



CITY OF GRAND TERRACE, CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Grand Terrace, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grand Terrace, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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





To the Honorable Mayor and Members of the City Council
City of Grand Terrace, California

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, Street Improvement Fund and the Housing Authority Fund, the schedule of proportionate share of the net pension liability and the schedule of employer contributions for the miscellaneous cost-sharing plan, and the schedule of changes in total OPEB liability and related ratios to 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.



To the Honorable Mayor and Members of the City Council
City of Grand Terrace, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Lance, Soll & Lughard, LLP

Brea, California
April 6, 2021

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Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the City of Grand Terrace provides an overview of the City's financial activities for the fiscal year ended June 30, 2020. The information presented herein should be considered in conjunction with the City's financial statements identified in the accompanying table of contents.

Financial Highlights

- The assets of the City of Grand Terrace exceeded its liabilities at June 30, 2020 by \$20.5 million (net position).
- The City's net position increased by \$0.1 million from the previous fiscal year from \$20.4 million to \$20.5 million.
- As of June 30, 2020, the City of Grand Terrace's governmental funds had reported combined ending fund balances of \$9.5 million, an increase of \$0.7 million from the previous fiscal year. Of this total, approximately \$8.7 million, or 92.0% of the total fund balance, are either non-spendable or restricted due to the nature of the restriction.
- The total debt of the City showed a net increase of about \$0.6 million from the prior fiscal year due to the increase in both the City's OPEB liability and net pension liability. During FY 2019-20, the OPEB obligation of the City increased by about \$0.36 million from \$1,344,639 to \$ 1,700,064. On the other hand, the City's Net Pension Liability increased by about \$0.24 million from the prior year from \$4,891,935 to \$ 5,141,928 in FY 2019-20.
- The General Fund had a year-end fund balance of \$3.6 million at June 30, 2020. This was an increase of \$0.4 million and an increase of 12% over FY 2018-19.

Using the Accompanying Financial Statements

Included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements explain how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Overview of the Financial Statements

The annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements explain how general government services like public safety were financed in the short term as well as what remains for future spending.

- Proprietary funds statements offer short and long-term financial information about the activities the government operates like a business.
- Fiduciary fund statements provide information about the fiduciary relationships - like the agency funds of the City - in which the City acts solely as agent or trustee for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that provide additional explanatory information regarding the financial statements, as well as more detailed data. The statements are followed by a section of required supplementary spreadsheets that provide additional financial and budgetary information.

Reporting the City as a Whole

The accompanying government-wide financial statements include two statements that present financial data for the City as a whole. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. The statement of net position includes all of the City's assets and liabilities, as well as any deferred outflows and inflows. The statement of activities includes all current year revenues and expenses regardless of when cash is received. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

These two statements report the City's net position and changes in net position that transpired during the fiscal year. The City's net position - the difference between assets and liabilities is one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, however, should also be considered such as changes in the City's property tax or sales tax base and the condition of the City's roads, to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are divided into two types of activities:

- Governmental activities - Most of the City's basic services such as public safety, public works, community development, and general government are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activity - The Waste Water Disposal Fund accounts for the remaining assets and liabilities of the fund that used to account for the provision of waste water disposal services to the residents and businesses within the City of Grand Terrace. The City of Colton/ Colton Utility Authority now provide wastewater disposal services for the City's residents and businesses.

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the City's most significant funds - not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City establishes many other funds to help it control and manage financial resources for particular purposes or to demonstrate that it is meeting oversight responsibilities for using certain taxes, grants, or other money. The City's two types of funds - governmental and proprietary - use different accounting approaches.

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year end that are available for spending. These funds are reported using the *modified accrual accounting* method, which measures cash and all other current financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as cash flows, for the proprietary fund. The City does not use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2020, net position for the City of Grand Terrace was \$20,539,445; compared to net position of \$20,368,321 at June 30, 2019.

A summary of the government-wide Statement of Net Position at June 30, 2020 and June 30, 2019 are as follows:

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 11,492,601	\$ 10,408,597	\$ 1,598,051	\$ 1,559,460	\$ 13,090,652	\$ 11,968,057
Capital assets, net	10,875,021	11,190,542	4,531,128	4,619,698	15,406,149	15,810,240
Total assets	22,367,622	21,599,139	6,129,179	6,179,158	28,496,801	27,778,297
Deferred Outflows for Pension & OPEB	1,245,392	1,035,466	-	-	1,245,392	1,035,466
Other liabilities	1,668,571	1,450,313	6,875	6,875	1,675,446	1,457,188
Long-term liabilities	7,008,125	6,410,675	-	-	7,008,125	6,410,675
Total liabilities	8,676,696	7,860,988	6,875	6,875	8,683,571	7,867,863
Deferred inflows for Pension & OPEB	519,177	577,579	-	-	519,177	577,579
Invested in capital						
assets, net of debt	10,875,021	11,190,542	4,531,128	4,619,698	15,406,149	15,810,240
Restricted	7,990,546	6,674,424	-	-	7,990,546	6,674,424
Unrestricted	(4,448,426)	(3,668,928)	1,591,176	1,552,585	(2,857,250)	(2,116,343)
Total net position	\$ 14,417,141	\$ 14,196,038	\$ 6,122,304	\$ 6,172,283	\$ 20,539,445	\$ 20,368,321

\$15,406,149 (75%) of the net position reflects the City's investment in capital assets, less any related debt used to acquire those assets that are still outstanding. Since these assets are used to provide services to the citizens, they are not available for future spending. An additional \$7,990,546 (39%) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position resulted in a negative amount of \$2,857,250 (-14%). The City's net position increased by almost \$0.2 million from \$20,368,321 in FY 2018-19 to \$20,539,445 during FY 2019-20.

A summary of the government-wide Statement of Activities for the year ended June 30, 2020 and 2019 are as follows:

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues and transfers						
Program revenues:						
Charges for services	\$ 1,082,554	\$ 1,307,816	\$ -	\$ -	\$ 1,082,554	\$ 1,307,816
Operating contributions and grants	498,610	470,311	-	-	498,610	470,311
Capital contributions and grants	699,728	625,655	-	30,000	699,728	655,655
General revenues:						
Property tax	4,010,252	3,342,641	-	-	4,010,252	3,342,641
Sales tax	833,919	831,321	-	-	833,919	831,321
Motor vehicle in lieu	10,015	6,012	-	-	10,015	6,012
Other taxes	571,439	552,401	-	-	571,439	552,401
Use of money & property	481,345	1,055,201	38,591	42,759	519,936	1,097,960
Other revenues	9,937	64,489	-	-	9,937	64,489
Total revenues and transfers	8,197,799	8,255,847	38,591	72,759	8,236,390	8,328,606
Expenses						
General government	1,792,326	1,693,881	-	-	1,792,326	1,693,881
Public safety	2,492,142	2,302,235	-	-	2,492,142	2,302,235
Public works	2,205,635	2,844,983	-	-	2,205,635	2,844,983
Economic development	7,258	14,688	-	-	7,258	14,688
Cultural and recreation	1,479,335	1,293,997	-	-	1,479,335	1,293,997
Interest on long-term debt	-	-	-	-	-	-
Waste water disposal	-	-	88,570	88,570	88,570	88,570
Total Expenses	7,976,696	8,149,784	88,570	88,570	8,065,266	8,238,354
Change in net position	221,103	106,063	(49,979)	(15,811)	171,124	90,252
Beginning net position	14,196,038	14,136,771	6,172,283	6,154,417	20,368,321	20,291,188
Restatement of Net Position	-	(46,796)	-	33,677	-	(13,119)
Ending net position	\$ 14,417,441	\$ 14,196,038	\$6,122,304	\$6,172,283	\$ 20,539,445	\$ 20,368,321

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or worsened during the year. The total net position of the City at June 30, 2020 increased by almost \$0.2 million or 0.8% compared to the net position of the City at the end of FY 2018- 2019. Taken separately, the net position of governmental activities increased by \$221,103, while the net position of business-type activities decreased by \$49,979. Total expenses of \$8,065,266 were offset by total revenues of \$8,236,390. In the Statement of Activities, expenditures do not include the cost of assets capitalized during the year or payments made on principal of outstanding debt. Depreciation is shown for governmental funds on this table, but the expense is not recorded in each individual fund.

