                    | (78,660)                                                                                  |
| (Increase) Decrease in Due from Other Governments                                                             | (26,924)                                                                                  |
| (Increase) Decrease in Deferred Outflows - OPEB                                                               | (57,242)                                                                                  |
| (Increase) Decrease in Deferred Outflows - Pensions                                                           | 4,926                                                                                     |
| Increase (Decrease) in Accounts Payable                                                                       | (104,858)                                                                                 |
| Increase (Decrease) in Accrued Liabilities                                                                    | (6,171)                                                                                   |
| Increase (Decrease) in Compensated Absences                                                                   | (45,008)                                                                                  |
| Increase (Decrease) in Deferred Inflows - OPEB                                                                | 31,359                                                                                    |
| Increase (Decrease) in Deferred Inflows - Pension                                                             | (26,888)                                                                                  |
| Increase (Decrease) in Total OPEB Liability                                                                   | (8,248)                                                                                   |
| Increase (Decrease) in Net Pension Liability                                                                  | 152,021                                                                                   |
| Total Adjustments                                                                                             | <u>(92,137)</u>                                                                           |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                                       | <u>\$ 99,537</u>                                                                          |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2021

|                                                 | <b>Successor<br/>Agency<br/>Private-purpose<br/>Trust Fund</b> | <b>Custodial<br/>Fund</b>   |
|-------------------------------------------------|----------------------------------------------------------------|-----------------------------|
|                                                 | <u>                    </u>                                    | <u>                    </u> |
| <b>ASSETS</b>                                   |                                                                |                             |
| Pooled Cash and Investments                     | \$ 676,998                                                     | \$ 2,773,469                |
| Restricted Cash with Fiscal Agent               | 1,895,374                                                      | -                           |
|                                                 | <u>2,572,372</u>                                               | <u>2,773,469</u>            |
| Total Assets                                    |                                                                |                             |
| <b>LIABILITIES</b>                              |                                                                |                             |
| Accounts Payable                                | -                                                              | -                           |
| Accrued Liabilities                             | 4,128                                                          | -                           |
| Due to Other Governments                        | 5,000                                                          | -                           |
| Interest Payable                                | 269,670                                                        | -                           |
| Bonds Payable                                   | 33,911,103                                                     | -                           |
|                                                 | <u>34,189,901</u>                                              | <u>-</u>                    |
| Total Liabilities                               |                                                                |                             |
| <b>NET POSITION</b>                             |                                                                |                             |
| Net Position Held for the Benefit of Others     | -                                                              | 2,773,469                   |
| Net Position Held in Trust for Successor Agency | (31,617,529)                                                   | -                           |
|                                                 | <u>(31,617,529)</u>                                            | <u>-</u>                    |
| Total Net Position                              | <u>\$ (31,617,529)</u>                                         | <u>\$ 2,773,469</u>         |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
Year Ended June 30, 2021

|                                    | <b>Successor<br/>Agency<br/>Private-purpose<br/>Trust Fund</b> | <b>Custodial<br/>Fund</b> |
|------------------------------------|----------------------------------------------------------------|---------------------------|
| <b>ADDITIONS</b>                   |                                                                |                           |
| Taxes and Assessments              | \$ 20,484,379                                                  | \$ 129,775                |
| Investment Income                  | 32                                                             | -                         |
| Other Revenue                      | 5                                                              | -                         |
| Total Additions                    | 20,484,416                                                     | 129,775                   |
| <b>DEDUCTIONS</b>                  |                                                                |                           |
| Administrative Costs               | 238,495                                                        | -                         |
| Distributions to other governments | -                                                              | 1,492,677                 |
| Pass-through Payments              | 18,550,405                                                     | -                         |
| Interest on Bonds                  | 893,726                                                        | -                         |
| Total Deductions                   | 19,682,626                                                     | 1,492,677                 |
| Change in Net Position             | 801,790                                                        | (1,362,902)               |
| Net Position - Beginning of Year   | (32,419,319)                                                   | 4,136,371                 |
| Net Position - End of Year         | \$ (31,617,529)                                                | \$ 2,773,469              |

The accompanying notes are an integral part of this statement.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Description of Entity**

The reporting entity is a municipal corporation governed by an elected mayor and a four-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Montclair (the City), and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operation, so data from these units are combined herein. The following criteria were used in the determination of blended units:

The members of the City Council also act as the governing body of the Montclair Housing Corporation, the Montclair Housing Authority, the Montclair Public Financing Authority (PFA), and the Montclair Community Foundation (Foundation). The City, Housing Corporation, Housing Authority, PFA, and Foundation are financially interdependent. The Housing Corporation, Housing Authority, PFA, and Foundation are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Housing Corporation and Housing Authority each year. The City of Montclair was incorporated April 25, 1956, under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities.

Blended Component Units

The Montclair Housing Corporation was established in September 1993. The Corporation presently manages 98 residential units which are occupied by over 300 people. Those properties are covered by 55 year deed restrictions for affordability and approximately 80 percent of those deed restrictions are for very low income families.

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

The Montclair Public Financing Authority was established through a Joint Exercise of Powers Agreement, dated as of September 1, 2014, by and between the City and the Montclair Housing Authority. The Authority is qualified to assist in the financing of certain public improvements and to issue Bonds under the Bond Law.

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

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

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

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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, 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 *CARES Act Special Revenue Fund* accounts for grant monies to fund COVID-19 related services and activities.

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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

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

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 *Custodial funds* are used to account for assets held by a governmental unit as an agent for individual, private organizations and/or other governmental units. The *Successor Agency Private-Purpose Trust Fund* accounts for the balances and activities relating to the dissolution of the former Redevelopment Agency.

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

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

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

Deposits and Investments

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

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



**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

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

Receivables and Payables

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

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

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

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

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

Property Tax Calendar

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

Functional Classifications

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

- General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.
- Public Safety includes those activities which involve the protection of people and property.
- Community Development includes those activities which involve the enhancing of the general quality of life.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**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.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**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, 2019 Valuation Date, June 30, 2020 Measurement Date, July 1, 2019 through June 30, 2020 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.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**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:

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

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

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

Assigned Fund Balance - Amounts that are constrained by the City Manager with the intent to use specified financial resources for specific purposes, but are neither restricted nor committed as defined by the City's fund balance policy adopted by Resolution No. 11-2932.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

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

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

*GASB 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 June 15, 2021.

*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, 2021.

*GASB 92 – Omnibus 2020:* The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

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

*GASB 96 – Subscription-Based Information Technology Arrangements (SBITAs):* The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

**2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The following deficits in non-major funds at June 30, 2021 will be funded by future revenues:

|                            |    |         |
|----------------------------|----|---------|
| Special Revenue Funds:     |    |         |
| CDBG                       | \$ | 1,544   |
| Safety Department Grants   |    | 2,832   |
| Statewide Park Development |    | 180,634 |

**3) CASH AND INVESTMENTS**

As of June 30, 2021, cash and investments were reported in the accompanying financial statements as follows:

|                            |    |            |
|----------------------------|----|------------|
| Governmental Activities    | \$ | 42,523,761 |
| Business-Type Activities   |    | 4,575,064  |
| Fiduciary Funds            |    | 5,345,841  |
| Total Cash and Investments | \$ | 52,444,666 |

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

Deposits

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**3) CASH AND INVESTMENTS – Continued**

Investments

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

- Bonds issued by the local agency
- United States Treasury notes, bonds, bills or certificates
- Registered state warrants or treasury notes or bonds of California
- Bonds, notes, warrants or other evidences of indebtedness of any local agency of the State of California
- Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments.
- Bankers' Acceptances 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.

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, 2021, the City has no investment in medium-term notes. 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, 2021, the

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**3) CASH AND INVESTMENTS – Continued**

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, 2021, 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, 2021, 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, 2021, the City had the following investments and original maturities:

| Investment Type              | Remaining Investment Maturities |                    |              | Fair Value    |
|------------------------------|---------------------------------|--------------------|--------------|---------------|
|                              | 6 Months Or Less                | 6 Months to 1 Year | 1 to 5 Years |               |
| Local Agency Investment Fund | \$ 32,472,328                   | \$ -               | \$ -         | \$ 32,472,328 |
| Money Market Mutual Funds    | 4,505,582                       | -                  | -            | 4,505,582     |
| Total                        | \$ 36,977,910                   | \$ -               | \$ -         | \$ 36,977,910 |

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.



**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**4) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

|                                                 | Beginning<br>Balance  | Increases           | Decreases           | Ending<br>Balance     |
|-------------------------------------------------|-----------------------|---------------------|---------------------|-----------------------|
| <b>Governmental Activities:</b>                 |                       |                     |                     |                       |
| Capital Assets, Not Depreciated:                |                       |                     |                     |                       |
| Land                                            | \$ 10,917,565         | \$ -                | \$ -                | \$ 10,917,565         |
| Work in Progress                                | 18,025,954            | 4,830,498           | 2,670,300           | 20,186,152            |
| Land Improvements                               | 2,591,145             | -                   | -                   | 2,591,145             |
| Total Capital Assets Not Depreciated            | <u>31,534,664</u>     | <u>4,830,498</u>    | <u>2,670,300</u>    | <u>33,694,862</u>     |
| Capital Assets, Being Depreciated:              |                       |                     |                     |                       |
| Structures and Improvements                     | 21,768,784            | 227,218             | -                   | 21,996,002            |
| Furniture and Equipment                         | 7,952,980             | 917,677             | -                   | 8,870,657             |
| Infrastructure                                  | 101,078,585           | 2,941,980           | -                   | 104,020,565           |
| Total Capital Assets Being Depreciated          | <u>130,800,349</u>    | <u>4,086,875</u>    | <u>-</u>            | <u>134,887,224</u>    |
| Less Accumulated Depreciation:                  |                       |                     |                     |                       |
| Structures and Improvements                     | 9,277,424             | 470,962             | -                   | 9,748,386             |
| Furniture and Equipment                         | 5,235,749             | 796,946             | -                   | 6,032,695             |
| Infrastructure                                  | 35,501,496            | 3,287,926           | -                   | 38,789,422            |
| Total Accumulated Depreciation                  | <u>50,014,669</u>     | <u>4,555,834</u>    | <u>-</u>            | <u>54,570,503</u>     |
| Total Capital Assets Being Depreciated, Net     | <u>80,785,680</u>     | <u>(468,959)</u>    | <u>-</u>            | <u>80,316,721</u>     |
| Governmental Activities<br>Capital Assets, Net  | <u>\$ 112,320,344</u> | <u>\$ 4,361,539</u> | <u>\$ 2,670,300</u> | <u>\$ 114,011,583</u> |
| <br>                                            |                       |                     |                     |                       |
| <b>Business-Type Activities:</b>                |                       |                     |                     |                       |
| Capital Assets, Not Depreciated:                |                       |                     |                     |                       |
| Work in Progress                                | \$ -                  | \$ -                | \$ -                | \$ -                  |
| Total Capital Assets Not Depreciated            | <u>-</u>              | <u>-</u>            | <u>-</u>            | <u>-</u>              |
| Capital Assets, Being Depreciated:              |                       |                     |                     |                       |
| Sewer Lines                                     | 3,333,838             | -                   | -                   | 3,333,838             |
| Infrastructure                                  | 106,985               | -                   | -                   | 106,985               |
| Furniture and Equipment                         | 1,143,859             | -                   | -                   | 1,143,859             |
| Total Capital Assets Being Depreciated          | <u>4,584,682</u>      | <u>-</u>            | <u>-</u>            | <u>4,584,682</u>      |
| Less Accumulated Depreciation:                  |                       |                     |                     |                       |
| Sewer Lines                                     | 1,575,178             | 33,338              | -                   | 1,608,516             |
| Infrastructure                                  | 10,698                | 36,652              | -                   | 47,350                |
| Furniture and Equipment                         | 804,915               | 3,566               | -                   | 808,481               |
| Total Accumulated Depreciation                  | <u>2,390,791</u>      | <u>73,556</u>       | <u>-</u>            | <u>2,464,347</u>      |
| Total Capital Assets Being Depreciated, Net     | <u>2,193,891</u>      | <u>(73,556)</u>     | <u>-</u>            | <u>2,120,335</u>      |
| Business-Type Activities<br>Capital Assets, Net | <u>\$ 2,193,891</u>   | <u>\$ (73,556)</u>  | <u>\$ -</u>         | <u>\$ 2,120,335</u>   |

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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**4) CAPITAL ASSETS – Continued**

|                                 |                     |
|---------------------------------|---------------------|
| Governmental Activities:        |                     |
| General Government              | \$ 3,147,022        |
| Public Safety                   | 1,311,812           |
| Community Development           | 6,149               |
| Public Works                    | <u>90,851</u>       |
| Total Governmental Activities   | <u>\$ 4,555,834</u> |
| Business-Type Activities: Sewer | <u>\$ 73,556</u>    |

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

The composition of interfund balances as of June 30, 2021, was as follows:

| DUE TO          | DUE FROM     |                |                   |                 | Total        |
|-----------------|--------------|----------------|-------------------|-----------------|--------------|
|                 | General Fund | CARES Act Fund | Sewer Maintenance | Non-Major Funds |              |
| General Fund    | \$ -         | \$ 434,661     | \$ 6,865          | \$ 161,309      | \$ 602,835   |
| Non-Major Funds | 36,615       | -              | -                 | 638,195         | 674,810      |
| Total           | \$ 36,615    | \$ 434,661     | \$ 6,865          | \$ 799,504      | \$ 1,277,645 |

Interfund receivables and payables are used for temporary loans between funds, which will be repaid through future tax and grant collections. Interfund transfers for the 2020-21 fiscal year were as follows:

| TRANSFERS OUT        | TRANSFERS IN |                |                 | Total        |
|----------------------|--------------|----------------|-----------------|--------------|
|                      | General Fund | CARES Act Fund | Non-Major Funds |              |
| General Fund         | \$ -         | \$ -           | \$ 2,937,950    | \$ 2,937,950 |
| Economic Development | -            | 457,449        | -               | 457,449      |
| Sewer Maintenance    | -            | -              | 83,189          | 83,189       |
| Non-Major Funds      | 100,000      | -              | 2,194,403       | 2,294,403    |
| Total                | \$ 100,000   | \$ 457,449     | \$ 5,215,542    | \$ 5,772,991 |

The General Fund received \$100,000 from non-major funds in reimbursement for costs incurred applicable to grant funded programs. The Economic Development fund transferred \$457,449 to the CARES Act Fund to fund a grant-required matching contribution. The General Fund made transfers of \$2,937,950 to non-major funds for debt service costs and to cover deficits in various funds. Significant transfer activity in the non-major funds includes transfers of \$1,667,208 and \$576,199 into the non-major Infrastructure Capital Projects and the non-major 2014 Refunding Bonds Capital Projects fund to fund capital expenditures.

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**6) LONG-TERM DEBT**

**A) Long-Term Debt Activity**

|                                  | Beginning<br>Balance | Additions           | Deletions           | Ending<br>Balance     | Due Within<br>One Year |
|----------------------------------|----------------------|---------------------|---------------------|-----------------------|------------------------|
| <b>Governmental Activities:</b>  |                      |                     |                     |                       |                        |
| Lease Revenue Bonds:             |                      |                     |                     |                       |                        |
| 2014 Refunding Bonds             | \$ 41,040,000        | \$ -                | \$ 885,000          | \$ 40,155,000         | \$ 930,000             |
| Premium                          | 1,389,334            | -                   | 55,573              | 1,333,761             | 55,573                 |
| Claims and Judgments             | 1,910,458            | 533,053             | 297,446             | 2,146,065             | 987,190                |
| Total OPEB Liability             | 11,766,566           | -                   | 204,700             | 11,561,866            | -                      |
| Net Pension Liability            | 70,692,292           | 4,919,151           | -                   | 75,611,443            | -                      |
| Compensated Absences             | 1,894,628            | 1,212,562           | 1,557,603           | 1,549,587             | 380,069                |
| Total                            | <u>\$128,693,278</u> | <u>\$ 6,664,766</u> | <u>\$ 3,000,322</u> | <u>\$ 132,357,722</u> | <u>\$ 2,352,832</u>    |
| <b>Business-type Activities:</b> |                      |                     |                     |                       |                        |
| Compensated Absences             | \$ 90,529            | \$ 57,939           | \$ 102,947          | \$ 45,521             | \$ 13,512              |
| Total OPEB Liability             | 474,118              | -                   | 8,248               | 465,870               | -                      |
| Net Pension Liability            | 2,475,890            | 152,021             | -                   | 2,627,911             | -                      |
| Total                            | <u>\$ 3,040,537</u>  | <u>\$ 209,960</u>   | <u>\$ 111,195</u>   | <u>\$ 3,139,302</u>   | <u>\$ 13,512</u>       |

**2014 Lease Revenue Refunding Bonds**

During fiscal year 2014-15, the Montclair Public Financing Authority (Authority) issued \$45,000,000 of 2014 Lease Revenue Refunding Bonds. The Bonds were issued to refund the outstanding 2005 Lease Revenue Bonds, and provide funds for various public improvements and infrastructure projects. The City and the Authority have entered into a lease agreement, pursuant to which the City will make lease payments to the Authority. The Bonds are secured by these lease payments. Interest on the Bonds is payable semi-annually 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, 2021 is \$40,155,000. The annual requirements to amortize the outstanding indebtedness as of June 30, 2021, including interest, are as follows:

| Fiscal Year Ending<br>June 30, | Principal            | Interest             | Total                |
|--------------------------------|----------------------|----------------------|----------------------|
| 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                           | 1,125,000            | 1,466,513            | 2,591,513            |
| 2027 - 2031                    | 6,200,000            | 6,763,918            | 12,963,918           |
| 2032 - 2036                    | 7,645,000            | 5,228,375            | 12,873,375           |
| 2037 - 2041                    | 9,555,000            | 3,310,500            | 12,865,500           |
| 2043 - 2046                    | 11,625,000           | 1,198,900            | 12,823,900           |
| Totals                         | <u>\$ 40,155,000</u> | <u>\$ 24,314,381</u> | <u>\$ 64,469,381</u> |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**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, 2021 is \$2,146,065.