After the deduction of capitalized assets, the next largest component in changes to net position is the actual increase or decrease in fund balances resulting from operations. For governmental funds there was a net increase of \$ 665,744. Of this amount, a net increase of \$ 239,833 is attributable to the nonmajor funds, a net decrease of \$12,623 to the Housing Authority, a net increase of \$ 51,815 to the Street Improvement Fund, with the difference being a net increase to the General Fund of \$386,719.

Governmental Activities

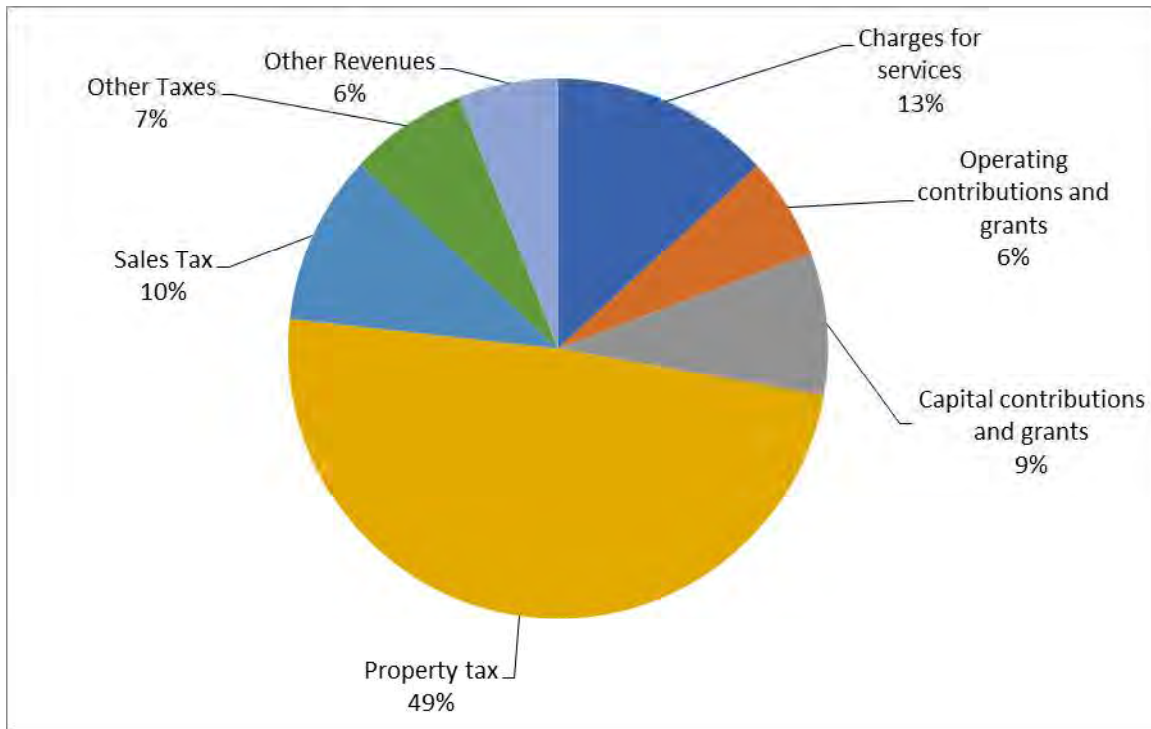
The following table shows the cost of each of the City's major programs and their net cost after subtracting fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City taxpayers by each of the programs.

Net Cost of Governmental Activities

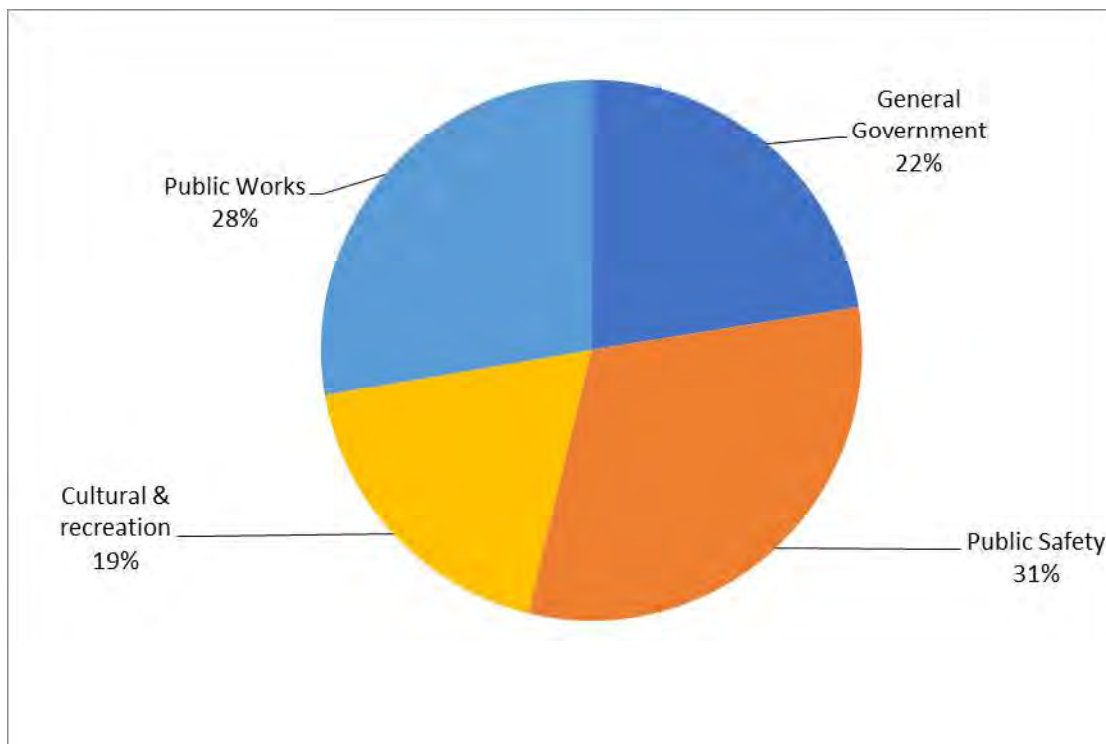
	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,792,326	\$ 1,556,861	\$ 1,693,881	\$ 1,353,609
Public safety	2,492,142	2,169,549	2,302,235	2,049,437
Public works	2,205,635	562,355	2,844,983	1,147,878
Economic development	7,258	49,422	14,688	5,333
Cultural and recreation	1,479,335	1,357,617	1,293,997	1,189,745
Total	<u>\$ 7,976,696</u>	<u>\$ 5,695,804</u>	<u>\$ 8,149,784</u>	<u>\$ 5,746,002</u>

This table shows the cost of all governmental activities this year was \$ 7,976,696. General tax dollars paid for approximately 59.3 percent of this cost. Fees, grants and contributions and fund balances at the beginning of the fiscal year funded the balance of the cost of governmental activities.

Revenues by Source - Governmental Activities \$8,197,799



Expenses by Function - Governmental Activities - \$7,976,696

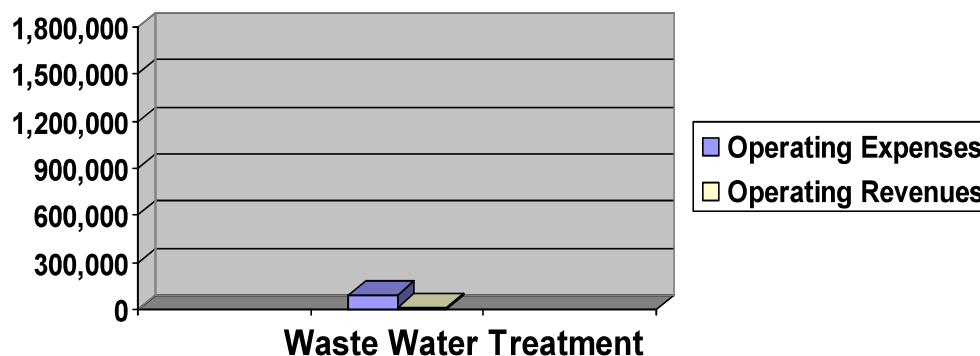


Business-Type Activity

In March 2014, the cities of Grand Terrace and Colton entered into sewer services and lease agreements for fifty (50) years. These agreements extricated Grand Terrace from the wastewater collection business. In accordance with the Sewer Services Agreement with the City of Colton/ Colton Utility Authority, the provision of sewer services for the City's residents and businesses are no longer being directly provided by the City of Grand Terrace. Hence, the City of Grand Terrace no longer receives sewer services revenues from the City's residents and businesses. Likewise, sewer- services related expenditures are also no longer being incurred and recorded in the City's Waste Water Disposal Fund. The following were the only financial- related activities recorded in the City's Waste Water Disposal Fund during FY 2019-20

- Annual depreciation amounting to \$88,570 of all wastewater sewer capital assets which are still owned by the City; and
- Interest income of \$38,591 earned by the remaining cash in the Waste Water Disposal Fund.

Expenses and Program Revenues – Business-type Activities



Major Funds

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds:

The **General Fund** is the main operating fund of the City. At the end of FY 2019-20, the fund balance of the General Fund increased by \$386,719 from a fund balance of \$3,228,274 at June 30, 2019 to \$ 3,614,993 at June 30, 2020. Total fund balance in all Governmental Funds was \$9,493,501.

The General Fund Revenues and Expenditures are shown below:

	<u>2019-2020</u>	<u>2018-2019</u>	Increase (Decrease) in <u>Fund Balance</u>
Revenues	\$ 6,395,001	\$ 5,866,335	\$ 528,666
Expenditures	(5,947,514)	(5,855,533)	(91,981)
Other Sources (Uses)	<u>(60,768)</u>	<u>(118,004)</u>	<u>57,236</u>
Net Change in Fund Balance	386,719	(107,202)	493,921
Beginning Fund Balance	3,228,274	3,369,153	(140,879)
Restatements	<u>-</u>	<u>(33,677)</u>	<u>33,677</u>
Ending Fund Balance	<u>\$ 3,614,993</u>	<u>\$ 3,228,274</u>	<u>\$ 386,719</u>

The significant highlights in activities - revenues and expenditures of the City's General Fund from the prior year are as follows:

- General Fund revenues and transfers in exceeded expenditures and transfers out by \$386,719. Total General Fund revenues increased by \$ 528,666 or 9 percent from FY 2018-19. This increase in revenues is mainly due to the increase in RPTTF Residual Receipts of \$1,911,319 compared to \$1,366,339 from the prior fiscal year, an increase of almost 40%.
- Property taxes received increased by 19.3 percent from \$3,323,17 to \$3,963,605, a difference of about \$640,428. This increase in property tax is mainly attributable to the increase in RPTTF Residual Receipts by \$544,980. During the fiscal year, the increase in Property tax-VLF Swap of \$97,452 provided the remaining additional increase to this category.
- Gross Sales tax barely increased by \$2,598 from \$831,321 to \$833,919 compared to the previous fiscal year.
- Charges for service, including licenses and permits in FY 2019-20 decreased by 1.2 percent from \$ 1,085,008 to \$1,071,800. The following revenues belonging to these categories decreased by at least \$5,000 during the FY 2019-20 as compared to FY 2018-19 – Dog License, Engineering Fees – Other, Public Works Permits, Construction Permits, Building Safety Plan Review, Environmental Assessment Reports & Sports League Fees Surcharge. The following revenues however, increased during FY 2019-20 compared to the previous fiscal year – Franchise fees, Sweep Fees, Rental inspection fees, and Professional Services- Other.
- Fines and forfeitures received during FY 2019-20 decreased by \$29,984 or 31.1 percent from \$96,293 during FY 2018-19 to \$66,309 during FY 2019-20. The decrease in this category resulted from decreased collections of the following General Fund revenues: Sweep day citations decreased by \$ 8,289, code enforcement fines decreased by \$988 and claims, judgments and settlements decreased by \$25,000. The decrease in these revenues were partly offset by the increase in the following revenues: parking citations, which increased by \$3,681 and tow charge, which increased by \$805.

- The overall operating expenditures of the General Fund increased by about 2 percent over the prior year - from \$5,855,533 to \$5,947,514. The negative variance of \$91,981 between FY 2018-19 and FY 2019-20 was due to a combination of increased expenditures in some functional categories of government and decreased expenditures in other functional categories of government.
- There was decreased in spending in the General Government category during FY 2019-20 compared to FY 2018-19 category by \$78,187. The Capital Outlay category also decreased by \$110,711 during FY 2019-20 compared to FY 2018-19. However, there were increased spending during FY 2019-20 in the following functions of government over the prior fiscal year– Public Safety increased by \$182,683; Cultural and recreation increased by \$58,025; and Public Works increased by \$40,171.
- Of the total \$5,947,514 in General Fund operating expenditures, total general government expenditures represented 23.1 percent, public works expenditures represented 23.1 percent, public safety expenditures represented 38.6 percent, cultural & recreation represented 13.6 percent and capital outlay represented 1.6 percent.

Other major governmental funds include the Street Improvement Fund and the Housing Authority Fund.

The Street Improvement Fund had a positive net change of \$51,815 during the fiscal year.

The fund balance of the Housing Authority Fund decreased by \$12,623 during FY 2019-20. This fund accounts for the housing assets as a result of the dissolution of community redevelopment agency of the City.

Nonmajor Funds

The Nonmajor funds, as listed in the table of contents of this report, include Gas Tax, Measure I, the Capital Improvement Funds, and most of the special revenue funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as trustee. The Statement of Fiduciary Net Position included in the Basic Financial Statements, separately reports all of the City's fiduciary activities. The City's fiduciary activities are reported in separate statements of fiduciary net position and statement of changes in fiduciary net position (Private Purpose Trust Fund- Successor Agency of the Former RDA only). Fiduciary funds are not reflected in the government- wide financial statements because the resources of those funds are not available to support the City's own programs. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

As of June 30, 2020, the City had invested \$15,406,149 in a broad range of capital assets, including buildings, parks and park improvements, computer and maintenance equipment, vehicles, sewer collection systems, streets, sidewalks and storm drains. The City is exempt by provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 from including the valuation of old City infrastructure prior to the implementation of GASB Statement No. 34.