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

|                       | Beginning<br>Balance | Additions   | Deletions           | Ending<br>Balance    | Due Within<br>One Year |
|-----------------------|----------------------|-------------|---------------------|----------------------|------------------------|
| Tax Allocation Bonds: |                      |             |                     |                      |                        |
| 2019A                 | \$ 19,890,000        | \$ -        | \$ 1,325,000        | \$ 18,565,000        | \$ 1,070,000           |
| 2019B                 | 12,660,000           | -           | 255,000             | 12,405,000           | 285,000                |
| Premium on Bonds      | 3,137,177            | -           | 196,074             | 2,941,103            | -                      |
| <b>Total</b>          | <b>\$ 35,687,177</b> | <b>\$ -</b> | <b>\$ 1,776,074</b> | <b>\$ 33,911,103</b> | <b>\$ 1,355,000</b>    |

**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. III, Redevelopment Project Area No. IV, and Redevelopment Project Area No. V.

The 2019 Bonds are 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 future debt service requirements are as follows:

| <b>2019 A Tax Allocation Bonds</b> |                      |                     |                      |
|------------------------------------|----------------------|---------------------|----------------------|
| Fiscal Year Ending<br>June 30,     | Principal            | Interest            | Total                |
| 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                               | 1,240,000            | 537,400             | 1,777,400            |
| 2027 - 2031                        | 7,585,000            | 1,844,700           | 9,429,700            |
| 2032 - 2036                        | 5,230,000            | 495,400             | 5,725,400            |
| <b>Totals</b>                      | <b>\$ 18,565,000</b> | <b>\$ 5,473,375</b> | <b>\$ 24,038,375</b> |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**6) LONG-TERM DEBT – Continued**

**2019 B Tax Allocation Bonds**

| Fiscal Year Ending<br>June 30, | Principal            | Interest            | Total                |
|--------------------------------|----------------------|---------------------|----------------------|
| 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                           | 610,000              | 312,062             | 922,062              |
| 2027 - 2031                    | 4,270,000            | 1,246,080           | 5,516,080            |
| 2032 - 2036                    | 5,670,000            | 338,127             | 6,008,127            |
| Totals                         | <u>\$ 12,405,000</u> | <u>\$ 3,264,864</u> | <u>\$ 15,669,864</u> |

Dissolution of the former Redevelopment Agency

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

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

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

The former Redevelopment Agency pledged, as security for bonds it issued, a portion of the tax increment revenue that it would have received. The Successor Agency currently receives distributions from the RPTTF, as described above, to pay the debt service on the outstanding bonds. The Successor Agency appropriates each year, from these resources, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$39,708,239 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<br>Area I | Project<br>Area II | Project<br>Area III | Project<br>Area IV | Project<br>Area V | Mission Blvd<br>Project Area | Total               |
|-----------------------------------------------------------------------------------------------------|-------------------|--------------------|---------------------|--------------------|-------------------|------------------------------|---------------------|
| <b>City of Montclair as Successor Agency<br/>for the City of Montclair<br/>Redevelopment Agency</b> |                   |                    |                     |                    |                   |                              |                     |
| <u>Allocations to Redevelopment Obligation</u>                                                      |                   |                    |                     |                    |                   |                              |                     |
| <u>Retirement Fund (RORF)</u>                                                                       |                   |                    |                     |                    |                   |                              |                     |
| Tax Increment Collections                                                                           | \$ 178,321        | \$ -               | \$ 7,212,912        | \$ 3,264,888       | \$ 7,620,055      | \$ 2,208,203                 | \$ 20,484,379       |
| County Administration Charges                                                                       | (869)             | -                  | (34,530)            | (15,712)           | (36,938)          | (10,582)                     | (98,631)            |
| Payments to Taxing Entities                                                                         | (167,578)         | -                  | (6,190,882)         | (3,028,760)        | (6,975,467)       | (2,187,719)                  | (18,550,406)        |
| Net Tax Increment Available for<br>Debt Service                                                     | <u>\$ 9,874</u>   | <u>\$ -</u>        | <u>\$ 987,500</u>   | <u>\$ 220,416</u>  | <u>\$ 607,650</u> | <u>\$ 9,902</u>              | <u>\$ 1,835,342</u> |

**City of Montclair**  
**Notes to Financial Statements**  
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**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, 2019 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2019 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, 2021, are summarized as follows:

|                                                   | Miscellaneous             |                              |                                |
|---------------------------------------------------|---------------------------|------------------------------|--------------------------------|
|                                                   | Prior to<br>June 21, 2010 | On or after<br>June 21, 2010 | On or after<br>January 1, 2013 |
| Hire date                                         |                           |                              |                                |
| Benefit formula                                   | 3% @ 60                   | 2% @ 60                      | 2.7% @ 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              | 7.79%                     | 6.92%                        | 6.75%                          |
| Required employer contribution rates              | 12.66% + \$2,044,019      | 11.164% + \$17,666           | 10.878% + \$10,142             |
|                                                   |                           |                              |                                |
|                                                   | Safety - Police           |                              |                                |
|                                                   | Prior to<br>June 27, 2005 | On or after<br>June 27, 2005 | On or after<br>January 1, 2013 |
| Hire date                                         |                           |                              |                                |
| Benefit formula                                   | 3% @ 50                   | 3% @ 55                      | 2.7% @ 57                      |
| Benefit vesting schedule                          | 5 years service           | 5 years service              | 5 years service                |
| Benefit payments                                  | monthly for life          | monthly for life             | monthly for life               |
| Retirement age                                    | 50                        | 50                           | 50                             |
| Monthly benefits, as a % of eligible compensation | (1)                       | (1)                          | (1)                            |
| Required employee contribution rates              | 8.99%                     | 8.99%                        | 13%                            |
| Required employer contribution rates              | 23.674% + \$1,663,342     | 21.746% + \$57,440           | 13.044% + \$7,872              |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**7) PENSIONS PLANS – Continued**

|                                                   | Safety - Fire             |                              |                                |
|---------------------------------------------------|---------------------------|------------------------------|--------------------------------|
|                                                   | Prior to<br>June 27, 2005 | On or after<br>June 27, 2005 | On or after<br>January 1, 2013 |
| Hire date                                         |                           |                              |                                |
| Benefit formula                                   | 3% @ 50                   | 3% @ 55                      | 2.7% @ 57                      |
| Benefit vesting schedule                          | 5 years service           | 5 years service              | 5 years service                |
| Benefit payments                                  | monthly for life          | monthly for life             | monthly for life               |
| Retirement age                                    | 50                        | 50                           | 50                             |
| Monthly benefits, as a % of eligible compensation | (1)                       | (1)                          | (1)                            |
| Required employee contribution rates              | 8.99%                     | 8.99%                        | 13.75%                         |
| Required employer contribution rates              | 25.540% + \$1,481,915     | 23.558% + \$26,450           | 13.884% + \$1,496              |

(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 \$5,270,342 in fiscal year 2021.

The City’s contributions to the Plan for the year ended June 30, 2021 were \$7,002,204.

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

As of June 30, 2021, the City reported a liability of \$78,239,354 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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

|                              |          |
|------------------------------|----------|
| Proportion - June 30, 2019   | 0.71404% |
| Proportion - June 30, 2020   | 0.71908% |
| Change - Increase (Decrease) | 0.00504% |

For the year ended June 30, 2021, the City recognized pension expense of \$16,399,213. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**7) PENSIONS PLANS – Continued**

|                                                                                                             | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date                                                        | \$ 7,002,204                      | \$ -                             |
| Differences between actual and expected experience                                                          | 5,236,299                         | -                                |
| Changes in assumptions                                                                                      | -                                 | 382,025                          |
| Change in employer's proportion                                                                             | 580,992                           | -                                |
| Differences between the employer's contributions and<br>the employer's proportionate share of contributions | -                                 | 1,936,053                        |
| Net differences between projected and actual<br>earnings on plan investments                                | 1,955,091                         | -                                |
| Total                                                                                                       | \$ 14,774,586                     | \$ 2,318,078                     |

\$7,002,204 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<br>June 30, |            |
|-------------------------|------------|
| 2022                    | \$ 651,033 |
| 2023                    | 2,140,698  |
| 2024                    | 1,703,293  |
| 2025                    | 959,280    |
| 2026                    | -          |
| Thereafter              | -          |

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

|                           |                  |
|---------------------------|------------------|
| Valuation date            | June 30, 2019    |
| Measurement date          | June 30, 2020    |
| Actuarial cost method     | entry-age normal |
| Actuarial assumptions:    |                  |
| Discount rate             | 7.15%            |
| Inflation                 | 2.75%            |
| Projected salary increase | (1)              |
| Investment rate of return | 7.15%            |
| Mortality                 | (2)              |

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

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



**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**7) PENSIONS PLANS – Continued**

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:

| Asset Class         | New Strategic Allocation | Real Return Years 1 - 10 (1) | Real Return 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.

**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:

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**7) PENSIONS PLANS – Continued**

|                       | 1% Decrease<br>(6.15%) | Discount Rate<br>(7.15%) | 1% Increase<br>(8.15%) |
|-----------------------|------------------------|--------------------------|------------------------|
| Net Pension Liability | \$ 110,434,947         | \$ 78,239,354            | \$ 51,746,436          |

**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, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**8) OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS**

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

**Benefits Provided** – Substantially all of the City’s employees may become eligible for those benefits if they retire after 15 years of continuous service to the City under a normal service retirement. Those and similar benefits for active employees are provided through several insurance companies whose premiums are based on the benefits paid during the year. Benefits are provided as shown below:

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

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**8) OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS**

- 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, 2020 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 | 101 |
| Inactives entitled to but not yet receiving benefits         | -   |
| Active employees                                             | 152 |
| Total                                                        | 253 |

**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, 2020 and was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

|                        |                                                                                                                                                                                                                          |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date         | June 30, 2020                                                                                                                                                                                                            |
| Actuarial Cost Method  | Entry Age Actuarial Cost                                                                                                                                                                                                 |
| Contribution Policy    | Pay-as-you-go                                                                                                                                                                                                            |
| Mortality              | Mortality projected fully generational with Scale MP-2021<br>CalPERS 1997-2015 Experience Study                                                                                                                          |
| Age at Retirement      | 50 (52 for PEPRA)                                                                                                                                                                                                        |
| Health Care Trend Rate | 6.75% initial, 3.75% ultimate - Non-Medicare<br>5.85% initial, 3.75% ultimate - Medicare                                                                                                                                 |
| Inflation Rate         | 2.50%                                                                                                                                                                                                                    |
| Salary Changes         | 3.75%                                                                                                                                                                                                                    |
| Discount Rate          | 2.21% - Bond Buyer 20-year Bond index as of 6/30/20<br>3.50% - Bond Buyer 20-year Bond index as of 6/30/19<br>3.87% - Bond Buyer 20-year Bond index as of 6/30/18<br>3.58% - Bond Buyer 20-year Bond Index as of 6/30/17 |

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

**Changes in the Total OPEB Liability**

|                                                           | Total OPEB<br>Liability (TOL) |
|-----------------------------------------------------------|-------------------------------|
| Balance at June 30, 2020 (June 30, 2019 measurement date) | \$ 12,240,684                 |
| Changes in the year:                                      |                               |
| Service cost                                              | 301,328                       |
| Interest on the total OPEB liability                      | 428,974                       |
| Assumption Changes                                        | 1,899,054                     |
| Actual vs. Expected Experience                            | (1,176,877)                   |
| Changes in benefit terms                                  | (1,094,234)                   |
| Benefit payments, including refunds                       | (571,193)                     |
| Net changes                                               | (212,948)                     |
| Balance at June 30, 2021 (June 30, 2020 measurement date) | \$ 12,027,736                 |

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

|                              | 1% Decrease<br>(1.21%) | Discount Rate<br>(2.21%) | 1% Increase<br>(3.21%) |
|------------------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability (asset) | \$ 13,688,375          | \$ 12,027,736            | \$ 10,655,767          |

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

|                              | 1% Decrease   | Current<br>Healthcare<br>Trend | 1% Increase   |
|------------------------------|---------------|--------------------------------|---------------|
| Total OPEB liability (asset) | \$ 11,696,881 | \$ 12,027,736                  | \$ 12,333,306 |

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB** - For the year ended June 30, 2021, the City recognized OPEB expense/(income) of \$(398,212). The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                           | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| OPEB Contributions Subsequent to the Measurement Date                     | \$ 482,959                        | \$ -                             |
| Changes of Assumptions                                                    | 1,960,590                         | 604,452                          |
| Net differences between projected and actual earnings on plan investments | -                                 | 1,013,422                        |
| Total                                                                     | \$ 2,443,549                      | \$ 1,617,874                     |

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

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<br>June 30, |             |
|-------------------------|-------------|
| 2022                    | \$ (34,280) |
| 2023                    | (34,280)    |
| 2024                    | 10,595      |
| 2025                    | 131,569     |
| 2026                    | 148,753     |
| Thereafter              | 120,359     |

The \$482,959 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2022.

**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, 2021, third party claims administrators estimated \$2,146,065 in necessary liability reserves for both general liability and workers' compensation claims. The City has not experienced a significant reduction in insurance coverage from the prior year. Additionally, the amount of settlements has not exceeded budgeted coverage for each of the past three fiscal years.

While the ultimate losses incurred through June 30, 2021 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, 2021 represent the City's best estimate, based on available information, as follows:

| Fiscal Year | Beginning<br>of Year<br>Liability | Current Year<br>Claims | Claim<br>Payments | End<br>of Year<br>Liability |
|-------------|-----------------------------------|------------------------|-------------------|-----------------------------|
| 2020-21     | \$ 1,910,458                      | \$ 533,053             | \$ 297,446        | \$ 2,146,065                |
| 2019-20     | 2,049,706                         | 223,156                | 362,404           | 1,910,458                   |

**City of Montclair**  
**Notes to Financial Statements**  
June 30, 2021

**10) FUND BALANCES**

The details of the fund balances as of June 30, 2021 are presented below:

|                        | General<br>Fund      | CARES<br>Act        | Successor<br>Agency Bonds | Economic<br>Development | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------|----------------------|---------------------|---------------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Nonspendable:</b>   |                      |                     |                           |                         |                                |                                |
| Prepays                | \$ 9,191             | \$ -                | \$ -                      | \$ -                    | \$ 932                         | \$ 10,123                      |
| <b>Restricted for:</b> |                      |                     |                           |                         |                                |                                |
| Housing                | -                    | -                   | -                         | -                       | 5,410,711                      | 5,410,711                      |
| Public Safety          | -                    | -                   | -                         | -                       | 1,483,768                      | 1,483,768                      |
| Transportation         | -                    | -                   | -                         | -                       | 6,758,756                      | 6,758,756                      |
| Comm. Development      | -                    | -                   | 13,018,598                | -                       | 2,571,646                      | 15,590,244                     |
| <b>Committed to:</b>   |                      |                     |                           |                         |                                |                                |
| Comm. Development      | -                    | -                   | -                         | 5,680,663               | -                              | 5,680,663                      |
| <b>Assigned to:</b>    |                      |                     |                           |                         |                                |                                |
| 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     | 1,362,067            | -                   | -                         | -                       | -                              | 1,362,067                      |
| Unanticipated Pers.    | 700,000              | -                   | -                         | -                       | -                              | 700,000                        |
| Building Maintenance   | 600,000              | -                   | -                         | -                       | -                              | 600,000                        |
| Contingencies          | 125,283              | -                   | -                         | -                       | -                              | 125,283                        |
| <b>Unassigned</b>      | <u>9,202,281</u>     | <u>(434,661)</u>    | <u>-</u>                  | <u>-</u>                | <u>(185,010)</u>               | <u>8,582,610</u>               |
| Total Fund Balance     | <u>\$ 16,769,573</u> | <u>\$ (434,661)</u> | <u>\$ 13,018,598</u>      | <u>\$ 5,680,663</u>     | <u>\$ 16,040,803</u>           | <u>\$ 51,074,976</u>           |

**11) COMMITMENTS AND CONTINGENCIES**

The City participates in several federal and state programs. These programs are subject to examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time.

The estimated amount of remaining construction obligations at year-end is \$5,091,850.

**12) SUBSEQUENT EVENTS**

On October 1, 2021, the City issued the *2021 Taxable Pension Obligation Bonds* (the Bonds). The bonds have a principal amount of \$62,190,000 and were issued to provide funding for the City to make contributions towards the unfunded pension liabilities with the California Public Employee's Retirement System.

On October 1, 2021, the Montclair Public Financing Authority issued the *Series 2021A Lease Revenue Bonds* (the Bonds). The bonds have a principal amount of \$45,000,000 and were issued to fund the construction of infrastructure projects.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Montclair**  
**Budgetary Comparison Schedule**  
**General Fund**  
Year Ended June 30, 2021

|                                            | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|--------------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
|                                            | Original          | Final             |                   | Positive<br>(Negative)        |
| Budgetary Fund Balance, July 1             | \$ 12,576,911     | \$ 12,576,911     | \$ 12,576,911     | \$ -                          |
| <b>Resources (Inflows):</b>                |                   |                   |                   |                               |
| Taxes                                      | 21,418,906        | 23,417,940        | 31,684,474        | 8,266,534                     |
| Licenses and Permits                       | 514,325           | 506,825           | 510,377           | 3,552                         |
| Intergovernmental                          | 564,155           | 115,000           | 192,342           | 77,342                        |
| Charges for Services                       | 3,810,200         | 3,730,900         | 4,174,981         | 444,081                       |
| Use of Money and Property                  | 377,760           | 344,010           | 179,347           | (164,663)                     |
| Fines and Forfeitures                      | 470,400           | 361,200           | 334,189           | (27,011)                      |
| Miscellaneous                              | 293,400           | 88,000            | 98,776            | 10,776                        |
| Transfers In                               | -                 | -                 | 100,000           | 100,000                       |
| Amounts Available for Appropriation        | <u>40,026,057</u> | <u>41,140,786</u> | <u>49,851,397</u> | <u>8,710,611</u>              |
| <b>Charges to Appropriation (Outflow):</b> |                   |                   |                   |                               |
| General Government                         |                   |                   |                   |                               |
| City Council                               | 251,218           | 251,218           | 341,119           | (89,901)                      |
| City Manager                               | 276,066           | 522,178           | 538,399           | (16,221)                      |
| Administration                             | 27,064            | 27,064            | 40,251            | (13,187)                      |
| Financial Services                         | 528,488           | 528,688           | 638,286           | (109,598)                     |
| Solid Waste Disposal                       | 2,470,934         | 2,470,734         | 2,876,420         | (405,686)                     |
| City Clerk                                 | 250,402           | 280,402           | 258,880           | 21,522                        |
| Personnel/Risk Assessment                  | 404,409           | 430,409           | 426,076           | 4,333                         |
| Information Technology Services            | 698,398           | 698,398           | 808,598           | (110,200)                     |
| Central Services                           | 271,470           | 271,470           | 294,101           | (22,631)                      |
| City Attorney                              | 283,053           | 283,053           | 275,743           | 7,310                         |
| Non-Departmental                           | 3,428,465         | 3,428,465         | 4,125,875         | (697,410)                     |
| Public Safety                              |                   |                   |                   |                               |
| Police Administration                      | 3,374,137         | 3,376,362         | 3,367,882         | 8,480                         |
| Police Support Services                    | 726,017           | 727,805           | 705,966           | 21,839                        |
| Technical Services                         | 329,789           | 206,087           | 220,854           | (14,767)                      |
| Records Bureau                             | 639,732           | 644,625           | 516,356           | 128,269                       |
| Investigations                             | 1,063,139         | 1,095,354         | 1,112,880         | (17,526)                      |
| Uniform Patrol                             | 4,870,076         | 4,416,878         | 4,707,111         | (290,233)                     |
| Communications                             | 631,482           | 680,764           | 677,104           | 3,660                         |
| Volunteer Services                         | 53,418            | 52,871            | 47,565            | 5,306                         |
| Fire Administration                        | 453,090           | 453,090           | 427,377           | 25,713                        |
| Fire Prevention                            | 123,955           | 123,955           | 96,055            | 27,900                        |
| Emergency Services                         | 3,266,720         | 3,102,557         | 2,929,949         | 172,608                       |
| Personnel Development                      | 4,500             | 9,175             | 7,264             | 1,911                         |
| Buildings and Grounds                      | 3,000             | 3,000             | 1,748             | 1,252                         |
| Emergency Preparedness                     | 74,132            | 73,452            | 72,249            | 1,203                         |
| Code Enforcement                           | 311,895           | 311,895           | 390,655           | (78,760)                      |



**City of Montclair**  
**Budgetary Comparison Schedule - Continued**  
**General Fund**  
Year Ended June 30, 2021

|                                                        | Budgeted Amounts     |                      | Actual<br>Amounts    | Variance with<br>Final Budget |
|--------------------------------------------------------|----------------------|----------------------|----------------------|-------------------------------|
|                                                        | Original             | Final                |                      | Positive<br>(Negative)        |
| <b>Charges to Appropriation (Outflow): - Continued</b> |                      |                      |                      |                               |
| Community Development                                  |                      |                      |                      |                               |
| Planning Commission                                    | \$ 8,075             | \$ 8,075             | \$ 7,054             | \$ 1,021                      |
| Community Development Administration                   | 82,627               | 82,627               | 87,176               | (4,549)                       |
| Current Planning                                       | 190,110              | 190,110              | 195,303              | (5,193)                       |
| Advance Planning                                       | 109,108              | 109,108              | 115,677              | (6,569)                       |
| Field Inspection                                       | 149,172              | 149,172              | 118,597              | 30,575                        |
| Plan Check                                             | 75,382               | 75,382               | 94,168               | (18,786)                      |
| Building Operations                                    | 150,396              | 150,396              | 154,467              | (4,071)                       |
| Recreation                                             | 824,856              | 898,371              | 614,457              | 283,914                       |
| Clinic                                                 | 51,586               | 51,586               | 51,856               | (270)                         |
| Senior Citizens                                        | 221                  | 221                  | 31,000               | (30,779)                      |
| Nutritional Meals                                      | 13,170               | 13,170               | 102,095              | (88,925)                      |
| Family and Health Education                            | 57,537               | 57,537               | 42,824               | 14,713                        |
| Public Works                                           |                      |                      |                      |                               |
| Management and Construction                            | 232,387              | 260,087              | 340,841              | (80,754)                      |
| Public Works Inspection                                | 88,138               | 88,138               | 84,305               | 3,833                         |
| Traffic Safety Engineering                             | 11,934               | 11,934               | 94,147               | (82,213)                      |
| Graffiti Abatement                                     | 74,964               | 74,964               | 3,719                | 71,245                        |
| Street Maintenance                                     | 440,323              | 449,623              | 688,042              | (238,419)                     |
| Signing/Painting                                       | 24,757               | 24,757               | 46,711               | (21,954)                      |
| Street Sweeping                                        | 27,140               | 27,140               | 24,636               | 2,504                         |
| Parks Maintenance                                      | 365,545              | 380,545              | 332,246              | 48,299                        |
| Tree Maintenance                                       | 20,617               | 20,617               | 16,126               | 4,491                         |
| Vehicle Maintenance                                    | 341,822              | 360,822              | 383,055              | (22,233)                      |
| Building Maintenance Services                          | 225,958              | 246,958              | 202,339              | 44,619                        |
| Heating and Air Conditioning                           | 107,208              | 137,738              | 144,511              | (6,773)                       |
| Janitorial Services                                    | 242,698              | 244,198              | 256,615              | (12,417)                      |
| Capital Outlay                                         | 10,000               | 56,612               | 279                  | 56,333                        |
| Transfers Out                                          | -                    | -                    | 2,937,950            | (2,937,950)                   |
|                                                        | <u>28,740,780</u>    | <u>28,639,837</u>    | <u>33,074,959</u>    | <u>(4,435,122)</u>            |
| <b>Total Charges to Appropriations</b>                 |                      |                      |                      |                               |
| Budgetary Fund Balance, June 30                        | <u>\$ 11,285,277</u> | <u>\$ 12,500,949</u> | <u>\$ 16,776,438</u> | <u>\$ 4,275,489</u>           |

**City of Montclair**  
**Budgetary Comparison Schedule**  
**CARES Act Special Revenue Fund**  
Year Ended June 30, 2021

|                                            | Budgeted Amounts |                     | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------------|------------------|---------------------|---------------------|---------------------------------------------------------|
|                                            | Original         | Final               |                     |                                                         |
| Budgetary Fund Balance, July 1             | \$ -             | \$ -                | \$ -                | \$ -                                                    |
| <b>Resources (Inflows):</b>                |                  |                     |                     |                                                         |
| Intergovernmental                          | -                | 1,462,764           | 997,963             | (464,801)                                               |
| Transfers In                               | -                | -                   | 457,449             | 457,449                                                 |
| Amounts Available for Appropriation        | -                | 1,462,764           | 1,455,412           | (7,352)                                                 |
| <b>Charges to Appropriation (Outflow):</b> |                  |                     |                     |                                                         |
| General Government                         | -                | 975,176             | 975,176             | -                                                       |
| Capital Outlay                             | -                | 829,746             | 914,897             | (85,151)                                                |
| Total Charges to Appropriations            | -                | 1,804,922           | 1,890,073           | (85,151)                                                |
| Budgetary Fund Balance, June 30            | <u>\$ -</u>      | <u>\$ (342,158)</u> | <u>\$ (434,661)</u> | <u>\$ (92,503)</u>                                      |

**City of Montclair**  
**Notes to Required Supplementary Information**  
June 30, 2021

**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:

Justice Assistance Grant  
Montclair Community Foundation  
Montclair Housing Authority  
Homeless Housing Assistance

**City of Montclair**  
**Required Supplementary Information**  
June 30, 2021

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

|                                                                  | Measurement Period   |                      |                      |                      |
|------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                  | 2020                 | 2019                 | 2018                 | 2017                 |
| <b>Total OPEB Liability</b>                                      |                      |                      |                      |                      |
| Service cost                                                     | \$ 301,328           | \$ 269,472           | \$ 279,017           | \$ 318,968           |
| Interest on total OPEB liability                                 | 428,974              | 449,101              | 423,080              | 363,789              |
| Changes in assumptions                                           | 722,177              | 463,716              | (363,175)            | (1,002,248)          |
| Changes in benefits                                              | (1,094,234)          | -                    | -                    | -                    |
| Benefit payments, including refunds                              | (571,193)            | (553,563)            | (531,634)            | (642,745)            |
| Net change in total OPEB liability                               | (212,948)            | 628,726              | (192,712)            | (962,236)            |
| Total OPEB liability - beginning                                 | 12,240,684           | 11,611,958           | 11,804,670           | 12,766,906           |
| Total OPEB liability - ending (a)                                | <u>\$ 12,027,736</u> | <u>\$ 12,240,684</u> | <u>\$ 11,611,958</u> | <u>\$ 11,804,670</u> |
| Covered - employee payroll                                       | \$ 12,337,306        | \$ 12,201,903        | \$ 11,361,672        | \$ 11,850,580        |
| Total OPEB liability as a percentage of covered-employee payroll | 97.49%               | 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:** As of the June 30, 2020 Measurement Date, non-management actives who retired from the City will not be able to elect a City medical plan at retirement. Additionally, the City reimbursed cap amount was decreased until the eligible employee reaches the age CalPERS retirement formula.

**Changes in Assumptions:** As of the June 30, 2020 Measurement Date, the discount rate was decreased from 3.50% to 2.5%, the mortality improvement scale was updated to Scale MP-2021, and general inflation decreased from 2.75% to 2.5%

**City of Montclair**  
**Required Supplementary Information**  
June 30, 2021

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

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

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

**City of Montclair**  
**Required Supplementary Information**  
June 30, 2021

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

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

\*Fiscal year 2015 was the first year of implementation, therefore, only 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

**City of Montclair**  
**Required Supplementary Information**  
June 30, 2021

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

**Schedule of the City's Proportionate Share of the Net Pension Liability  
Last 10 Years\***

| Measurement Date | Proportion of<br>the Net Pension<br>Liability | Proportionate<br>Share of Net<br>Pension Liability | Covered<br>Payroll | Proportionate<br>Share of the Net<br>Pension Liability<br>as a % of Payroll | Plan Fiduciary<br>Net Position as<br>a % of the Total<br>Pension Liability |
|------------------|-----------------------------------------------|----------------------------------------------------|--------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 2020             | 0.71908%                                      | \$ 78,239,354                                      | \$ 12,337,306      | 634.17%                                                                     | 75.10%                                                                     |
| 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.

**City of Montclair**  
**Required Supplementary Information**  
June 30, 2021

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

**Schedule of Plan Contributions**  
**Last 10 Years\***

| Fiscal Year | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Actuarially<br>Determined<br>Contributions | Contribution<br>Deficiency/<br>(Excess) | Covered<br>Payroll | Contributions<br>as a % of<br>Covered<br>Payroll |
|-------------|--------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------|--------------------|--------------------------------------------------|
| 2021        | \$ 7,002,204                               | \$ (7,002,204)                                                                    | \$ -                                    | \$ 11,990,558      | 58.40%                                           |
| 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, 6/30/17, 6/30/18, and 6/30/19



## **SUPPLEMENTARY INFORMATION**

**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds**  
June 30, 2021

|                                                                     | Special Revenue Funds |                     |                  |                     |                                         |
|---------------------------------------------------------------------|-----------------------|---------------------|------------------|---------------------|-----------------------------------------|
|                                                                     | Gas Tax               | Measure I           | Traffic Safety   | Park<br>Development | Community<br>Development<br>Block Grant |
| <b>ASSETS</b>                                                       |                       |                     |                  |                     |                                         |
| Pooled Cash and Investments                                         | \$ 545,541            | \$ 3,613,223        | \$ 9,604         | \$ 1,149,207        | \$ 530                                  |
| Receivables:                                                        |                       |                     |                  |                     |                                         |
| Accounts                                                            | 29,707                | -                   | -                | -                   | 36,630                                  |
| Notes and Loans                                                     | -                     | -                   | -                | -                   | -                                       |
| Accrued Interest                                                    | -                     | -                   | -                | -                   | -                                       |
| Prepaid Costs                                                       | -                     | -                   | -                | -                   | -                                       |
| Due from Other Governments                                          | 181,233               | 186,871             | 3,963            | -                   | -                                       |
| Due from Other Funds                                                | 223                   | 442,941             | 35,053           | -                   | -                                       |
|                                                                     | <u>756,704</u>        | <u>4,243,035</u>    | <u>48,620</u>    | <u>1,149,207</u>    | <u>37,160</u>                           |
| Total Assets                                                        | <u>\$ 756,704</u>     | <u>\$ 4,243,035</u> | <u>\$ 48,620</u> | <u>\$ 1,149,207</u> | <u>\$ 37,160</u>                        |
| <b>LIABILITIES</b>                                                  |                       |                     |                  |                     |                                         |
| Accounts Payable                                                    | \$ 108,822            | \$ 1,062            | \$ -             | \$ -                | \$ 2,074                                |
| Accrued Liabilities                                                 | 11,694                | -                   | -                | -                   | -                                       |
| Deposits Payable                                                    | -                     | -                   | -                | -                   | -                                       |
| Unearned Revenue                                                    | -                     | -                   | -                | -                   | -                                       |
| Due to Other Governments                                            | -                     | -                   | 5,369            | -                   | -                                       |
| Due to Other Funds                                                  | 277                   | -                   | -                | -                   | 36,630                                  |
|                                                                     | <u>120,793</u>        | <u>1,062</u>        | <u>5,369</u>     | <u>-</u>            | <u>38,704</u>                           |
| Total Liabilities                                                   | <u>120,793</u>        | <u>1,062</u>        | <u>5,369</u>     | <u>-</u>            | <u>38,704</u>                           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                       |                     |                  |                     |                                         |
| Unavailable Revenues - Grants                                       | -                     | -                   | -                | -                   | -                                       |
|                                                                     | <u>-</u>              | <u>-</u>            | <u>-</u>         | <u>-</u>            | <u>-</u>                                |
| Total Deferred Inflows of Resources                                 | <u>-</u>              | <u>-</u>            | <u>-</u>         | <u>-</u>            | <u>-</u>                                |
| <b>FUND BALANCES (DEFICITS)</b>                                     |                       |                     |                  |                     |                                         |
| Nonspendable                                                        | -                     | -                   | -                | -                   | -                                       |
| Restricted                                                          | 635,911               | 4,241,973           | 43,251           | 1,149,207           | -                                       |
| Unassigned                                                          | -                     | -                   | -                | -                   | (1,544)                                 |
|                                                                     | <u>635,911</u>        | <u>4,241,973</u>    | <u>43,251</u>    | <u>1,149,207</u>    | <u>(1,544)</u>                          |
| Total Fund Balances (Deficits)                                      | <u>635,911</u>        | <u>4,241,973</u>    | <u>43,251</u>    | <u>1,149,207</u>    | <u>(1,544)</u>                          |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 756,704</u>     | <u>\$ 4,243,035</u> | <u>\$ 48,620</u> | <u>\$ 1,149,207</u> | <u>\$ 37,160</u>                        |