Capital Assets (Net of depreciation)

	Governmental Activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,112,881	\$ 3,112,881	\$ -	\$ -	\$ 3,112,881	\$ 3,112,881
Buildings	2,149,689	2,291,015	-	-	2,149,689	2,291,015
Improvements	2,459,519	2,731,197	80,070	88,498	2,539,588	2,819,695
Equipment	344,336	282,929	-	-	344,336	282,929
Vehicles	73,643	102,982	-	-	73,643	102,982
Infrastructure	1,818,464	1,899,421	-	-	1,818,464	1,899,421
Sewer mains	-	-	2,417,472	2,462,173	2,417,468	2,462,173
Sewer laterals	-	-	1,223,791	1,244,801	1,223,787	1,244,801
Sewer manholes	-	-	809,795	824,226	809,798	824,226
Construction in progress	916,489	770,117	-	-	916,489	770,117
	<u>\$ 10,875,021</u>	<u>\$ 11,190,542</u>	<u>\$ 4,531,128</u>	<u>\$ 4,619,698</u>	<u>\$ 15,406,149</u>	<u>\$ 15,810,240</u>

Long-Term Debt

At the end FY 2019-20, the City had debt outstanding of \$6,966,592. The City's net pension liability increased by \$249,993 from \$4,891,935 in the prior fiscal year to \$5,141,928 at the end of June 30, 2020. The City's other post-employment benefits (OPEB) obligations increased by \$355,425 from \$1,344,639 at the end of FY 2018-19 to \$1,700,064 at the end of FY 2019-20. The City's liability for long-term compensated absences decreased by \$9,125 compared to the prior fiscal year from \$133,725 to \$124,600 at the end of June 30, 2020.

Additional information on the City's long-term debt can be found in the notes to the accompanying financial statements.

**Outstanding Debt
Governmental Activities**

	2020	2019	Increase (Decrease)
Total OPEB obligation	\$ 1,700,064	\$ 1,344,639	\$ 355,425
Net Pension Liability	5,141,928	4,891,935	249,993
Compensated Absences	124,600	133,725	(9,125)
Total Outstanding Debt	<u>\$ 6,966,592</u>	<u>\$ 6,370,299</u>	<u>\$ 596,293</u>

Economic Factors and Outlook for Future Years

The City of Grand Terrace's fiscal position in 2021-22 is sustainable for the seventh consecutive year and moving toward a healthy and expanding economy (revenues exceed expenses and fund balance continues to grow), despite the turbulent and uncertain conditions of 2020. The City will exceed its goal to maintain a two-month general fund reserve by 100% with the liquidation of assets in 2021. The City's strategic approach to economic independence will lead to increased revenues and continued delivery of core services, such as improvements of infrastructure and deliver adequate public safety services.

Approximately \$110,000,000 in major infrastructure projects (Barton Road Interchange and Highway Safety Improvement Grant on Mount Vernon) were completed in 2020. The project leads to the heart of the city with the modern and functional entrance from the interchange into the City onto its major commercial corridor, Barton Road. The I-215 Barton Road Interchange Project increases circulation by 30%, allowing over 40,000 cars per day to easily access Barton Road. The increased circulation capacity enhances the City's appeal to retailers as a vibrant commercial corridor between the two main metropolises of Riverside and San Bernardino.

The City currently has approximately \$750,000,000 in development projects with the City's Planning and Land Use Development Department. Most of the projects are adjacent to the recently completed infrastructure projects. It is estimated that build out of businesses on Barton Road within the next five (5) years will lead to a doubling of sales tax and significantly add Grand Terrace's Net Taxable Value of \$1.254 Billion to \$2.0 Billion. The Net Taxable Value of property within Grand Terrace averages a 6% increase over the last four years.

Property and sales taxes represent 60% of the City's annual revenue, they are a reliable and normally a consistent source of revenue, which allows the City to fund core services to residents. The City's use of "Other Funds" and grants supports its long-term economic strategy of modern infrastructure and preservation of Grand Terrace's quality of life. The City continues to use "Other Funds" like SB-1 (Road Repair & Rehab Program) to accelerate street improvements in neighborhoods, as well-maintained neighborhoods preserve desirability and property values within Grand Terrace.

The City has a successful track record of leveraging small amounts of general fund proceeds to go after grant programs to help build infrastructure to enhance residents quality of life. The City has access to over \$2.2 million to improve its park infrastructure with new parks and community facilities. These resources are vital to the City's efforts to enhance quality of life and increase desirability of people to live in Grand Terrace. While this may seem like a relatively small resource, it is vital for the City to maintain one of the key aspects of its economic development strategy, which is maintenance of its reputation and sense of community.

The City started its MIDAS (Municipal Investment in Development to Achieve Success) program in January of 2016; the MIDAS program identified \$500,000,000 in development projects within five (5) years. The marketing strategy was so successful in alerting developers that the City of Grand Terrace is open for business, it has ballooned to \$750,000,000 in development projects currently in our development and land use process. To ensure MIDAS projects were not stalled as the country was hit with COVID-19, the City Council utilized partnerships with the private sector and offered incentives for MIDAS projects to continue.

The City also used over \$450,000 in CARES Act Funding to support local businesses significantly impacted by COVID-19. The City will have an opportunity to assist businesses again with the passage of the American Recovery Plan (ARP) passed by the Federal Government. The \$2.3 million in Federal funding will support Grand Terrace's economy by keeping businesses open and viable during COVID-19.

Finally, to balance out the City's goal of economic growth for our entire community, staff is anticipating a major role for the City's Housing Successor Agency in the coming years, as the City moves to promote economic development and housing for all. The Housing Successor Agency has over \$1,000,000 in cash, in addition to assets, which will allow it to carry out the agency's policies.

The City's Five-Year Financial Analysis is sustainable, as long as:

- Revenue increases outpace annual increases of expenses;
- No new programs are implemented without a new source of revenue; and
- Projects for Barton Road retail space materializes.

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CITY OF GRAND TERRACE

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 10,114,688	\$ 632,497	\$ 10,747,185
Receivables:			
Accounts	119,375	-	119,375
Notes and loans	779,167	-	779,167
Accrued interest	10,536	-	10,536
Internal balances	(965,554)	965,554	-
Prepaid costs	24,456	-	24,456
Due from other governments	744,933	-	744,933
Land held for resale	665,000	-	665,000
Capital assets not being depreciated	4,029,370	-	4,029,370
Capital assets, net of depreciation	6,845,651	4,531,128	11,376,779
Total Assets	22,367,622	6,129,179	28,496,801
Deferred Outflows of Resources:			
Deferred pension related items	994,721	-	994,721
Deferred OPEB related items	250,671	-	250,671
Total Deferred Outflows of Resources	1,245,392	-	1,245,392
Liabilities:			
Accounts payable	646,421	-	646,421
Accrued liabilities	91,123	-	91,123
Deposits payable	24,065	6,875	30,940
Due to other governments	906,962	-	906,962
Noncurrent liabilities:			
Due within one year			
Compensated absences	41,533	-	41,533
Due in more than one year			
Compensated absences	124,600	-	124,600
Total OPEB liability	1,700,064	-	1,700,064
Net pension liability	5,141,928	-	5,141,928
Total Liabilities	8,676,696	6,875	8,683,571
Deferred Inflows of Resources:			
Deferred pension related items	497,660	-	497,660
Deferred OPEB related items	21,517	-	21,517
Total Deferred Inflows of Resources	519,177	-	519,177
Net Position:			
Invested in capital assets	10,875,021	4,531,128	15,406,149
Restricted for:			
Community development projects	3,343,337	-	3,343,337
Public safety	25,791	-	25,791
Public works	2,655,210	-	2,655,210
Infrastructure projects	1,966,208	-	1,966,208
Unrestricted	(4,448,426)	1,591,176	(2,857,250)
Total Net Position	\$ 14,417,141	\$ 6,122,304	\$ 20,539,445