Special Revenue Funds

| Air Quality<br>Improvement | Older<br>American Act | State Asset<br>Forfeiture | Public<br>Safety  | Forfeiture<br>DOJ | State Asset<br>Forfeiture<br>Section 11489 | Federal Asset<br>Forfeiture<br>Treasury | School<br>District Grant |
|----------------------------|-----------------------|---------------------------|-------------------|-------------------|--------------------------------------------|-----------------------------------------|--------------------------|
| \$ 218,033                 | \$ 4,216              | \$ 111,798                | \$ 222,733        | \$ 403,728        | \$ 52,052                                  | \$ 92,631                               | \$ -                     |
| -                          | 37,352                | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| 13,112                     | -                     | -                         | 39,543            | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| <u>\$ 231,145</u>          | <u>\$ 41,568</u>      | <u>\$ 111,798</u>         | <u>\$ 262,276</u> | <u>\$ 403,728</u> | <u>\$ 52,052</u>                           | <u>\$ 92,631</u>                        | <u>\$ -</u>              |
| \$ -                       | \$ 680                | \$ -                      | \$ 26,976         | \$ -              | \$ -                                       | \$ -                                    | \$ -                     |
| -                          | 3,536                 | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | 6,775                                      | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | 37,352                | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | 41,568                | -                         | 26,976            | -                 | 6,775                                      | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| 231,145                    | -                     | 111,798                   | 235,300           | 403,728           | 45,277                                     | 92,631                                  | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| 231,145                    | -                     | 111,798                   | 235,300           | 403,728           | 45,277                                     | 92,631                                  | -                        |
| <u>\$ 231,145</u>          | <u>\$ 41,568</u>      | <u>\$ 111,798</u>         | <u>\$ 262,276</u> | <u>\$ 403,728</u> | <u>\$ 52,052</u>                           | <u>\$ 92,631</u>                        | <u>\$ -</u>              |

Continued

**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2021

|                                                                            | Special Revenue Funds |                                |                                  |                             |                            |
|----------------------------------------------------------------------------|-----------------------|--------------------------------|----------------------------------|-----------------------------|----------------------------|
|                                                                            | SSLEF                 | Justice<br>Assistance<br>Grant | Crime<br>Prevention<br>PC 1202.5 | Recycling<br>Block<br>Grant | After<br>School<br>Program |
| <b>ASSETS</b>                                                              |                       |                                |                                  |                             |                            |
| Pooled Cash and Investments                                                | \$ 348,892            | \$ -                           | \$ 2,115                         | \$ 81,110                   | \$ 568,262                 |
| Receivables:                                                               |                       |                                |                                  |                             |                            |
| Accounts                                                                   | -                     | -                              | -                                | -                           | -                          |
| Notes and Loans                                                            | -                     | -                              | -                                | -                           | -                          |
| Accrued Interest                                                           | -                     | -                              | -                                | -                           | -                          |
| Prepaid Costs                                                              | -                     | -                              | -                                | -                           | -                          |
| Due from Other Governments                                                 | -                     | -                              | 11                               | -                           | -                          |
| Due from Other Funds                                                       | -                     | -                              | -                                | -                           | -                          |
| <b>Total Assets</b>                                                        | <b>\$ 348,892</b>     | <b>\$ -</b>                    | <b>\$ 2,126</b>                  | <b>\$ 81,110</b>            | <b>\$ 568,262</b>          |
| <b>LIABILITIES</b>                                                         |                       |                                |                                  |                             |                            |
| Accounts Payable                                                           | \$ -                  | \$ -                           | \$ -                             | \$ -                        | \$ 13,970                  |
| Accrued Liabilities                                                        | -                     | -                              | -                                | -                           | 28,230                     |
| Deposits Payable                                                           | -                     | -                              | -                                | -                           | 225                        |
| Unearned Revenue                                                           | -                     | -                              | -                                | -                           | -                          |
| Due to Other Governments                                                   | -                     | -                              | -                                | -                           | -                          |
| Due to Other Funds                                                         | -                     | -                              | -                                | -                           | -                          |
| <b>Total Liabilities</b>                                                   | <b>-</b>              | <b>-</b>                       | <b>-</b>                         | <b>-</b>                    | <b>42,425</b>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                       |                                |                                  |                             |                            |
| Unavailable Revenues - Grants                                              | -                     | -                              | -                                | -                           | -                          |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>              | <b>-</b>                       | <b>-</b>                         | <b>-</b>                    | <b>-</b>                   |
| <b>FUND BALANCES (DEFICITS)</b>                                            |                       |                                |                                  |                             |                            |
| Nonspendable                                                               | -                     | -                              | -                                | -                           | -                          |
| Restricted                                                                 | 348,892               | -                              | 2,126                            | 81,110                      | 525,837                    |
| Unassigned                                                                 | -                     | -                              | -                                | -                           | -                          |
| <b>Total Fund Balances (Deficits)</b>                                      | <b>348,892</b>        | <b>-</b>                       | <b>2,126</b>                     | <b>81,110</b>               | <b>525,837</b>             |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 348,892</b>     | <b>\$ -</b>                    | <b>\$ 2,126</b>                  | <b>\$ 81,110</b>            | <b>\$ 568,262</b>          |

Special Revenue Funds

| Safety<br>Department<br>Grants | Immunization<br>Grant | E.M.S.<br>Paramedic | Prop 30<br>SB 109 | Disability<br>Access-<br>Bus. License | Mt. Baldy<br>United Way<br>Grant | Montclair<br>Housing<br>Corporation | Kaiser<br>Permanente<br>Grant |
|--------------------------------|-----------------------|---------------------|-------------------|---------------------------------------|----------------------------------|-------------------------------------|-------------------------------|
| \$ 299,108                     | \$ 516                | \$ 3,005            | \$ 122,616        | \$ 37,267                             | \$ -                             | \$ 2,223,922                        | \$ 4,879                      |
| 3,831                          | -                     | 4,748               | -                 | -                                     | -                                | 113,940                             | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | -                                   | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | 1,396                               | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | 932                                 | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | -                                   | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | -                                   | -                             |
| <u>\$ 302,939</u>              | <u>\$ 516</u>         | <u>\$ 7,753</u>     | <u>\$ 122,616</u> | <u>\$ 37,267</u>                      | <u>\$ -</u>                      | <u>\$ 2,340,190</u>                 | <u>\$ 4,879</u>               |
| \$ 5,771                       | \$ -                  | \$ 6,210            | \$ -              | \$ 499                                | \$ -                             | \$ 17,611                           | \$ 259                        |
| -                              | 516                   | 1,543               | -                 | -                                     | -                                | 8,850                               | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | 73,070                              | -                             |
| 300,000                        | -                     | -                   | -                 | -                                     | -                                | -                                   | -                             |
| -                              | -                     | -                   | -                 | (1,395)                               | -                                | -                                   | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | -                                   | -                             |
| <u>305,771</u>                 | <u>516</u>            | <u>7,753</u>        | <u>-</u>          | <u>(896)</u>                          | <u>-</u>                         | <u>99,531</u>                       | <u>259</u>                    |
| -                              | -                     | -                   | -                 | -                                     | -                                | -                                   | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | -                                   | -                             |
| -                              | -                     | -                   | -                 | -                                     | -                                | 932                                 | -                             |
| -                              | -                     | -                   | 122,616           | 38,163                                | -                                | 2,239,727                           | 4,620                         |
| (2,832)                        | -                     | -                   | -                 | -                                     | -                                | -                                   | -                             |
| <u>(2,832)</u>                 | <u>-</u>              | <u>-</u>            | <u>122,616</u>    | <u>38,163</u>                         | <u>-</u>                         | <u>2,240,659</u>                    | <u>4,620</u>                  |
| <u>\$ 302,939</u>              | <u>\$ 516</u>         | <u>\$ 7,753</u>     | <u>\$ 122,616</u> | <u>\$ 37,267</u>                      | <u>\$ -</u>                      | <u>\$ 2,340,190</u>                 | <u>\$ 4,879</u>               |

Continued

**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2021

|                                                                                | Special Revenue Funds       |                                          |                         |                               |                               |
|--------------------------------------------------------------------------------|-----------------------------|------------------------------------------|-------------------------|-------------------------------|-------------------------------|
|                                                                                | Resource<br>Center<br>Grant | Title IIIB<br>Sr. Supportive<br>Services | Community<br>Foundation | ASES<br>Supplemental<br>Grant | Hope Thru<br>Housing<br>Grant |
| <b>ASSETS</b>                                                                  |                             |                                          |                         |                               |                               |
| Pooled Cash and Investments                                                    | \$ 17,194                   | \$ 5,532                                 | \$ 158,143              | \$ 17,502                     | \$ -                          |
| Receivables:                                                                   |                             |                                          |                         |                               |                               |
| Accounts                                                                       | -                           | 20,536                                   | -                       | -                             | -                             |
| Notes and Loans                                                                | -                           | -                                        | -                       | -                             | -                             |
| Accrued Interest                                                               | -                           | -                                        | -                       | -                             | -                             |
| Prepaid Costs                                                                  | -                           | -                                        | -                       | -                             | -                             |
| Due from Other Governments                                                     | -                           | -                                        | -                       | -                             | -                             |
| Due from Other Funds                                                           | -                           | -                                        | -                       | -                             | -                             |
| <b>Total Assets</b>                                                            | <b>\$ 17,194</b>            | <b>\$ 26,068</b>                         | <b>\$ 158,143</b>       | <b>\$ 17,502</b>              | <b>\$ -</b>                   |
| <b>LIABILITIES</b>                                                             |                             |                                          |                         |                               |                               |
| Accounts Payable                                                               | \$ 453                      | \$ -                                     | \$ -                    | \$ 4,049                      | \$ -                          |
| Accrued Liabilities                                                            | -                           | 1,534                                    | -                       | -                             | -                             |
| Deposits Payable                                                               | -                           | -                                        | -                       | -                             | -                             |
| Unearned Revenue                                                               | -                           | -                                        | -                       | -                             | -                             |
| Due to Other Governments                                                       | -                           | -                                        | -                       | -                             | -                             |
| Due to Other Funds                                                             | -                           | 20,536                                   | -                       | -                             | -                             |
| <b>Total Liabilities</b>                                                       | <b>453</b>                  | <b>22,070</b>                            | <b>-</b>                | <b>4,049</b>                  | <b>-</b>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                           |                             |                                          |                         |                               |                               |
| Unavailable Revenues - Grants                                                  | -                           | -                                        | -                       | -                             | -                             |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>-</b>                    | <b>-</b>                                 | <b>-</b>                | <b>-</b>                      | <b>-</b>                      |
| <b>FUND BALANCES (DEFICITS)</b>                                                |                             |                                          |                         |                               |                               |
| Nonspendable                                                                   | -                           | -                                        | -                       | -                             | -                             |
| Restricted                                                                     | 16,741                      | 3,998                                    | 158,143                 | 13,453                        | -                             |
| Unassigned                                                                     | -                           | -                                        | -                       | -                             | -                             |
| <b>Total Fund Balances (Deficits)</b>                                          | <b>16,741</b>               | <b>3,998</b>                             | <b>158,143</b>          | <b>13,453</b>                 | <b>-</b>                      |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b>\$ 17,194</b>            | <b>\$ 26,068</b>                         | <b>\$ 158,143</b>       | <b>\$ 17,502</b>              | <b>\$ -</b>                   |

| Special Revenue Funds |                   |                          |                             |                            |                                |                                  |                    |
|-----------------------|-------------------|--------------------------|-----------------------------|----------------------------|--------------------------------|----------------------------------|--------------------|
| Park Maintenance      | CFD 2011-1 Paseos | CFD 2011-2 Arrow Station | Montclair Housing Authority | Public Education Govt. PEG | Homeless Emergency Aid Program | Healthy Community Strategic Plan | SB2 Planning Grant |
| \$ 86,476             | \$ 143,196        | \$ 90,788                | \$ 4,471                    | \$ 40,491                  | \$ -                           | \$ 17,848                        | \$ -               |
| -                     | -                 | -                        | -                           | 9,783                      | 43,645                         | -                                | -                  |
| -                     | -                 | -                        | 2,599,461                   | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | 446                      | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| <u>\$ 86,476</u>      | <u>\$ 143,196</u> | <u>\$ 91,234</u>         | <u>\$ 2,603,932</u>         | <u>\$ 50,274</u>           | <u>\$ 43,645</u>               | <u>\$ 17,848</u>                 | <u>\$ -</u>        |
| \$ 4,788              | \$ 1,534          | \$ 497                   | \$ -                        | \$ -                       | \$ -                           | \$ 912                           | \$ -               |
| -                     | 64                | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | 7,500                    | -                           | -                          | 43,645                         | -                                | -                  |
| <u>4,788</u>          | <u>1,598</u>      | <u>7,997</u>             | <u>-</u>                    | <u>-</u>                   | <u>43,645</u>                  | <u>912</u>                       | <u>-</u>           |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| 81,688                | 141,598           | 83,237                   | 2,603,932                   | 50,274                     | -                              | 16,936                           | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| <u>81,688</u>         | <u>141,598</u>    | <u>83,237</u>            | <u>2,603,932</u>            | <u>50,274</u>              | <u>-</u>                       | <u>16,936</u>                    | <u>-</u>           |
| <u>\$ 86,476</u>      | <u>\$ 143,196</u> | <u>\$ 91,234</u>         | <u>\$ 2,603,932</u>         | <u>\$ 50,274</u>           | <u>\$ 43,645</u>               | <u>\$ 17,848</u>                 | <u>\$ -</u>        |

Continued

**City of Montclair**  
**Combining Balance Sheet**  
**Non-major Funds - Continued**  
June 30, 2021

|                                                                     | Special Revenue Funds             |                                  | Capital Project Funds   |                        |                        |
|---------------------------------------------------------------------|-----------------------------------|----------------------------------|-------------------------|------------------------|------------------------|
|                                                                     | Homeless<br>Housing<br>Assistance | Statewide<br>Park<br>Development | Pavement<br>Impact Fees | Underground<br>In-lieu | General Plan<br>Update |
|                                                                     |                                   |                                  |                         |                        |                        |
| <b>ASSETS</b>                                                       |                                   |                                  |                         |                        |                        |
| Pooled Cash and Investments                                         | \$ 13,725                         | \$ -                             | \$ 231,952              | \$ 340,517             | \$ 88,621              |
| Receivables:                                                        |                                   |                                  |                         |                        |                        |
| Accounts                                                            | -                                 | 180,634                          | -                       | -                      | -                      |
| Notes and Loans                                                     | -                                 | -                                | -                       | -                      | -                      |
| Accrued Interest                                                    | -                                 | -                                | -                       | -                      | -                      |
| Prepaid Costs                                                       | -                                 | -                                | -                       | -                      | -                      |
| Due from Other Governments                                          | -                                 | -                                | 19,457                  | -                      | -                      |
| Due from Other Funds                                                | -                                 | -                                | -                       | -                      | -                      |
|                                                                     | <u>-</u>                          | <u>-</u>                         | <u>-</u>                | <u>-</u>               | <u>-</u>               |
| Total Assets                                                        | <u>\$ 13,725</u>                  | <u>\$ 180,634</u>                | <u>\$ 251,409</u>       | <u>\$ 340,517</u>      | <u>\$ 88,621</u>       |
| <b>LIABILITIES</b>                                                  |                                   |                                  |                         |                        |                        |
| Accounts Payable                                                    | \$ 2,000                          | \$ -                             | \$ -                    | \$ -                   | \$ -                   |
| Accrued Liabilities                                                 | -                                 | -                                | -                       | -                      | -                      |
| Deposits Payable                                                    | -                                 | -                                | -                       | -                      | -                      |
| Unearned Revenue                                                    | -                                 | -                                | -                       | -                      | -                      |
| Due to Other Governments                                            | -                                 | -                                | -                       | -                      | -                      |
| Due to Other Funds                                                  | -                                 | 180,634                          | -                       | -                      | -                      |
|                                                                     | <u>-</u>                          | <u>180,634</u>                   | <u>-</u>                | <u>-</u>               | <u>-</u>               |
| Total Liabilities                                                   | <u>2,000</u>                      | <u>180,634</u>                   | <u>-</u>                | <u>-</u>               | <u>-</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                                   |                                  |                         |                        |                        |
| Unavailable Revenues - Grants                                       | -                                 | 180,634                          | -                       | -                      | -                      |
|                                                                     | <u>-</u>                          | <u>180,634</u>                   | <u>-</u>                | <u>-</u>               | <u>-</u>               |
| Total Deferred Inflows of Resources                                 | <u>-</u>                          | <u>180,634</u>                   | <u>-</u>                | <u>-</u>               | <u>-</u>               |
| <b>FUND BALANCES (DEFICITS)</b>                                     |                                   |                                  |                         |                        |                        |
| Nonspendable                                                        | -                                 | -                                | -                       | -                      | -                      |
| Restricted                                                          | 11,725                            | -                                | 251,409                 | 340,517                | 88,621                 |
| Unassigned                                                          | -                                 | (180,634)                        | -                       | -                      | -                      |
|                                                                     | <u>-</u>                          | <u>(180,634)</u>                 | <u>-</u>                | <u>-</u>               | <u>-</u>               |
| Total Fund Balances (Deficits)                                      | <u>11,725</u>                     | <u>(180,634)</u>                 | <u>251,409</u>          | <u>340,517</u>         | <u>88,621</u>          |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 13,725</u>                  | <u>\$ 180,634</u>                | <u>\$ 251,409</u>       | <u>\$ 340,517</u>      | <u>\$ 88,621</u>       |



| 2014<br>Refunding<br>Bonds | Capital Project Funds |                      |                   |                           | Debt Service<br>Fund       | Non-Major<br>Governmental<br>Total |
|----------------------------|-----------------------|----------------------|-------------------|---------------------------|----------------------------|------------------------------------|
|                            | Infrastructure        | PUC<br>Reimbursement | Housing<br>Fund   | Development<br>Impact Fee | 2014<br>Refunding<br>Bonds |                                    |
| \$ 280,568                 | \$ -                  | \$ 324,111           | \$ 555,327        | \$ 1,162,542              | \$ 3,206                   | \$ 13,697,198                      |
| -                          | 218,358               | -                    | -                 | -                         | -                          | 699,164                            |
| -                          | -                     | -                    | -                 | -                         | -                          | 2,599,461                          |
| 651                        | -                     | -                    | -                 | -                         | -                          | 2,047                              |
| -                          | -                     | -                    | -                 | -                         | -                          | 932                                |
| -                          | -                     | -                    | -                 | -                         | -                          | 444,636                            |
| 6,171                      | 190,422               | -                    | -                 | -                         | -                          | 674,810                            |
| <u>\$ 287,390</u>          | <u>\$ 408,780</u>     | <u>\$ 324,111</u>    | <u>\$ 555,327</u> | <u>\$ 1,162,542</u>       | <u>\$ 3,206</u>            | <u>\$ 18,118,248</u>               |
| \$ 287,390                 | \$ 168,533            | \$ -                 | \$ -              | \$ -                      | \$ 3,206                   | \$ 657,296                         |
| -                          | -                     | -                    | -                 | -                         | -                          | 55,967                             |
| -                          | -                     | -                    | -                 | -                         | -                          | 80,070                             |
| -                          | -                     | -                    | -                 | -                         | -                          | 300,000                            |
| -                          | -                     | -                    | -                 | -                         | -                          | 3,974                              |
| -                          | 21,540                | -                    | -                 | 451,390                   | -                          | 799,504                            |
| <u>287,390</u>             | <u>190,073</u>        | <u>-</u>             | <u>-</u>          | <u>451,390</u>            | <u>3,206</u>               | <u>1,896,811</u>                   |
| -                          | -                     | -                    | -                 | -                         | -                          | 180,634                            |
| -                          | -                     | -                    | -                 | -                         | -                          | 180,634                            |
| -                          | -                     | -                    | -                 | -                         | -                          | 932                                |
| -                          | 218,707               | 324,111              | 555,327           | 711,152                   | -                          | 16,224,881                         |
| -                          | -                     | -                    | -                 | -                         | -                          | (185,010)                          |
| -                          | 218,707               | 324,111              | 555,327           | 711,152                   | -                          | 16,040,803                         |
| <u>\$ 287,390</u>          | <u>\$ 408,780</u>     | <u>\$ 324,111</u>    | <u>\$ 555,327</u> | <u>\$ 1,162,542</u>       | <u>\$ 3,206</u>            | <u>\$ 18,118,248</u>               |

**City of Montclair**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
Year Ended June 30, 2021

|                                                              | Special Revenue Funds |                     |                  |                     |                                         |
|--------------------------------------------------------------|-----------------------|---------------------|------------------|---------------------|-----------------------------------------|
|                                                              | Gas Tax               | Measure I           | Traffic Safety   | Park<br>Development | Community<br>Development<br>Block Grant |
| <b>REVENUES</b>                                              |                       |                     |                  |                     |                                         |
| Taxes                                                        | \$ 1,650,733          | \$ -                | \$ -             | \$ -                | \$ -                                    |
| Intergovernmental                                            | -                     | 897,155             | 7,556            | -                   | 108,776                                 |
| Charges for Services                                         | -                     | -                   | -                | -                   | -                                       |
| Use of Money and Property                                    | 4,980                 | 10,858              | -                | -                   | -                                       |
| Fines and Forfeitures                                        | -                     | -                   | 94,799           | -                   | -                                       |
| Miscellaneous                                                | -                     | -                   | -                | -                   | -                                       |
| <b>Total Revenues</b>                                        | <b>1,655,713</b>      | <b>908,013</b>      | <b>102,355</b>   | <b>-</b>            | <b>108,776</b>                          |
| <b>EXPENDITURES</b>                                          |                       |                     |                  |                     |                                         |
| Current:                                                     |                       |                     |                  |                     |                                         |
| General Government                                           | 65,581                | -                   | -                | -                   | -                                       |
| Public Safety                                                | -                     | -                   | -                | -                   | -                                       |
| Community Development                                        | -                     | -                   | 7,401            | -                   | 108,775                                 |
| Public Works                                                 | 649,124               | -                   | -                | -                   | -                                       |
| Capital Outlay                                               | 52,948                | 1,062               | -                | -                   | -                                       |
| Debt Service:                                                |                       |                     |                  |                     |                                         |
| Principal Retirement                                         | -                     | -                   | -                | -                   | -                                       |
| Interest and Fiscal Charges                                  | -                     | -                   | -                | -                   | -                                       |
| <b>Total Expenditures</b>                                    | <b>767,653</b>        | <b>1,062</b>        | <b>7,401</b>     | <b>-</b>            | <b>108,775</b>                          |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 888,060               | 906,951             | 94,954           | -                   | 1                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                     |                  |                     |                                         |
| Transfers In                                                 | -                     | -                   | -                | -                   | -                                       |
| Transfers Out                                                | (1,118,724)           | -                   | (100,000)        | (651,000)           | -                                       |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(1,118,724)</b>    | <b>-</b>            | <b>(100,000)</b> | <b>(651,000)</b>    | <b>-</b>                                |
| <b>Net Change in Fund Balances</b>                           | <b>(230,664)</b>      | <b>906,951</b>      | <b>(5,046)</b>   | <b>(651,000)</b>    | <b>1</b>                                |
| Fund Balance, Beginning of Year                              | 866,575               | 3,335,022           | 48,297           | 1,800,207           | (1,545)                                 |
| Fund Balance, End of Year                                    | <u>\$ 635,911</u>     | <u>\$ 4,241,973</u> | <u>\$ 43,251</u> | <u>\$ 1,149,207</u> | <u>\$ (1,544)</u>                       |

Special Revenue Funds

| Air Quality<br>Improvement | Older<br>American Act | State Asset<br>Forfeiture | Public<br>Safety  | Forfeiture<br>DOJ | State Asset<br>Forfeiture<br>Section 11489 | Federal Asset<br>Forfeiture<br>Treasury | School<br>District Grant |
|----------------------------|-----------------------|---------------------------|-------------------|-------------------|--------------------------------------------|-----------------------------------------|--------------------------|
| \$ -                       | \$ -                  | \$ -                      | \$ 416,649        | \$ -              | \$ -                                       | \$ -                                    | \$ -                     |
| 51,565                     | 205,428               | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| 674                        | -                     | 346                       | -                 | 1,248             | 139                                        | 286                                     | -                        |
| -                          | -                     | 732                       | -                 | 64,336            | 129                                        | 4,666                                   | -                        |
| -                          | 57,944                | -                         | -                 | -                 | -                                          | -                                       | -                        |
| 52,239                     | 263,372               | 1,078                     | 416,649           | 65,584            | 268                                        | 4,952                                   | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | 372,699           | 1,078             | -                                          | -                                       | -                        |
| -                          | 279,703               | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | 6,600                     | -                 | 4,314             | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | 279,703               | 6,600                     | 372,699           | 5,392             | -                                          | -                                       | -                        |
| 52,239                     | (16,331)              | (5,522)                   | 43,950            | 60,192            | 268                                        | 4,952                                   | -                        |
| 18,169                     | 16,331                | -                         | -                 | -                 | -                                          | -                                       | -                        |
| -                          | -                     | -                         | -                 | -                 | -                                          | -                                       | -                        |
| 18,169                     | 16,331                | -                         | -                 | -                 | -                                          | -                                       | -                        |
| 70,408                     | -                     | (5,522)                   | 43,950            | 60,192            | 268                                        | 4,952                                   | -                        |
| 160,737                    | -                     | 117,320                   | 191,350           | 343,536           | 45,009                                     | 87,679                                  | -                        |
| <u>\$ 231,145</u>          | <u>\$ -</u>           | <u>\$ 111,798</u>         | <u>\$ 235,300</u> | <u>\$ 403,728</u> | <u>\$ 45,277</u>                           | <u>\$ 92,631</u>                        | <u>\$ -</u>              |

Continued

**City of Montclair**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
Year Ended June 30, 2021

|                                                              | Special Revenue Funds |                                |                                  |                             |                            |
|--------------------------------------------------------------|-----------------------|--------------------------------|----------------------------------|-----------------------------|----------------------------|
|                                                              | SSLEF                 | Justice<br>Assistance<br>Grant | Crime<br>Prevention<br>PC 1202.5 | Recycling<br>Block<br>Grant | After<br>School<br>Program |
| <b>REVENUES</b>                                              |                       |                                |                                  |                             |                            |
| Taxes                                                        | \$ -                  | \$ -                           | \$ -                             | \$ -                        | \$ -                       |
| Intergovernmental                                            | 156,894               | 36,864                         | -                                | 15,174                      | 1,263,539                  |
| Charges for Services                                         | -                     | -                              | -                                | -                           | -                          |
| Use of Money and Property                                    | 1,078                 | -                              | 7                                | 251                         | -                          |
| Fines and Forfeitures                                        | -                     | -                              | 112                              | -                           | -                          |
| Miscellaneous                                                | -                     | -                              | -                                | -                           | -                          |
| <b>Total Revenues</b>                                        | <b>157,972</b>        | <b>36,864</b>                  | <b>119</b>                       | <b>15,425</b>               | <b>1,263,539</b>           |
| <b>EXPENDITURES</b>                                          |                       |                                |                                  |                             |                            |
| Current:                                                     |                       |                                |                                  |                             |                            |
| General Government                                           | -                     | -                              | -                                | -                           | -                          |
| Public Safety                                                | 100,000               | 30,274                         | -                                | -                           | -                          |
| Community Development                                        | -                     | -                              | -                                | 9,994                       | 712,555                    |
| Public Works                                                 | -                     | -                              | -                                | -                           | -                          |
| Capital Outlay                                               | -                     | -                              | -                                | -                           | -                          |
| Debt Service:                                                |                       |                                |                                  |                             |                            |
| Principal Retirement                                         | -                     | -                              | -                                | -                           | -                          |
| Interest and Fiscal Charges                                  | -                     | -                              | -                                | -                           | -                          |
| <b>Total Expenditures</b>                                    | <b>100,000</b>        | <b>30,274</b>                  | <b>-</b>                         | <b>9,994</b>                | <b>712,555</b>             |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 57,972                | 6,590                          | 119                              | 5,431                       | 550,984                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                                |                                  |                             |                            |
| Transfers In                                                 | -                     | -                              | -                                | -                           | -                          |
| Transfers Out                                                | -                     | (6,590)                        | -                                | -                           | (26,737)                   |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>-</b>              | <b>(6,590)</b>                 | <b>-</b>                         | <b>-</b>                    | <b>(26,737)</b>            |
| <b>Net Change in Fund Balances</b>                           | <b>57,972</b>         | <b>-</b>                       | <b>119</b>                       | <b>5,431</b>                | <b>524,247</b>             |
| Fund Balance, Beginning of Year                              | 290,920               | -                              | 2,007                            | 75,679                      | 1,590                      |
| <b>Fund Balance, End of Year</b>                             | <b>\$ 348,892</b>     | <b>\$ -</b>                    | <b>\$ 2,126</b>                  | <b>\$ 81,110</b>            | <b>\$ 525,837</b>          |

| Special Revenue Funds    |                    |                  |                |                                |                            |                               |                         |
|--------------------------|--------------------|------------------|----------------|--------------------------------|----------------------------|-------------------------------|-------------------------|
| Safety Department Grants | Immunization Grant | E.M.S. Paramedic | Prop 30 SB 109 | Disability Access-Bus. License | Mt. Baldy United Way Grant | Montclair Housing Corporation | Kaiser Permanente Grant |
| \$ -                     | \$ -               | \$ -             | \$ -           | \$ -                           | \$ -                       | \$ -                          | \$ -                    |
| 145,615                  | -                  | -                | -              | -                              | -                          | -                             | -                       |
| -                        | -                  | 44,350           | -              | 8,950                          | -                          | -                             | -                       |
| -                        | -                  | -                | 379            | -                              | -                          | 1,003,393                     | -                       |
| -                        | -                  | -                | -              | -                              | -                          | -                             | -                       |
| -                        | -                  | -                | -              | -                              | -                          | -                             | -                       |
| 145,615                  | -                  | 44,350           | 379            | 8,950                          | -                          | 1,003,393                     | -                       |
| -                        | -                  | -                | -              | -                              | -                          | 923,434                       | -                       |
| 161,989                  | -                  | 82,451           | -              | -                              | -                          | -                             | -                       |
| -                        | 16,176             | -                | -              | 70                             | -                          | -                             | 900                     |
| -                        | -                  | -                | 17,158         | -                              | -                          | -                             | -                       |
| -                        | -                  | -                | -              | -                              | -                          | -                             | -                       |
| -                        | -                  | -                | -              | -                              | -                          | -                             | -                       |
| 161,989                  | 16,176             | 82,451           | 17,158         | 70                             | -                          | 923,434                       | 900                     |
| (16,374)                 | (16,176)           | (38,101)         | (16,779)       | 8,880                          | -                          | 79,959                        | (900)                   |
| 25,547                   | 3,225              | 35,284           | -              | -                              | -                          | -                             | -                       |
| -                        | -                  | -                | -              | -                              | -                          | -                             | -                       |
| 25,547                   | 3,225              | 35,284           | -              | -                              | -                          | -                             | -                       |
| 9,173                    | (12,951)           | (2,817)          | (16,779)       | 8,880                          | -                          | 79,959                        | (900)                   |
| (12,005)                 | 12,951             | 2,817            | 139,395        | 29,283                         | -                          | 2,160,700                     | 5,520                   |
| \$ (2,832)               | \$ -               | \$ -             | \$ 122,616     | \$ 38,163                      | \$ -                       | \$ 2,240,659                  | \$ 4,620                |

Continued

**City of Montclair**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
Year Ended June 30, 2021

|                                                              | Special Revenue Funds       |                                          |                         |                               |                               |
|--------------------------------------------------------------|-----------------------------|------------------------------------------|-------------------------|-------------------------------|-------------------------------|
|                                                              | Resource<br>Center<br>Grant | Title IIIB<br>Sr. Supportive<br>Services | Community<br>Foundation | ASES<br>Supplemental<br>Grant | Hope Thru<br>Housing<br>Grant |
| <b>REVENUES</b>                                              |                             |                                          |                         |                               |                               |
| Taxes                                                        | \$ -                        | \$ -                                     | \$ -                    | \$ -                          | \$ -                          |
| Intergovernmental                                            | -                           | -                                        | -                       | 119,847                       | -                             |
| Charges for Services                                         | -                           | 63,100                                   | -                       | -                             | -                             |
| Use of Money and Property                                    | -                           | -                                        | -                       | -                             | -                             |
| Fines and Forfeitures                                        | -                           | -                                        | -                       | -                             | -                             |
| Miscellaneous                                                | 28,500                      | -                                        | 14,731                  | -                             | -                             |
| Total Revenues                                               | <u>28,500</u>               | <u>63,100</u>                            | <u>14,731</u>           | <u>119,847</u>                | <u>-</u>                      |
| <b>EXPENDITURES</b>                                          |                             |                                          |                         |                               |                               |
| Current:                                                     |                             |                                          |                         |                               |                               |
| General Government                                           | -                           | -                                        | -                       | -                             | -                             |
| Public Safety                                                | -                           | -                                        | -                       | -                             | -                             |
| Community Development                                        | 22,478                      | 63,100                                   | 16,755                  | 106,394                       | -                             |
| Public Works                                                 | -                           | -                                        | -                       | -                             | -                             |
| Capital Outlay                                               | -                           | -                                        | -                       | -                             | -                             |
| Debt Service:                                                |                             |                                          |                         |                               |                               |
| Principal Retirement                                         | -                           | -                                        | -                       | -                             | -                             |
| Interest and Fiscal Charges                                  | -                           | -                                        | -                       | -                             | -                             |
| Total Expenditures                                           | <u>22,478</u>               | <u>63,100</u>                            | <u>16,755</u>           | <u>106,394</u>                | <u>-</u>                      |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>6,022</u>                | <u>-</u>                                 | <u>(2,024)</u>          | <u>13,453</u>                 | <u>-</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                             |                                          |                         |                               |                               |
| Transfers In                                                 | -                           | -                                        | -                       | -                             | -                             |
| Transfers Out                                                | -                           | -                                        | -                       | -                             | -                             |
| Total Other Financing Sources (Uses)                         | <u>-</u>                    | <u>-</u>                                 | <u>-</u>                | <u>-</u>                      | <u>-</u>                      |
| Net Change in Fund Balances                                  | 6,022                       | -                                        | (2,024)                 | 13,453                        | -                             |
| Fund Balance, Beginning of Year                              | <u>10,719</u>               | <u>3,998</u>                             | <u>160,167</u>          | <u>-</u>                      | <u>-</u>                      |
| Fund Balance, End of Year                                    | <u>\$ 16,741</u>            | <u>\$ 3,998</u>                          | <u>\$ 158,143</u>       | <u>\$ 13,453</u>              | <u>\$ -</u>                   |