CITY OF GRAND TERRACE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

		Program Revenues						
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants				
		Expenses						
Functions/Programs								
Primary Government:								
Governmental Activities:								
General government	\$	1,792,326	\$	235,465	\$	-	\$	-
Public safety		2,492,142		112,519		156,422		-
Economic development		7,258		-		-		-
Cultural and recreation		1,479,335		121,718		-		-
Public works		2,205,635		612,852		342,188		699,728
Total Governmental Activities		7,976,696		1,082,554		498,610		699,728
Business-Type Activities:								
Waste Water Disposal		88,570		-		-		-
Total Business-Type Activities		88,570		-		-		-
Total Primary Government	\$	8,065,266	\$	1,082,554	\$	498,610	\$	699,728
General Revenues:								
Taxes:								
Property taxes, levied for general purpose								
Sales taxes								
Franchise taxes								
Business licenses taxes								
Motor vehicle in lieu - unrestricted								
Use of money and property								
Other								
Gain on sale of capital asset								
Total General Revenues								
Change in Net Position								
Net Position at Beginning of Year								
Net Position at End of Year								

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,556,861)	\$ -	\$ (1,556,861)
(2,169,549)	-	(2,169,549)
(49,422)	-	(49,422)
(1,357,617)	-	(1,357,617)
(562,355)	-	(562,355)
(5,695,804)	-	(5,695,804)
-	(88,570)	(88,570)
-	(88,570)	(88,570)
(5,695,804)	(88,570)	(5,784,374)
4,010,252	-	4,010,252
833,919	-	833,919
480,007	-	480,007
91,432	-	91,432
10,015	-	10,015
481,345	38,591	519,936
7,992	-	7,992
1,945	-	1,945
5,916,907	38,591	5,955,498
221,103	(49,979)	171,124
14,196,038	6,172,283	20,368,321
\$ 14,417,141	\$ 6,122,304	\$ 20,539,445

CITY OF GRAND TERRACE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			Other	Total
	General	Street Improvement	Housing Authority	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 5,150,617	\$ 659,055	\$ 966,346	\$ 3,338,670	\$ 10,114,688
Receivables:					
Accrued revenue	113,777	-	-	5,598	119,375
Notes and loans receivable	50,000	-	729,167	-	779,167
Interest receivable	10,536	-	-	-	10,536
Prepaid costs	24,456	-	-	-	24,456
Due from other funds	94,798	9,000	-	27,000	130,798
Due from other governments	211,528	-	298,636	234,769	744,933
Advances to other funds	-	-	168,205	-	168,205
Land held for resale	665,000	-	-	-	665,000
Total Assets	\$ 6,320,712	\$ 668,055	\$ 2,162,354	\$ 3,606,037	\$ 12,757,158
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 590,716	\$ -	\$ -	\$ 55,705	\$ 646,421
Accrued liabilities	91,123	-	-	-	91,123
Due to other funds	-	-	-	130,798	130,798
Due to other governments	885,797	-	21,165	-	906,962
Advances from other funds	1,133,759	-	-	-	1,133,759
Refundable deposits	-	4,663	-	19,402	24,065
Total Liabilities	2,701,395	4,663	21,165	205,905	2,933,128
Deferred Inflows of Resources:					
Unavailable revenues	4,324	-	60,167	266,038	330,529
Total Deferred Inflows of Resources	4,324	-	60,167	266,038	330,529
Fund Balances:					
Nonspendable:					
Prepaid costs	24,456	-	-	-	24,456
Notes and loans	50,000	-	-	-	50,000
Land held for resale	665,000	-	-	-	665,000
Restricted for:					
Community development projects	-	-	2,081,022	1,262,315	3,343,337
Public safety	-	-	-	25,791	25,791
Public works	-	663,392	-	1,991,818	2,655,210
Infrastructure projects	1,966,208	-	-	-	1,966,208
Committed to:					
Committed to contingencies	646,925	-	-	-	646,925
Committed to community services	3,100	-	-	-	3,100
Assigned to:					
Debt service	94,000	-	-	-	94,000
Continuing appropriations	50,000	-	-	-	50,000
Unassigned	115,304	-	-	(145,830)	(30,526)
Total Fund Balances	3,614,993	663,392	2,081,022	3,134,094	9,493,501
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,320,712	\$ 668,055	\$ 2,162,354	\$ 3,606,037	\$ 12,757,158

CITY OF GRAND TERRACE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Fund balances of governmental funds		\$ 9,493,501
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		
Capital assets	\$ 22,164,347	
Accumulated depreciation	<u>(11,289,326)</u>	10,875,021
Deferred outflows of resources reported for government-wide statements are as follows:		
Pension related items:		
Pension contributions made subsequent to the measurement date	383,360	
Difference between expected and actual experience	357,129	
Change in assumptions	245,190	
Adjustment due to difference in proportions	4,042	
Differences in proportionate share	<u>5,000</u>	994,721
OPEB related items:		
Change in assumptions	146,475	
Difference between expected and actual liability	<u>104,196</u>	250,671
Compensated absences that have not been included in the governmental activities		(166,133)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position, the excess of the total OPEB liability over the plan fiduciary net position is reported as a net OPEB liability.		(1,700,064)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.		(5,141,928)
Deferred inflows of resources reported for government-wide statements are as follows:		
Pension related items:		
Difference between expected and actual experience	(27,670)	
Change in assumptions	(86,918)	
Net difference between projected and actual earnings on pension plan investments	(89,897)	
Adjustment due to difference in proportions	(187,336)	
Differences in proportionate share	<u>(105,839)</u>	(497,660)
OPEB related items:		
Change in assumptions		(21,517)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		<u>330,529</u>
Net Position of Governmental Activities		<u>\$ 14,417,141</u>

CITY OF GRAND TERRACE

STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			Other	Total
	General	Street Improvement	Housing Authority	Governmental Funds	Governmental Funds
Revenues:					
Taxes	\$ 4,797,524	\$ -	\$ -	\$ 46,647	\$ 4,844,171
Licenses and permits	-	-	-	211,750	211,750
Intergovernmental	46,400	-	-	1,127,666	1,174,066
Charges for services	1,071,800	80,567	-	30,970	1,183,337
Use of money and property	404,217	11,705	14,206	50,893	481,021
Fines and forfeitures	66,309	-	-	5,128	71,437
Miscellaneous	8,751	-	-	23,261	32,012
Total Revenues	6,395,001	92,272	14,206	1,496,315	7,997,794
Expenditures:					
Current:					
General government	1,376,000	-	-	25,707	1,401,707
Public safety	2,293,884	-	-	157,274	2,451,158
Public works	1,374,510	-	-	562,572	1,937,082
Economic development	-	-	26,829	-	26,829
Cultural and recreation	808,832	-	-	219,420	1,028,252
Capital outlay:					
Project improvement costs	94,288	-	-	392,734	487,022
Total Expenditures	5,947,514	-	26,829	1,357,707	7,332,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	447,487	92,272	(12,623)	138,608	665,744
Other Financing Sources (Uses):					
Transfers in	94,609	-	-	504,878	599,487
Transfers out	(155,377)	(40,457)	-	(403,653)	(599,487)
Total Other Financing Sources (Uses)	(60,768)	(40,457)	-	101,225	-
Net Change in Fund Balances	386,719	51,815	(12,623)	239,833	665,744
Fund Balances, Beginning of Year	3,228,274	611,577	2,093,645	2,894,261	8,827,757
Fund Balances, End of Year	\$ 3,614,993	\$ 663,392	\$ 2,081,022	\$ 3,134,094	\$ 9,493,501

CITY OF GRAND TERRACE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds		\$	665,744
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. The activity is reconciled as follows:			
Cost of assets capitalized	\$	487,022	
Depreciation expense		<u>(802,543)</u>	(315,521)
Some 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.			
Change in compensated absences payable			7,968
Governmental funds report all contributions in relation to the actuarially determined contribution for OPEB as expenditures, however in the statement of activities only the annual OPEB cost is an expense.			
			(148,418)
Pension obligation 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.			
			(188,672)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.			
			<u>200,002</u>
Change in Net Position of Governmental Activities	\$	<u>221,103</u>	

CITY OF GRAND TERRACE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities
	Waste Water Disposal
Assets:	
Current:	
Cash and investments	\$ 632,497
Total Current Assets	632,497
Noncurrent:	
Advances to other funds	965,554
Capital assets - net of accumulated depreciation	4,531,128
Total Noncurrent Assets	5,496,682
Total Assets	\$ 6,129,179
 Liabilities and Net Position:	
Liabilities:	
Deposits payable	\$ 6,875
Total Liabilities	6,875
Net Position:	
Investment in capital assets	4,531,128
Unrestricted	1,591,176
Total Net Position	6,122,304
Total Liabilities and Net Position	\$ 6,129,179

CITY OF GRAND TERRACE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2020

	Business-Type Activities
	Waste Water Disposal
Operating Expenses:	
Depreciation expense	\$ 88,570
Total Operating Expenses	88,570
Operating Income (Loss)	(88,570)
Nonoperating Revenues (Expenses):	
Interest revenue	38,591
Total Nonoperating Revenues (Expenses)	38,591
Changes in Net Position	(49,979)
Net Position:	
Beginning of Fiscal Year	6,172,283
End of Fiscal Year	\$ 6,122,304

CITY OF GRAND TERRACE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities</u>
Cash Flows from Non-Capital Financing Activities:	
Advance to other funds	\$ (26,782)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(26,782)</u>
Cash Flows from Investing Activities:	
Interest received	38,591
Net Cash Provided (Used) by Investing Activities	<u>38,591</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,809
Cash and Cash Equivalents at Beginning of Year	620,688
Cash and Cash Equivalents at End of Year	<u>\$ 632,497</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (88,570)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	88,570
Total Adjustments	<u>88,570</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>

CITY OF GRAND TERRACE

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

		Private- Purpose Trust Fund
	Agency Funds	Successor Agency Private Purpose Trust Fund
Assets:		
Cash and investments	\$ 665,901	\$ 489,351
Receivables:		
Interest	-	379
Due from other governments	7,067	885,797
Land held for resale	-	363,133
Total Assets	\$ 672,968	1,738,660
Liabilities:		
Current:		
Accounts payable	\$ 4,949	-
Due to other governments	-	529,299
Deposits payable	668,019	-
Total Liabilities	\$ 672,968	529,299
Net Position:		
Held in trust for other purposes		1,209,361
Total Net Position		\$ 1,209,361

CITY OF GRAND TERRACE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020

	Private- Purpose Trust Fund
	Successor Agency Private Purpose Trust Fund
Additions:	
RPTTF distribution	\$ 292,438
Investment earnings	79,680
Total Additions	372,118
Deductions:	
Administrative expenses	6,821
Contractual services	179,593
Debt service payments - interest	185,118
Loss on Defeasance	733,688
Total Deductions	1,105,220
Changes in Net Position	(733,102)
Net Position - Beginning of the Year	1,942,463
Net Position - End of the Year	\$ 1,209,361

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of Entity

The City of Grand Terrace (City) was incorporated in November 1978 under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (law enforcement), highways and streets, cultural and recreational activities, public improvements, planning and zoning, building and safety, low and moderate income housing programs, and general administrative services.

As required by generally accepted accounting principles, the financial statements of the City of Grand Terrace include the financial activities of the City (the primary government), and the City of Grand Terrace Public Financing Authority (the Authority). This blended component unit is discussed below and is included in the reporting entity because of the significance of its operation and financial relationship with the City.

The Authority is legally separate from the City. However, the City of Grand Terrace's elected officials have a continuing full or partial accountability for fiscal matters of the Authority. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt a budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component unit balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. The following component units of the City have been included in the financial reporting entity as blended component units.

City of Grand Terrace Public Financing Authority

The Grand Terrace Public Financing Authority (the Authority) was established on July 16, 1991, pursuant to a Joint Powers Agreement between the City of Grand Terrace and the former Community Redevelopment Agency of the City of Grand Terrace. The Authority was created to facilitate financing of public capital improvements benefiting the City and the former RDA. The City Council also acts as the governing body of the Authority. The Authority's activities are blended with those of the City. Separate financial statements are not prepared for the Grand Terrace Public Financing Authority.

There are several other governmental agencies, including the County of San Bernardino, school districts, and others, providing services within the City of Grand Terrace. Those agencies have independently elected governing boards other than the City Council of the City of Grand Terrace and no financial accountability to the City of Grand Terrace. Consequently, financial information for these agencies is not included within this financial report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

b. Government-Wide and Fund Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. 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.

The statement of activities demonstrates the degree to which the direct and indirect 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, including special assessments, 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 revenue are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary, 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 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 the cash flows. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Under the modified-accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e., when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property taxes collected after year-end as available, if they are collected within 60 days of the end of the current fiscal period. Other revenue susceptible to accrual includes sales tax, state gasoline taxes, investment income,

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

and certain other intergovernmental revenues. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, as well as compensated absences and claims and judgments, which are recognized when due.

The City reports the following major governmental funds:

- The General Fund is the government'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 Street Improvement Fund accounts for all revenues collected for street capital improvement fees under the Municipal Code. Funds are expended in accordance with the latest adopted fiscal impact study and capital needs assessment.
- The Housing Authority Fund accounts for the housing assets transferred from the former redevelopment agency and Low and Moderate housing activities of the City. The fund activities are restricted for the same purposes as the former Low and Moderate Income Housing Fund of the Agency.

The City reports the following major proprietary fund:

- The Waste Water Disposal Fund is used to account for the remaining assets and liabilities of the fund that used to account for the provision of waste water disposal services to the residences and businesses of the City. Currently, a Sewer Services Agreement is in place between the City of Colton/Colton Utility Authority and the City of Grand Terrace for the provision of waste-water disposal services by the City of Colton to residents and businesses of the City of Grand Terrace.