| Special Revenue Funds |                   |                          |                             |                            |                                |                                  |                    |
|-----------------------|-------------------|--------------------------|-----------------------------|----------------------------|--------------------------------|----------------------------------|--------------------|
| Park Maintenance      | CFD 2011-1 Paseos | CFD 2011-2 Arrow Station | Montclair Housing Authority | Public Education Govt. PEG | Homeless Emergency Aid Program | Healthy Community Strategic Plan | SB2 Planning Grant |
| \$ -                  | \$ 140,573        | \$ 40,846                | \$ -                        | \$ -                       | \$ -                           | \$ -                             | \$ -               |
| -                     | -                 | -                        | -                           | -                          | 348,323                        | -                                | 86,950             |
| 38,055                | -                 | -                        | -                           | 26,700                     | -                              | -                                | -                  |
| -                     | 443               | 281                      | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| 38,055                | 141,016           | 41,127                   | -                           | 26,700                     | 348,323                        | -                                | 86,950             |
| -                     | -                 | 1,875                    | -                           | -                          | -                              | -                                | -                  |
| -                     | 54,153            | 9,782                    | -                           | -                          | -                              | -                                | -                  |
| 40,775                | -                 | -                        | -                           | -                          | 346,515                        | 1,199                            | 86,950             |
| -                     | 67,299            | 31,828                   | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| 40,775                | 121,452           | 43,485                   | -                           | -                          | 346,515                        | 1,199                            | 86,950             |
| (2,720)               | 19,564            | (2,358)                  | -                           | 26,700                     | 1,808                          | (1,199)                          | -                  |
| -                     | -                 | -                        | -                           | -                          | -                              | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | (1,808)                        | -                                | -                  |
| -                     | -                 | -                        | -                           | -                          | (1,808)                        | -                                | -                  |
| (2,720)               | 19,564            | (2,358)                  | -                           | 26,700                     | -                              | (1,199)                          | -                  |
| 84,408                | 122,034           | 85,595                   | 2,603,932                   | 23,574                     | -                              | 18,135                           | -                  |
| \$ 81,688             | \$ 141,598        | \$ 83,237                | \$ 2,603,932                | \$ 50,274                  | \$ -                           | \$ 16,936                        | \$ -               |

Continued

**City of Montclair**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Funds - Continued**  
Year Ended June 30, 2021

|                                                              | Special Revenue Funds             |                                  | Capital Project Funds   |                        |                        |
|--------------------------------------------------------------|-----------------------------------|----------------------------------|-------------------------|------------------------|------------------------|
|                                                              | Homeless<br>Housing<br>Assistance | Statewide<br>Park<br>Development | Pavement<br>Impact Fees | Underground<br>In-lieu | General Plan<br>Update |
|                                                              |                                   |                                  |                         |                        |                        |
| <b>REVENUES</b>                                              |                                   |                                  |                         |                        |                        |
| Taxes                                                        | \$ -                              | \$ -                             | \$ -                    | \$ -                   | \$ -                   |
| Intergovernmental                                            | 14,375                            | -                                | -                       | -                      | -                      |
| Charges for Services                                         | -                                 | -                                | 74,408                  | 164,870                | 11,703                 |
| Use of Money and Property                                    | -                                 | -                                | -                       | -                      | -                      |
| Fines and Forfeitures                                        | -                                 | -                                | -                       | -                      | -                      |
| Miscellaneous                                                | -                                 | -                                | -                       | -                      | -                      |
|                                                              |                                   |                                  |                         |                        |                        |
| Total Revenues                                               | 14,375                            | -                                | 74,408                  | 164,870                | 11,703                 |
| <b>EXPENDITURES</b>                                          |                                   |                                  |                         |                        |                        |
| Current:                                                     |                                   |                                  |                         |                        |                        |
| General Government                                           | -                                 | -                                | -                       | -                      | -                      |
| Public Safety                                                | -                                 | -                                | -                       | -                      | -                      |
| Community Development                                        | 2,650                             | -                                | -                       | -                      | -                      |
| Public Works                                                 | -                                 | -                                | -                       | -                      | 661                    |
| Capital Outlay                                               | -                                 | -                                | -                       | -                      | -                      |
| Debt Service:                                                |                                   |                                  |                         |                        |                        |
| Principal Retirement                                         | -                                 | -                                | -                       | -                      | -                      |
| Interest and Fiscal Charges                                  | -                                 | -                                | -                       | -                      | -                      |
|                                                              |                                   |                                  |                         |                        |                        |
| Total Expenditures                                           | 2,650                             | -                                | -                       | -                      | 661                    |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 11,725                            | -                                | 74,408                  | 164,870                | 11,042                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                   |                                  |                         |                        |                        |
| Transfers In                                                 | -                                 | -                                | -                       | -                      | -                      |
| Transfers Out                                                | -                                 | (180,634)                        | -                       | -                      | -                      |
|                                                              |                                   |                                  |                         |                        |                        |
| Total Other Financing Sources (Uses)                         | -                                 | (180,634)                        | -                       | -                      | -                      |
| Net Change in Fund Balances                                  | 11,725                            | (180,634)                        | 74,408                  | 164,870                | 11,042                 |
| Fund Balance, Beginning of Year                              | -                                 | -                                | 177,001                 | 175,647                | 77,579                 |
| Fund Balance, End of Year                                    | <u>\$ 11,725</u>                  | <u>\$ (180,634)</u>              | <u>\$ 251,409</u>       | <u>\$ 340,517</u>      | <u>\$ 88,621</u>       |



| Capital Project Funds |                    |                   |                   |                        | Debt Service Fund    | Non-Major Governmental |
|-----------------------|--------------------|-------------------|-------------------|------------------------|----------------------|------------------------|
| 2014 Refunding Bonds  | Infrastructure     | PUC Reimbursement | Housing Fund      | Development Impact Fee | 2014 Refunding Bonds | Total                  |
| \$ -                  | \$ -               | \$ -              | \$ -              | \$ -                   | \$ -                 | \$ 2,248,801           |
| 628,059               | 609,988            | -                 | -                 | -                      | -                    | 4,696,108              |
| -                     | -                  | -                 | -                 | 253,465                | -                    | 685,601                |
| -                     | -                  | -                 | -                 | -                      | 8                    | 1,024,371              |
| -                     | -                  | -                 | -                 | -                      | -                    | 164,774                |
| -                     | -                  | -                 | -                 | -                      | -                    | 101,175                |
| <u>628,059</u>        | <u>609,988</u>     | <u>-</u>          | <u>-</u>          | <u>253,465</u>         | <u>8</u>             | <u>8,920,830</u>       |
| -                     | -                  | -                 | -                 | -                      | -                    | 990,890                |
| -                     | -                  | -                 | -                 | -                      | -                    | 812,426                |
| -                     | -                  | -                 | -                 | -                      | -                    | 1,822,390              |
| 2,998,031             | -                  | -                 | -                 | -                      | -                    | 3,764,101              |
| -                     | 2,195,273          | -                 | -                 | -                      | -                    | 2,260,197              |
| -                     | -                  | -                 | -                 | -                      | 885,000              | 885,000                |
| -                     | -                  | -                 | -                 | -                      | 1,708,969            | 1,708,969              |
| <u>2,998,031</u>      | <u>2,195,273</u>   | <u>-</u>          | <u>-</u>          | <u>-</u>               | <u>2,593,969</u>     | <u>12,243,973</u>      |
| <u>(2,369,972)</u>    | <u>(1,585,285)</u> | <u>-</u>          | <u>-</u>          | <u>253,465</u>         | <u>(2,593,961)</u>   | <u>(3,323,143)</u>     |
| 855,817               | 1,667,208          | -                 | -                 | -                      | 2,593,961            | 5,215,542              |
| -                     | (6,171)            | (143,943)         | -                 | (58,796)               | -                    | (2,294,403)            |
| <u>855,817</u>        | <u>1,661,037</u>   | <u>(143,943)</u>  | <u>-</u>          | <u>(58,796)</u>        | <u>2,593,961</u>     | <u>2,921,139</u>       |
| (1,514,155)           | 75,752             | (143,943)         | -                 | 194,669                | -                    | (402,004)              |
| <u>1,514,155</u>      | <u>142,955</u>     | <u>468,054</u>    | <u>555,327</u>    | <u>516,483</u>         | <u>-</u>             | <u>16,442,807</u>      |
| <u>\$ 0</u>           | <u>\$ 218,707</u>  | <u>\$ 324,111</u> | <u>\$ 555,327</u> | <u>\$ 711,152</u>      | <u>\$ -</u>          | <u>\$16,040,803</u>    |



# City of Montclair

## Single Audit Report on Federal Awards Programs

For the Fiscal Year Ended June 30, 2021

**CITY OF MONTCLAIR**

**Single Audit Report on  
Federal Award Programs**

June 30, 2021

**CITY OF MONTCLAIR**  
**SINGLE AUDIT REPORT ON FEDERAL AWARD PROGRAMS**  
Year Ended June 30, 2021

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**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

City Council  
City of Montclair  
Montclair, California

We have audited, in accordance with the 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, the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 8, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**Van Lant & Fankhanel, LLP**

29970 Technology Drive, Suite 105 A  
Murrieta, CA 92563  
909.856.6879

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Van Lant & Fankhaed, LLP*

March 8, 2022



## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

City Council  
City of Montclair  
Montclair, California

### Report on Compliance for Each Major Federal Program

We have audited the City of Montclair's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and the terms and conditions of its grants applicable to its federal program.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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**Van Lant & Fankhanel, LLP**

29970 Technology Drive, Suite 105 A  
Murrieta, CA 92563  
909.856.6879

## **Opinion on Each Major Federal Program**

In our opinion, the City of Montclair complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, of the City of Montclair, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 8, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements.



The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Van Lant & Fankhaed, LLP*

March 8, 2022

**CITY OF MONTCLAIR**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(SUPPLEMENTARY INFORMATION)**  
Year Ended June 30, 2021

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title  | Federal<br>CFDA<br>Number | Program<br>Identification<br>Number | Program<br>Expend-<br>itures |
|-------------------------------------------------------------------|---------------------------|-------------------------------------|------------------------------|
| <i>Department of Housing and Urban Development</i>                |                           |                                     |                              |
| CDBG - Entitlement Grants Cluster                                 |                           |                                     |                              |
| Passed through the County of San Bernardino:                      |                           |                                     |                              |
| Community Development Block Grant                                 | 14.218                    | MONT-16-1-05Z/0793                  | \$ 33,859                    |
| Community Development Block Grant                                 | 14.218                    | 108-18417/1002                      | 6,865                        |
| Community Development Block Grant                                 | 14.218                    | MONT-16-1-05A/2220                  | 10,000                       |
| COVID-19 - Community Development Block Grant                      | 14.218                    | MONT-19CV-1-03T/0206                | 19,821                       |
| COVID-19 - Community Development Block Grant                      | 14.218                    | MONT-19CV-1-05W/0205                | <u>38,230</u>                |
| <i>Total Department of Housing and Urban Development Programs</i> |                           |                                     | <u>108,775</u>               |
| <i>Department of Justice</i>                                      |                           |                                     |                              |
| Passed through the County of San Bernardino:                      |                           |                                     |                              |
| COVID-19 - Coronavirus Emergency Supplemental Funding             | 16.034                    | 2020-VD-BX-0532                     | <u>36,864</u>                |
| <i>Total Department of Justice Programs</i>                       |                           |                                     | <u>36,864</u>                |
| <i>Department of the Transportation</i>                           |                           |                                     |                              |
| Highway Planning and Construction Cluster                         |                           |                                     |                              |
| Passed through the California Department of Transportation:       |                           |                                     |                              |
| Highway Planning and Construction                                 | 20.205                    | BRLS-5326 (018)                     | <u>609,988</u>               |
| <i>Total Highway Planning and Construction Cluster</i>            |                           |                                     | <u>609,988</u>               |
| Passed through the California Office of Traffic Safety:           |                           |                                     |                              |
| State and Community Highway Safety                                | 20.600                    | PS20014                             | 7,401                        |
| State and Community Highway Safety                                | 20.600                    | PT-21117                            | <u>10,273</u>                |
| Subtotal                                                          |                           |                                     | 17,674                       |
| Passed through the California Office of Traffic Safety:           |                           |                                     |                              |
| Minimum Penalties for Repeat Offenders                            | 20.608                    | PT-21117                            | <u>11,309</u>                |
| <i>Total Department of Transportation Programs</i>                |                           |                                     | <u>638,971</u>               |
| <i>Department of Treasury</i>                                     |                           |                                     |                              |
| Passed through the State of California:                           |                           |                                     |                              |
| COVID-19 - Coronavirus Relief Fund                                | 21.019                    | CARES21-ALLC-MON                    | 487,588                      |
| Passed through the County of San Bernardino:                      |                           |                                     |                              |
| COVID-19 - Coronavirus Relief Fund                                | 21.019                    | CARES21-ALLC-MON                    | <u>922,249</u>               |
| <i>Total Department of Treasury Programs</i>                      |                           |                                     | <u>1,409,837</u> *           |

**CITY OF MONTCLAIR**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(SUPPLEMENTARY INFORMATION)**  
Year Ended June 30, 2021

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title | Federal<br>CFDA<br>Number | Program<br>Identification<br>Number | Program<br>Expend-<br>itures |
|------------------------------------------------------------------|---------------------------|-------------------------------------|------------------------------|
| <i>Department of Health and Human Services</i>                   |                           |                                     |                              |
| Aging Cluster                                                    |                           |                                     |                              |
| Passed through the County of San Bernardino:                     |                           |                                     |                              |
| Special Programs for the Aging Title III, Part B                 | 93.044                    | 15-41                               | 63,100                       |
| Passed through the County of San Bernardino:                     |                           |                                     |                              |
| Special Programs for the Aging Title III, Part C                 | 93.045                    | 19-47                               | 175,428                      |
| COVID-19 - Special Programs for the Aging Title III, Part C      | 93.045                    | 2001CACMC2-00                       | 18,000                       |
| Subtotal                                                         |                           |                                     | <u>193,428</u>               |
| Passed through the County of San Bernardino:                     |                           |                                     |                              |
| Nutrition Services Incentive Program                             | 93.053                    | 19-47                               | 12,000                       |
| <i>Total Department of Health and Human Services Programs</i>    |                           |                                     | <u>268,528</u>               |
| <i>Department of Homeland Security</i>                           |                           |                                     |                              |
| Passed through the CA Governor's Office of Emergency Services:   |                           |                                     |                              |
| COVID-19 - Disaster Grants - Public Assistance                   | 97.036                    | FEMA-4482-DR-CA                     | 77,468                       |
| Passed through FEMA:                                             |                           |                                     |                              |
| Assistance to Firefighters Grant                                 | 97.044                    | EMW-2019-FG-07929                   | 90,909                       |
| Passed through the County of San Bernardino OES:                 |                           |                                     |                              |
| Homeland Security Grant                                          | 97.067                    | 2018-0054                           | 1,278                        |
| Homeland Security Grant                                          | 97.067                    | 2019-0035                           | 16,500                       |
| Subtotal                                                         |                           |                                     | <u>17,778</u>                |
| <i>Total Department of Homeland Security Programs</i>            |                           |                                     | <u>186,155</u>               |
| Total Expenditures of Federal Awards                             |                           |                                     | <u>\$2,649,130</u>           |

\* = Major Program

**CITY OF MONTCLAIR**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2021

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF FEDERAL AWARDS**

**A) Scope of Presentation**

The accompanying schedule presents only the expenditures incurred (and related awards received) by the City of Montclair that are reimbursable under programs of federal agencies providing financial assistance. For the purpose of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received from pass-through entities by the City of Montclair. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with the state, local or other non-federal funds are excluded from the accompanying schedule.

**B) Basis of Accounting**

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City of Montclair becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

**C) Major Programs**

The City had one major program for the year ended June 30, 2021, consisting of the Coronavirus Relief Fund grant, which had total disbursements of \$1,409,837. This amount calculates to 53% of the total disbursements from federal awards.