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes.
- Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).
- Permanent Fund accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's program.
- The Private Purpose Trust Fund is used to account for the resources, obligations, and activities of the Successor Agency of the Redevelopment Agency of the City of Grand Terrace as directed by the Oversight Board to settle the affairs of the dissolved agency (see Note 12).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

- Agency Funds are used to account for the resources held by the City in a fiduciary capacity.

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.

d. Other Accounting Policies

1. 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."

2. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds. Since cash and investments are pooled, the City utilizes the assumption that the cash and investments in the Enterprise Fund are cash and cash equivalents.

3. Investments

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.

4. Property Held for Resale

Property held for resale is recorded at the lower of cost or net realizable value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
5. Compensated Absences

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 and both portions are reflected in the government-wide statements.

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 regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. Upon termination, regular employees with 5 years continuous service will be paid 40% for any unused sick leave.

6. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than or equal to \$5,000 (amount not rounded) and an estimated useful life of at least two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated Capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the time of acquisition by the City.

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

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.

Assets	Years
Buildings	50
Machinery & Equipment	5-15
Vehicles	6-15
Improvements other than buildings	15-20
Infrastructure	20-30
Sewer Lines	90

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense, information about the fiduciary net position and additions to/deletions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD) June 30, 2018
Measurement date (MD) June 30, 2019
Measurement Period (MP) July 1, 2018 to June 30, 2019

9. Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. Deferred outflows relating to the net pension obligation reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and of adjustments due to difference in proportions, change in assumptions, and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. These amounts are deferred and amortized over the expected average remaining service lifetime.

In addition to liabilities, the Statement of Net Position and the Governmental Balance Sheet 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 three items, one of which, arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are deferred pension related items and deferred OPEB related items.

Gains and losses related to changes in total pension or OPEB liability and their related fiduciary net position are recognized in pension or OPEB expense, respectively, systematically over time. Amounts are first recognized in pension or OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension or OPEB and are recognized in future pension and OPEB expense, respectively.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earning on pension or OPEB plan investments	5 years	All plans
All other amounts are amortized over the expected average remaining service lifetime (EARSL) of the respective plan. At June 30, 2020, EARLS were:	5.7 years	OPEB plan
	3.8 years	Pension Miscellaneous – Cost Sharing Plan

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

11. Net Position Flow Assumption

Sometimes the government 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 government-wide and proprietary 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 – net position to have been depleted before unrestricted – net position is applied.

12. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund Balance Policies

The City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed – amounts constrained to specific purposes determined by a formal action of the City Council, the government's highest level of decision-making authority.
- Assigned – amounts the City intends to use for a specific purpose; intent can be expressed by City Council or by an official or body to which the City Council delegates the authority. By resolution, the Council has authorized the City Manager and/or Finance Director to assign fund balance.
- Unassigned – amounts that are for any purpose; positive amounts are reported only in the general fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently.

14. Property Tax

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied provided they become available. Available means when due or past 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 proceeding 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 March each year and are delinquent, if unpaid, on August 31.

15. Use of Estimates

The financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

II. STEWARDSHIP
Note 2: Stewardship, Compliance and Accountability
Deficit Fund Balances

As of June 30, 2020, the following funds have deficit fund balances:

	<u>Amount</u>
CDBG	\$ (44,859)
Enhanced Infrastructure	
Financing District	(46,368)
Highway Safety Improvement Program	(21,685)
COVID-19 Emergency	(30,268)
Barton/Colton Bridge	(2,650)

These deficits will be funded by future revenues or transfers from other funds.

CITY OF GRAND TERRACE

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 2: Stewardship, Compliance and Accountability (Continued)

Budget

The Enhanced Infrastructure Financing District Fund, Barton/Colton Bridge, Capital Projects, and the Dog Park Endowment Fund did not adopt a budget for fiscal year 2019-20 and therefore budgetary comparison information is not presented:

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 10,747,185
Statement of Fiduciary Net Position:	
Cash and Investments	<u>1,155,252</u>
Total Cash and Investments	<u>\$ 11,902,437</u>

Cash and investments as of June 30, 2020, consist of the following:

Cash on Hand	\$ 1,250
Deposits with Financial Institutions	4,740,431
Investments	<u>7,160,756</u>
Total Cash and Investments	<u>\$ 11,902,437</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
Repurchase Agreements	6 years	None	None
Certificates of Deposit	7 years	None	None
Passbook Savings Accounts	8 years	30%	None
Securities Issued by Federal Agencies	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 50,000,000
Mutual Funds	N/A	20%	None
Pools and other Investment Structures	N/A	None	None

CITY OF GRAND TERRACE

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 3: Cash and Investments (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Government Obligations	5 years	None	None
FHLB's	6 years	None	None
FHLMC's	7 years	None	None
Farm Credit Banks	8 years	30%	None
FNMA's	N/A	None	None
Financing Corp Debt Obligations	N/A	None	\$ 50,000,000
Certificates of Deposit	N/A	20%	None
Deposits fully Insured by FDIC	N/A	None	None
USAID Guaranteed Notes	N/A	None	None
Investment Agreements	N/A	None	None
Bankers Acceptances	N/A	None	None
Municipal Obligations rated Aaa	N/A	None	None
Commercial Paper rated P-1	N/A	None	None
Repurchase Agreements	N/A	None	None
Money Market Mutual Funds rated AAAm	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations are presented below.

Authorized Investment Type	Remaining Investment Maturity 12 Months or Less
Local Agency Investment Fund (LAIF)	\$ 3,005,968
Local Gov. Invest. Pool (CAMP)	4,153,603
First American Treasury	1,185
Total	<u>\$ 7,160,756</u>

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2020

Note 3: Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Information about the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each type of investment held by the City can be found below.

Authorized Investment Type	Amount	Minimum Legal Rating	Actual Rating
Local Agency Investment Fund (LAIF)	\$ 3,005,968	N/A	N/A
Local Gov. Invest. Pool (CAMP)	4,153,603	N/A	N/A
First American Treasury	1,185	N/A	N/A
Total	<u>\$ 7,160,756</u>		

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. During the fiscal year ended June 30, 2020, the City did not hold any investments in any one issuer (other than Mutual Funds and External Investment Pools) that represent 5% or more of total City's investments.

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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2020, the City had deposits with financial institutions in excess of federal depository insurance limits of \$4,747,773.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 3: Cash and Investments (Continued)

Investments 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 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF has reported to its participating agencies that, as of June 30, 2020, the carrying amount (at amortized cost) of the Pool was \$101,110,343,833 and the estimated fair value of the Pool was \$101,607,078,218. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2020, was \$3,005,968. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities.

Local Government Investment Pool

The City is a voluntary participant in the Local Government Investment Pool, "CAMP" (California Asset Management Program). CAMP is a California Joint Powers Authority, established to provide public agencies with professional investment services, and is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p).

The City reports its share in the investment pool at the estimated fair market value. As of June 30, 2020, the City's share of the Pool (as determined by CAMP) is \$4,153,603. Included in the CAMP's investment portfolio are U.S. treasury notes, bonds, bills or certificates of indebtedness or other obligations of the United States, federal agency or U.S. government-sponsored enterprise obligations, participations or other instruments, repurchase agreements, bills of exchange or time drafts, negotiable certificates of deposits, commercial paper of prime quality of the highest ranking or of the highest letter and number rating.