**CITY OF MONTCLAIR**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2021

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

|                                                                               |            |
|-------------------------------------------------------------------------------|------------|
| Type of Auditor’s Report Issued:                                              | Unmodified |
| Internal Control Over Financial Reporting:                                    |            |
| Material Weakness(es) Identified?                                             | No         |
| Significant Deficiencies Identified not Considered to be Material Weaknesses? | None       |
| Noncompliance Material to Financial Statements Noted?                         | No         |

**Federal Awards**

|                                                                                                    |            |
|----------------------------------------------------------------------------------------------------|------------|
| Internal Control Over Major Programs:                                                              |            |
| Material Weakness(es) Identified?                                                                  | No         |
| Significant Deficiencies Identified not Considered to be Material Weaknesses?                      | None       |
| Type of Auditors’ Report Issued on Compliance for Major Programs:                                  | Unmodified |
| Any Audit Findings Disclosed that are Required to be Reported in Accordance With Uniform Guidance? | No         |

Identification of Major Programs:

| CFDA Numbers | Name of Federal Program or Cluster                     |
|--------------|--------------------------------------------------------|
| 21.019       | U.S. Department of Treasury<br>Coronavirus Relief Fund |

|                                                                          |                   |
|--------------------------------------------------------------------------|-------------------|
| Dollar Threshold used to Distinguish Between Type A And Type B Programs: | \$ <u>750,000</u> |
|--------------------------------------------------------------------------|-------------------|

|                                        |    |
|----------------------------------------|----|
| Auditee Qualified as Low-Risk Auditee? | No |
|----------------------------------------|----|

**CITY OF MONTCLAIR**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2021

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no auditor's findings to be reported in accordance with *Government Auditing Standards*.

**CITY OF MONTCLAIR**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2021

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no auditor's findings to be reported in accordance with the *Uniform Guidance*.

**CITY OF MONTCLAIR**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2021

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no auditor's findings to be reported in accordance with *Government Auditing Standards*.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no auditor's findings required to be reported in accordance with the *Uniform Guidance* in the prior year.





**City of Montclair as Successor Agency for  
the City of Montclair Redevelopment Agency  
(Successor Agency)**

**Bonding Requirement Financial Disclosure  
Financial Statement**

**Fiscal Year Ended June 30, 2021**

City of Montclair as Successor Agency  
for the City of Montclair Redevelopment Agency (Successor Agency)

**Bonding Requirement Financial Disclosure Financial Statement**  
**Year Ended June 30, 2021**

City of Montclair as Successor Agency  
for the City of Montclair Redevelopment Agency (Successor Agency)

**Bonding Requirement Financial Disclosure Financial Statement  
Year Ended June 30, 2021**

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## Independent Auditor's Report

City of Montclair as Successor Agency for the  
City of Montclair Redevelopment Agency  
Montclair, California

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency (Successor Agency), which comprise the bonding financial disclosure basis project area balance sheet, all debt services funds as of June 30, 2021, and the bonding financial disclosure basis project area revenues, expenditures and changes in fund balances, all debt service funds for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting disclosure requirements of bond issues of the Successor Agency. Management is also responsible for 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 an opinion 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. 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.

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**Van Lant & Fankhanel, LLP**

29970 Technology Drive, Suite 105 A  
Murrieta, CA 92563  
909.856.6879

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Successor Agency as of June 30, 2021, and its revenues, expenditures and changes in fund balances for the year then ended in accordance with the financial reporting disclosure provisions applicable to its bond issues outstanding.

*Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting and the reporting entity. The financial statements are prepared by the Successor Agency on the basis of the financial reporting provisions of bonding financial disclosure requirements, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial disclosure provisions of the bonding contractual relationships referred to above. Our opinion is not modified with respect to this matter.

*Restriction on Use*

Our report is intended solely for the information and use of the City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency and organizations assessing compliance with bonding provisions. It is not intended to be and should not be used by anyone other than these specified parties.

*Van Lant & Fankhaed, LLP*

Murrieta, California

March 17, 2022

**CITY OF MONTCLAIR AS SUCCESSOR AGENCY  
FOR THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY  
COMBINING BONDING FINANCIAL DISCLOSURE BASIS PROJECT AREA BALANCE SHEET  
ALL DEBT SERVICE FUNDS  
JUNE 30, 2021**

|                                   | Project Area<br>No. 1 | Project Area<br>No. 2 | Project Area<br>No. 3 | Project Area<br>No. 4 | Project Area<br>No. 5 | Mission Blvd.<br>Project Area | 2019 Series A<br>Refunding<br>Bonds | 2019 Series B<br>Refunding<br>Bonds | Total               |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------|-------------------------------------|-------------------------------------|---------------------|
| <u>ASSETS</u>                     |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Cash and investments              | \$ 14,841             | \$ -                  | \$ 116,489            | \$ -                  | \$ 489,169            | \$ 231                        | \$ -                                | \$ -                                | \$ 620,730          |
| Cash and investments with trustee | -                     | -                     | -                     | -                     | -                     | -                             | 1,431,067                           | 464,308                             | 1,895,375           |
| Total Assets                      | <u>\$ 14,841</u>      | <u>\$ -</u>           | <u>\$ 116,489</u>     | <u>\$ -</u>           | <u>\$ 489,169</u>     | <u>\$ 231</u>                 | <u>\$ 1,431,067</u>                 | <u>\$ 464,308</u>                   | <u>\$ 2,516,105</u> |
| <u>FUND BALANCES</u>              |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Fund Balances:                    |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Restricted                        | \$ 14,841             | \$ -                  | \$ 116,489            | \$ -                  | \$ 489,169            | \$ 231                        | \$ 1,431,067                        | \$ 464,308                          | \$ 2,516,105        |
| Total Fund Balances               | <u>\$ 14,841</u>      | <u>\$ -</u>           | <u>\$ 116,489</u>     | <u>\$ -</u>           | <u>\$ 489,169</u>     | <u>\$ 231</u>                 | <u>\$ 1,431,067</u>                 | <u>\$ 464,308</u>                   | <u>\$ 2,516,105</u> |

**CITY OF MONTCLAIR AS SUCCESSOR AGENCY  
FOR THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY  
COMBINING BONDING FINANCIAL DISCLOSURE BASIS PROJECT AREA STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL DEBT SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

|                                                  | Project Area<br>No. 1 | Project Area<br>No. 2 | Project Area<br>No. 3 | Project Area<br>No. 4 | Project Area<br>No. 5 | Mission Blvd.<br>Project Area | 2019 Series A<br>Refunding<br>Bonds | 2019 Series B<br>Refunding<br>Bonds | Total               |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------|-------------------------------------|-------------------------------------|---------------------|
| Revenues:                                        |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Taxes and Assessments:                           |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Tax Increment                                    | \$ 178,321            | \$ -                  | \$ 7,212,912          | \$ 3,264,888          | \$ 7,620,055          | \$ 2,208,203                  | \$ -                                | \$ -                                | \$ 20,484,379       |
| Use of Money and Property:                       |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Interest income                                  | -                     | -                     | -                     | -                     | -                     | -                             | 642                                 | 394                                 | 1,036               |
| <b>Total Revenues</b>                            | <b>178,321</b>        | <b>-</b>              | <b>7,212,912</b>      | <b>3,264,888</b>      | <b>7,620,055</b>      | <b>2,208,203</b>              | <b>642</b>                          | <b>394</b>                          | <b>20,485,415</b>   |
| Expenditures:                                    |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Current:                                         |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| General Government:                              |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Administrative costs                             | 869                   | -                     | 34,530                | 15,712                | 36,938                | 10,582                        | -                                   | -                                   | 98,631              |
| Debt Service:                                    |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Interest                                         | -                     | -                     | -                     | -                     | -                     | -                             | 740,725                             | 360,195                             | 1,100,920           |
| Principal                                        | -                     | -                     | -                     | -                     | -                     | -                             | 1,325,000                           | 255,000                             | 1,580,000           |
| <b>Total Expenditures</b>                        | <b>869</b>            | <b>-</b>              | <b>34,530</b>         | <b>15,712</b>         | <b>36,938</b>         | <b>10,582</b>                 | <b>2,065,725</b>                    | <b>615,195</b>                      | <b>2,779,551</b>    |
| Excess of Revenues over (under) Expenditures     | 177,452               | -                     | 7,178,382             | 3,249,176             | 7,583,117             | 2,197,621                     | (2,065,083)                         | (614,801)                           | 17,705,864          |
| Other Financing Sources (Uses):                  |                       |                       |                       |                       |                       |                               |                                     |                                     |                     |
| Transfers in - Debt Service                      | -                     | -                     | -                     | -                     | -                     | -                             | 1,790,850                           | 642,828                             | 2,433,678           |
| Transfers out - Debt Service                     | (12,857)              | -                     | (1,327,059)           | (267,485)             | (826,277)             | -                             | -                                   | -                                   | (2,433,678)         |
| Administrative and operational fund payments     | (852)                 | -                     | (28,278)              | (12,552)              | (34,646)              | (9,671)                       | -                                   | -                                   | (85,999)            |
| Pass through and residual taxing entity payments | (167,578)             | -                     | (6,190,882)           | (3,028,760)           | (6,975,467)           | (2,187,719)                   | -                                   | -                                   | (18,550,406)        |
| <b>Total Other Financing Sources (Uses)</b>      | <b>(181,287)</b>      | <b>-</b>              | <b>(7,546,219)</b>    | <b>(3,308,797)</b>    | <b>(7,836,390)</b>    | <b>(2,197,390)</b>            | <b>1,790,850</b>                    | <b>642,828</b>                      | <b>(18,636,405)</b> |
| Net Change in Fund Balances                      | (3,835)               | -                     | (367,837)             | (59,621)              | (253,273)             | 231                           | (274,233)                           | 28,027                              | (930,541)           |
| Fund Balances, Beginning of Year                 | 18,676                | -                     | 484,326               | 59,621                | 742,442               | -                             | 1,705,300                           | 436,281                             | 3,446,646           |
| Fund Balances, End of Year                       | \$ 14,841             | \$ -                  | \$ 116,489            | \$ -                  | \$ 489,169            | \$ 231                        | \$ 1,431,067                        | \$ 464,308                          | 2,516,105           |

**City of Montclair as Successor Agency  
for the City of Montclair Redevelopment Agency (Successor Agency)  
Notes to Financial Statements  
June 30, 2021**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Description of Entity**

This reporting entity is for the City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency (Successor Agency).

The City of Montclair Redevelopment Agency (the Agency) was activated June 6, 1977, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Development Law." The primary purpose of the Agency was to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse arising from poor and inadequate planning, inadequate street layout and street access, lack of open space, landscaping and other improvements and facilities necessary to establish and maintain the economic growth of the City. However, the Agency was dissolved as of February 1, 2012 as a result of state legislation and its assets and obligations were transferred to the Successor Agency for disposition.

The City of Montclair as Successor Agency for the City of Montclair Redevelopment Agency became effective on February 1, 2012 because on December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council of the City of Montclair elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 12-2934.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter 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).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. The State Controller's Office review has been done and the Successor Agency complied with all findings present.



**City of Montclair as Successor Agency**  
**for the City of Montclair Redevelopment Agency (Successor Agency)**  
**Notes to Financial Statements**  
June 30, 2021

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final several months of the activity of the redevelopment agency continued to be reported in the governmental funds of the Former Redevelopment Agency. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are maintained in the same accounting structure as previously utilized by the Successor Agency; however, they are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City of Montclair.

The Successor Agency is the continuing entity arising from the dissolution of the Former Redevelopment Agency. Therefore, ending balances displayed in the accompanying financial statements represent balances applicable to the Successor Agency only.

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

The financial statements (i.e., balance sheet and statement of revenues, expenditures and changes in fund balance – all debit service funds) report information on all of the activities relating to bond financial disclosure requirements of the Successor Agency.

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

The financial statements are prepared by the Successor Agency on the basis of the financial reporting provisions of bonding financial disclosure requirements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This is done to comply with the financial disclosure provisions of the bonding contractual relationships as explained below.

The Former Redevelopment Agency was a party to various bonding arrangements and those bond issues require financial reporting of the various assets, liabilities, revenues and expenditures segregated by redevelopment project area for pledged revenues and bonding transactions. To demonstrate that reporting, the accompanying financial statements have been prepared which are segregated by the project areas of the Former Redevelopment Agency. The various governmental funds presented are limited to those that involve debt service operations of the Successor Agency. Since that is only a portion of the total operations of the Successor Agency (surviving entity of the dissolution process), these financial statements do not report the financial position and results of operations of the complete Successor Agency which has been done as part of the City of Montclair's financial reporting.

The accompanying 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.

**City of Montclair as Successor Agency  
for the City of Montclair Redevelopment Agency (Successor Agency)  
Notes to Financial Statements  
June 30, 2021**

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

For this period, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

The County of San Bernardino collects property taxes for the entities. 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. 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 on August 31. All property taxes are deposited, by the County of San Bernardino, into a Redevelopment Property Tax Trust Fund (RPTTF). Allocations from the RPTTF occur twice during the fiscal year and cover an upcoming six-month period. These allocations are based upon Department of Finance (DOF) approved enforceable obligations that are reported, by the Successor Agency, on a Redevelopment Obligation Payment Schedules (ROPS). The County of San Bernardino deducts from the RPTTF administrative charges and pass through obligations that it calculates and if sufficient monies remain the DOF approved amount of enforceable obligations. Any remaining balance in the RPTTF after the enforceable obligation distribution is distributed to the taxing entities, by the County, as residual balances. If insufficient monies are present to accomplish the required allocation for DOF approved enforceable obligations then the subordination of pass through obligations will be considered. Enforceable obligation allocations serve as the resources to accomplish debt service payments. Based upon information received from the County, the RPTTF allocations have been grossed up in the accompanying financial statements to show the total of property taxes received as well as administrative costs, pass through payments and residual balance allocations made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

**2) CASH AND INVESTMENTS**

As of June 30, 2021, cash and investments were reported in the accompanying financial statements as follows:

|                                   |                            |
|-----------------------------------|----------------------------|
| Cash and Investments              | \$ 620,730                 |
| Cash and Investments with Trustee | <u>1,895,375</u>           |
| Total Cash and Investments        | <u><u>\$ 2,516,105</u></u> |

The Successor Agency maintains a cash and investment pool that is available for use for all of its funds. The amounts above represent only a portion of that investment pool applicable to its debt service and bond proceeds funds. Monies held by its fiscal agents, under the provisions of bond indentures, are not part of this cash and investment pool and are reported separately as cash and investments with trustees. The Successor Agency has adopted an investment policy, which authorizes it to invest in various investments.

**City of Montclair as Successor Agency  
for the City of Montclair Redevelopment Agency (Successor Agency)  
Notes to Financial Statements  
June 30, 2021**

**2) CASH AND INVESTMENTS - Continued**

Since the amounts above represent only a portion of the cash and investment pool of the Successor Agency, information on specific investments has not been included here. That information is available in the City of Montclair's financial report where the Successor Agency is reported in a fiduciary fund.

**3) INTERFUND TRANSFERS**

The accompanying financial statements report debt service funds for the Successor Agency. These funds receive pledged revenue and then transfer those amounts to the funds specified in the applicable bond indentures. Once the pledged revenues exceed the requirements of the bond indentures then the pledge is satisfied and any remaining amounts are available for use in accordance with applicable legal requirements. Transfers In and Out have been broken down on the accompanying financial statements and were as follows:

|                             |                     |
|-----------------------------|---------------------|
| <b><u>Transfers In</u></b>  |                     |
| Debt Service Requirements   | <u>\$ 2,433,678</u> |
| <b><u>Transfers Out</u></b> |                     |
| Debt Service Requirements   | <u>\$ 2,433,678</u> |

Only accounting funds applicable to the debt servicing and bond proceeds operation of the Successor Agency are present in the accompanying financial statements. Administrative allowance and operational fund payments were made from the tax increment operations of the Successor Agency to remove monies from accounting funds handling pledged revenue to accounting funds which would accomplish distributions to taxing entities and pay administrative costs of the Successor Agency.

**4) LONG-TERM DEBT**

The following is a summary of changes in long-term debt of the Successor Agency for the year ended June 30, 2021:

|                                | Beginning<br>Balance | Additions   | Deletions           | Ending<br>Balance    | Due Within<br>One Year |
|--------------------------------|----------------------|-------------|---------------------|----------------------|------------------------|
| Tax Allocation Refunding Bonds | <u>\$ 32,550,000</u> | <u>\$ -</u> | <u>\$ 1,580,000</u> | <u>\$ 30,970,000</u> | <u>\$ 1,355,000</u>    |

During Fiscal Year 2019-2020, the Successor Agency issued Tax Allocation Refunding Bonds, 2019 Series A and B to refund bonds incurred by the Former Agency (Prior Bonds), pay for a debt service reserve insurance policy to be established under the Indenture, and pay costs of issuance. This issuance was done to achieve substantial debt service savings over the remaining life of the Prior Bonds. The refunding bond plan was approved by the Successor Agency's Board of Directors, County Oversight Board and the Department of Finance.

**City of Montclair as Successor Agency  
for the City of Montclair Redevelopment Agency (Successor Agency)  
Notes to Financial Statements  
June 30, 2021**

**4) LONG-TERM DEBT - Continued**

The Prior Bonds were issued to finance and refinance the Former Agency’s undertakings with respect to four project areas (Project Area No. 1, Project Area No. III, Project Area No. IV, and Project Area No. V). Proceeds of the 2019A Bonds were used to refund a portion of the 2007A Project Area III Bonds, a portion of the 2004 Project Area IV Bonds, a portion of the 2001 Project Area V Bonds and a portion of the 2006 Project Area V Bonds. Proceeds of the 2019B Bonds were used to refund all of remaining balance of the Prior Bonds.

Interest on the 2019 Series A and B Bonds is payable semiannually on April 1 and October 1 of each year, commencing April 1, 2020. The Bonds carry various interest rates from 1.856% to 4%. Principal maturities begin on October 1, 2020, and continue on October 1 of each year through 2035. The outstanding balance at June 30, 2021 is \$30,970,000. The debt service requirements to maturity for bonds outstanding as of June 30, 2021, are as follows:

| Fiscal Year | 2019 Tax Allocation Refunding<br>Bonds, Series A |                     | 2019 Taxable Tax Allocation<br>Refunding Bonds, Series B |                     | Total                |                     |
|-------------|--------------------------------------------------|---------------------|----------------------------------------------------------|---------------------|----------------------|---------------------|
|             | Principal                                        | Interest            | Principal                                                | Interest            | Principal            | Interest            |
| 2021 - 2022 | 1,070,000                                        | 704,800             | 285,000                                                  | 355,112             | 1,355,000            | 1,059,912           |
| 2022 - 2023 | 1,105,000                                        | 672,175             | 445,000                                                  | 347,975             | 1,550,000            | 1,020,150           |
| 2023 - 2024 | 1,140,000                                        | 632,800             | 450,000                                                  | 338,829             | 1,590,000            | 971,629             |
| 2024 - 2025 | 1,195,000                                        | 586,100             | 675,000                                                  | 326,679             | 1,870,000            | 912,779             |
| 2025 - 2030 | 7,220,000                                        | 2,140,800           | 4,005,000                                                | 1,356,768           | 11,225,000           | 3,497,568           |
| 2030 - 2035 | 6,035,000                                        | 720,700             | 6,230,000                                                | 534,255             | 12,265,000           | 1,254,955           |
| 2035 - 2040 | 800,000                                          | 16,000              | 315,000                                                  | 5,242               | 1,115,000            | 21,242              |
| Totals      | <u>\$ 18,565,000</u>                             | <u>\$ 5,473,375</u> | <u>\$ 12,405,000</u>                                     | <u>\$ 3,264,860</u> | <u>\$ 30,970,000</u> | <u>\$ 8,738,235</u> |

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency to the Former Redevelopment Agency as of June 30, 2021, follows:

On December 19, 2019, the Agency issued 2019 Series A Tax Allocation Refunding Bonds in the amount of \$19,890,000. These bonds were issued to accomplish a refunding of previously issued tax allocation bonds – see discussion above. Interest on the bonds is payable semi-annually on April 1 and October 1, in each year, commencing on April 1, 2020. The bonds carry interest rates ranging from 3.0% to 4.0%. Principal maturities began October 1, 2020 and continue to October 1, 2035. As of June 30, 2021, the outstanding principal amount of these bonds was \$18,565,000.

On December 19, 2019, the Agency issued 2019 Series B Taxable Tax Allocation Refunding Bonds in the amount of \$12,660,000. These bonds were issued to accomplish a refunding of previously issued tax allocation bonds – see discussion above. Interest on the bonds is payable semi-annually on April 1 and October 1, in each year, commencing on April 1, 2020. The bonds carry interest rates ranging from 1.8560% to 3.3280%. Principal maturities begin October 1, 2020 and continue to October 1, 2035. As of June 30, 2021, the outstanding principal amount of these bonds was \$12,405,000.

**City of Montclair as Successor Agency  
for the City of Montclair Redevelopment Agency (Successor Agency)  
Notes to Financial Statements  
June 30, 2021**

**5) AVAILABLE RESOURCES OF SUCCESSOR AGENCY**

As part of the elimination of the City of Montclair Redevelopment Agency, AB 1484 required that "due diligence" reviews be conducted on the Successor Agency to determine amounts that were to be paid to the county for allocation to taxing entities. Two reviews were required. The first related to Low- and Moderate-Income Housing Funds held by the Successor Agency and the second was for all other funds of the Successor Agency. The Low- and Moderate-Income Housing review was completed, approved by the Department of Finance and resulted in \$7,884,597 being paid to the County of San Bernardino for allocation to the respective taxing entities. The Other Funds review has also been completed by the Successor Agency, approved by the Department of Finance and it resulted in \$7,876,440 being paid to the County of San Bernardino for allocation to the respective taxing entities. As a result of these payments, the resources available to the Successor Agency to provide monies for debt service, etc. have been substantially depleted. On May 16, 2013, DOF issued a Finding of Completion to the Successor Agency indicating that all required payments specified under the legislation had been met.



Financial Statements  
June 30, 2021

City of Montclair, California  
Measure I Fund

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## Independent Auditor's Report

To the Board of Directors  
San Bernardino County Transportation Authority  
San Bernardino, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Measure I Fund of the City of Montclair, California (City), as of and for the year ended June 30, 2021, and the related notes to the 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 an opinion 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 opinion.



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure I Fund of the City as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure I Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2021, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison 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.

Management has omitted the management's discussion and analysis for the Measure I Fund 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 part of the basic the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial for reporting 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Measure I Fund of the City. The program status and maintenance of effort schedules (other information) as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the City's internal control over financial reporting of the Measure I Fund 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 solely 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 effectiveness of the City's 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, as it relates to the Measure I Fund.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 20, 2021

City of Montclair, California  
Measure I Fund  
Balance Sheet  
June 30, 2021

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|                                    |                            |
|------------------------------------|----------------------------|
| Assets                             |                            |
| Cash and investments               | \$ 3,613,223               |
| Due from the City of Montclair     | 442,941                    |
| Taxes receivable                   | <u>186,871</u>             |
| Total assets                       | <u><u>4,243,035</u></u>    |
| Liabilities and Fund Balance       |                            |
| Liabilities                        |                            |
| Accounts payable                   | <u>\$ 1,062</u>            |
| Fund Balance                       |                            |
| Restricted                         | <u>\$ 4,241,973</u>        |
| Total liabilities and fund balance | <u><u>\$ 4,243,035</u></u> |

City of Montclair, California  
Measure I Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2021

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|                                 |                            |
|---------------------------------|----------------------------|
| Revenues                        |                            |
| Measure I sales tax             | \$ 897,155                 |
| Interest income                 | <u>10,858</u>              |
| Total revenues                  | <u>908,013</u>             |
| Expenditures                    |                            |
| Capital                         |                            |
| Construction                    | <u>1,062</u>               |
| Net Change in Fund Balance      | 906,951                    |
| Fund Balance, Beginning of Year | <u>3,335,022</u>           |
| Fund Balance, End of Year       | <u><u>\$ 4,241,973</u></u> |

## **Note 1 - General Information**

### **Reporting Entity**

The financial statements are intended to reflect the financial position and changes in financial position of the Measure I Fund of the City of Montclair, California (City) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City as of June 30, 2021, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Measure I**

Measure I is the half-cent sales tax collected throughout San Bernardino County for transportation improvements. In 2004, San Bernardino County voters approved the extension of the Measure I sales tax through 2040. See Note 4 for a detailed description of the Measure.

## **Note 2 - Summary of Significant Accounting Policies**

The accounting policies of the Measure I Fund of the City conform to accounting policies generally accepted in the United States of America. The following is a summary of significant accounting policies.

### **A. Basis of Accounting**

#### **Governmental Fund Financial Statements**

##### *Fund Accounting*

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the Measure I activities within its Measure I Special Revenue Fund.

Special Revenue Funds are used to account for the proceeds of revenue sources that are restricted or committed to expenditure for specified purposes.

*Measurement Focus and Basis of Accounting*

The Special Revenue Funds of the City are accounted for 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources.

**B. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**C. Fund Balance**

Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

**D. Cash and Investments**

Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the Measure I Fund based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the Measure I Fund, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

The Measure I Fund's cash and investments are reported at fair value. The fair value measurements are based on 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 Measure I Fund's deposits and withdrawals in the City Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the Measure I Fund's investment in the City Investment Pool is measured based on inputs that are uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

#### **E. Maintenance of Effort**

In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority (SBCTA), Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes. The maintenance of effort (MOE) base year level was determined based upon the discretionary General Fund expenditures for transportation-related construction and maintenance activities in fiscal year 2008/2009. The MOE base year level as approved by the SBCTA Board of Directors shall remain in effect until the expiration of Measure I 2010-2040. General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. The City's determined MOE base level is \$894,728.

#### **Note 3 - Taxes Receivable**

The taxes receivable represent the Measure I sales tax revenues for the fiscal year received from SBCTA after June 30, 2021.

#### **Note 4 - Measure I Fund**

The California State Legislature authorized county transportation authorities to enact local option sales tax measures for transportation improvements in the late 1980s, under provisions of Division 19 (commencing with Section 180000) of the Public Utilities Code. In November 1989, San Bernardino County voters approved passage of Measure I, authorizing SBCTA to impose a half cent retail transactions and use tax applicable in the incorporated and unincorporated areas of the County of San Bernardino for the 20-year period between April 1, 1990 and March 31, 2010. SBCTA was authorized to administer the programs described in the Measure.

Early in the second decade of Measure I, it became apparent that continuation of the half cent sales tax would be critical to maintaining funding for transportation in San Bernardino County. SBCTA member jurisdictions and transportation stakeholders worked to identify transportation needs, and an expenditure plan was developed to serve as a basis for the renewal of Measure I. Ordinance No. 04-01 was placed before voters in November 2004, and Measure I was renewed. The new Measure I extends the half cent sales tax for 30 years, from April 1, 2010 through March 31, 2040. The new Measure is referred to as Measure I 2010-2040 to distinguish it from the first Measure I.

Revenue from the tax can only be used for transportation improvement and traffic management programs authorized in the Expenditure Plan.

Measure I 2010-2040 has a return-to-source provision that states that funds shall be allocated to subareas in accordance with the actual revenue collected in each subarea. After deduction of required Board of Equalization fees and authorized administrative costs, revenues generated in each subarea are to be expended on projects of direct benefit to that subarea. Revenues are accounted for separately for each subarea and then allocated to specified project categories in each subarea. These project categories are termed “programs” in the Strategic Plan. Decisions on how revenues are expended within the subareas are made by the SBCTA Board of Directors based upon recommendations of local subarea representatives. Other than the projects identified in the Cajon Pass Expenditure Plan, revenues generated within a subarea can be expended outside of that subarea only upon approval of two-thirds (2/3) of the jurisdictions within the affected subarea. A proportional share of projected state and federal transportation funds is to be reserved for use solely within the Valley subarea and individual Mountain/Desert (Colorado River, Morongo Basin, Mountains, North Desert and Victor Valley) subareas. In the San Bernardino Valley subarea, Measure I 2010-2040 contains the following programs:

- Freeway Program
- Freeway Interchange Program
- Major Street Program
- Local Street Program
- Metrolink/Rail Program
- Express Bus/Bus Rapid Transit Program
- Senior and Disabled Transit Program
- Traffic Management Systems Program

In each of the Mountain/Desert subareas, Measure I 2010-2040 contains the following programs:

- Local Street Program
- Major Local Highway Program
- Senior and Disabled Transit Program

#### **Note 5 - Due from the City of Montclair**

Due from the City of Montclair in the amount of \$442,941 represents amounts borrowed by the City’s Development Impact Fee – Regional Fund. The provided resources to pay the SBCTA Development Impact Fees (DIF) are associated with the City’s Monte Vista Avenue/Union Pacific Grade Separation Project, as required by the SBCTA Nexus Study. The amount will be repaid to the Measure I Fund as DIF are collected.



**Note 6 - Agreements**

The City has entered into an agreement with SBCTA for the construction of the Monte Vista Avenue/Union Pacific Grade Separation Project. The cooperative agreement was entered into on August 3, 2015 and amended June 6, 2016. The agreement states that the project is identified in the SBCTA Nexus Study and that the project will be carried out in accordance with the policies of the Measure I 2010-2040 Strategic Plan. The agreement specifies responsibilities for both the City and SBCTA. The estimated project cost is \$27,404,902 and the City is responsible for a share of the estimated project costs in the amount not to exceed \$2,435,131 of which \$2,338,074 has been paid through the fiscal year ended June 30, 2021. The agreement also specifies that in the occurrence of any uncured event of default, SBCTA is authorized to withhold Valley Major Street – Arterial Sub-Program Funds or Local Street Program pass-through funds equivalent to the loan amount outstanding at the time of default.



Required Supplementary Information  
June 30, 2021

City of Montclair, California  
Measure I Fund

City of Montclair, California

Measure I Fund

Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual  
Year Ended June 30, 2021

|                                 | Budget              |                     | Actual              | Variance          |
|---------------------------------|---------------------|---------------------|---------------------|-------------------|
|                                 | Original            | Final               |                     |                   |
| Revenues                        |                     |                     |                     |                   |
| Measure I sales tax             | \$ 577,287          | \$ 577,287          | \$ 897,155          | \$ 319,868        |
| Interest income                 | 10,000              | 10,000              | 10,858              | 858               |
| Total revenues                  | <u>587,287</u>      | <u>587,287</u>      | <u>908,013</u>      | <u>320,726</u>    |
| Expenditures                    |                     |                     |                     |                   |
| Capital                         |                     |                     |                     |                   |
| Construction                    | -                   | -                   | 1,062               | (1,062)           |
| Net Change in Fund Balance      | 587,287             | 587,287             | 906,951             | 319,664           |
| Fund Balance, Beginning of Year | <u>3,335,022</u>    | <u>3,335,022</u>    | <u>3,335,022</u>    | <u>-</u>          |
| Fund Balance, End of Year       | <u>\$ 3,922,309</u> | <u>\$ 3,922,309</u> | <u>\$ 4,241,973</u> | <u>\$ 319,664</u> |

**Note 1 - Budgetary Data**

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America.



Other Information  
June 30, 2021

City of Montclair, California  
Measure I Fund

City of Montclair, California  
**Measure I Fund**

Program Status: Comparison of 5 Year Plan Project Budget to Current Year Expenditures  
 Year Ended June 30, 2021

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The Measure I Five Year Capital Improvement Plan for local streets was adopted by Council Resolution No. 20-3287. Of the funds allocated under the Measure I Five Year Capital Improvement Plan, the following programs were affected during the current fiscal year:

| Local Projects                      | 5-Year Plan<br>Project<br>Budget | Current<br>Fiscal Year<br>Expenditures | Under/(Over)<br>Estimate |
|-------------------------------------|----------------------------------|----------------------------------------|--------------------------|
| Traffic Safety                      | \$ 50,000                        | \$ 1,062                               | \$ 48,938                |
| Total expenditures at June 30, 2021 |                                  | \$ 1,062                               |                          |

City of Montclair, California

Measure I Fund

Maintenance of Effort: Comparison of Base Level Amounts to Annual Expenditures

Year Ended June 30, 2021

The maintenance of effort base level amount was determined based upon fiscal year 2008/09 spending levels. Excess/(deficient) amounts are carried forward in accordance with the Measure I Strategic Plan. Actual amounts expended in relation to the base level amount in each year subsequent to the base year are as follows:

| Fiscal Year Ending<br>June 30, | General Fund<br>Street and Highway<br>Funds Utilized | Bond Proceeds<br>Utilized for Street<br>Improvements | Base Level<br>Amount | Excess/<br>(Deficiency) | Cumulative<br>Excess/<br>(Deficiency) |
|--------------------------------|------------------------------------------------------|------------------------------------------------------|----------------------|-------------------------|---------------------------------------|
| 2010                           | \$ 602,490                                           | \$ -                                                 | \$ (894,728)         | \$ (292,238)            | \$ (292,238)                          |
| 2011                           | 610,777                                              | -                                                    | (894,728)            | (283,951)               | (576,189)                             |
| 2012                           | 326,710                                              | -                                                    | (894,728)            | (568,018)               | (1,144,207)                           |
| 2013                           | 26,527                                               | -                                                    | (894,728)            | (868,201)               | (2,012,408)                           |
| 2014                           | 110,894                                              | -                                                    | (894,728)            | (783,834)               | (2,796,242)                           |
| 2015                           | 180,227                                              | 559,529                                              | (894,728)            | (154,972)               | (2,951,214)                           |
| 2016                           | 414,274                                              | 1,389,341                                            | (894,728)            | 908,887                 | (2,042,327)                           |
| 2017                           | 679,071                                              | 3,616,653                                            | (894,728)            | 3,400,996               | 1,358,669                             |
| 2018                           | 693,366                                              | 3,802,868                                            | (894,728)            | 3,601,506               | 4,960,175                             |
| 2019                           | 799,066                                              | 5,023,153                                            | (894,728)            | 4,927,491               | 9,887,666                             |
| 2020                           | 583,053                                              | 6,814,317                                            | (894,728)            | 6,502,642               | 16,390,308                            |



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and Measure I Compliance Requirements**

To the Board of Directors  
San Bernardino County Transportation Authority  
San Bernardino, California

We have audited, in accordance with the 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, the financial statements of the Measure I Fund of the City of Montclair, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2021. Our report included an emphasis of matter stating that the financial statements of the Measure I Fund do not purport to, and do not, present fairly the financial position of the City as of June 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting of the Measure I Fund (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the Measure I Fund of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including requirements of Measure I as specified in the agreement between the City and San Bernardino County Transportation Authority (SBCTA), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the Measure I requirements as specified in the agreement between the City and SBCTA.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 20, 2021