Pooled Cash

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated to the various funds based on the cash balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Fair Value Measurement and Application

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.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**Note 3: Cash and Investments (Continued)**

The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Total	Level			
		1	2	3	Uncategorized
Investments:					
Local Government Investment Pool	\$ 4,153,603	\$ -	\$ -	\$ -	\$ 4,153,603
First American Treasury	1,185	-	1,185	-	-
Local Agency Investment Fund	3,005,968	-	-	-	3,005,968
Total Cash Investments	<u>\$ 7,160,756</u>	<u>\$ -</u>	<u>\$ 1,185</u>	<u>\$ -</u>	<u>\$ 7,159,571</u>

Note 4: Interfund Receivable, Payable and Transfers

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

Due to/from other funds:

Receivable Fund	Payable Fund		Amount
General Fund	Nonmajor Governmental Funds	(1)	\$ 94,798
Street Improvement Fund	Nonmajor Governmental Funds	(2)	9,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	(3)	27,000
			<u>\$ 130,798</u>

- (1) The General Fund advanced funds to the Highway Safety Improvement Program Fund, Enhanced Infrastructure Financing District, COVID-19 Emergency Fund, and the Barton/Colton Bridge Fund to cover deficit cash balances.
- (2) The Street Improvement Fund advanced funds to the Enhanced Infrastructure Financing District Fund to cover expenditures.
- (3) The Storm Drain Improvement Fund, Park Development Fund and Facilities Development Fund advanced funds of \$9,000 each to the Enhanced Infrastructure Financing District Fund to cover expenditures.

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
Housing Authority Fund	General Fund	\$ 168,205
Waste Water Disposal	General Fund	965,554
		<u>\$ 1,133,759</u>

In April 1980, the Community Redevelopment Agency (CRA) entered into a pass-through agreement with the City, which was found to be in noncompliance with State statutes. The misallocated tax increment was being treated as an advance payable to the former Community Redevelopment Agency from the General Fund. Upon the dissolution of the Redevelopment Agency, the advance receivable was transferred to the Housing Authority and the Successor Agency and is shown as a due from other government in the Private Purpose Trust Fund in the amount of \$885,797 and an advance to other funds in the Housing authority in the amount of \$168,205. The advance is to be repaid as funds are available.

CITY OF GRAND TERRACE

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 4: Interfund Receivable, Payable and Transfers (Continued)

On June 30, 2018, the Waste Water Disposal Fund formalized in a promissory note its advance to the General Fund in the amount of \$875,000 for the acquisition of property located at 22273 Barton Road. Effective September 13, 2016, interest on the advance accrues at a rate equal to the Local Agency Investment Fund yield. Beginning July 1, 2022, the General Fund will make annual payments in the amount of \$87,500. Thereafter payments will be made on the 1st day of each fiscal year. All outstanding principal and accrued interest under the note will be due and payable on July 1, 2030. At June 30, 2020, the advance to the General Fund amounts to \$965,554 and includes accrued interest of \$90,554.

Interfund Transfers:

Fund Receiving Transfers	Fund Making Transfers	Amount
General Fund	Nonmajor Governmental Funds (1)	\$ 94,609
Nonmajor Governmental Funds	General Fund (2)	155,377
Nonmajor Governmental Funds	Street Improvement Fund (3)	40,457
Nonmajor Governmental Funds	Nonmajor Governmental Funds (4)	309,044
	Total Interfund Transfers	<u>\$ 599,487</u>

- (1) Transfers in amount of \$94,242 were made from the Child Care Center Fund to the General Fund to close the Child Care Center Fund. Transfers in amount of \$367 were made from So Cal Incentive Project (SCIP) Grant Fund to move excess monies in the SCIP Fund.
- (2) Transfers in the amount of \$120,377 were made from the General Fund to the State Gas Tax Fund for franchise sweep fees and pavement impact fees. Transfers in the amount of \$10,000 were made to the Senior Bus Program Fund for additional funding. Transfers in the amount of \$25,000 were made to the Capital Improvement – Streets Fund for the Traffic Signal Modification Project on Barton Road and Preston Street.
- (3) Transfer to the Capital Improvement – Streets Fund for the Traffic Signal Modification Project on Barton Road and Preston Street.
- (4) Transfers in the amount of \$100,000 were made from the Parks Fund to Capital Projects Fund – Parks for the Blue Mountain Trail Project. Transfers in amount of \$45,000 from the Air Quality Improvement Fund to the So Cal Incentive Project (SCIP) Grant Fund for the Electric Vehicle Station Project. Transfers in amount of \$5,000 were made from the Air Quality Improvement Fund to the Senior Bus Program Fund for additional funding. Transfers in the amount of \$73,400 were made from the Spring Mountain Ranch Fund to the Capital Improvement – Streets Fund for the Traffic Signal Modification Project on Barton Road and Preston Street. Transfers in the amount of \$85,644 were made from the Gas Tax Fund to the RMRA Fund to establish the new fund.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 5: Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 3,112,881	\$ -	\$ -	\$ 3,112,881
Construction-in-progress	770,117	146,372	-	916,489
Total Capital Assets, Not Being Depreciated	3,882,998	146,372	-	4,029,370
Capital assets, being depreciated:				
Buildings	5,614,595	-	-	5,614,595
Machinery and Equipment	926,113	178,533	-	1,104,646
Vehicles	598,629	7,731	24,251	582,109
Improvements other than buildings	6,337,945	-	-	6,337,945
Infrastructure	4,341,296	154,386	-	4,495,682
Total Capital Assets, Being Depreciated	17,818,578	340,650	24,251	18,134,977
Less accumulated depreciation:				
Buildings	3,323,580	141,326	-	3,464,906
Machinery and Equipment	643,184	117,126	-	760,310
Vehicles	495,647	37,070	24,251	508,466
Improvements other than buildings	3,606,747	271,679	-	3,878,426
Infrastructure	2,441,876	235,342	-	2,677,218
Total Accumulated Depreciation	10,511,034	802,543	24,251	11,289,326
Total Capital Assets, Being Depreciated, Net	7,307,544	(461,893)	-	6,845,651
Governmental Activities Capital Assets, Net	<u>\$ 11,190,542</u>	<u>\$ (315,521)</u>	<u>\$ -</u>	<u>\$ 10,875,021</u>

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

Governmental Activities:

General Government	\$ 143,301
Public Safety	40,984
Public Works	288,210
Cultural and recreation	330,048
Total Depreciation expense - Governmental Activities	<u>\$ 802,543</u>

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**Note 5: Capital Assets (Continued)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Business-type Activities:</u>				
Capital assets, being depreciated:				
Sewer mains	\$ 4,023,128	\$ -	\$ -	\$ 4,023,128
Laterals	1,890,944	-	-	1,890,944
Manholes	1,298,760	-	-	1,298,760
Improvements	202,274	-	-	202,274
Total Capital Assets, Being Depreciated	7,415,106	-	-	7,415,106
Less accumulated depreciation:				
Sewer mains	1,560,955	44,701	-	1,605,656
Laterals	646,143	21,010	-	667,153
Manholes	474,534	14,431	-	488,965
Improvements	113,776	8,428	-	122,204
Total Accumulated Depreciation	2,795,408	88,570	-	2,883,978
Business-type Activities Capital Assets, Net	\$ 4,619,698	\$ (88,570)	\$ -	\$ 4,531,128

Note 6: Compensated Absences

Compensated absences activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	\$ 174,101	\$ 176,524	\$ 184,492	\$ 166,133	\$ 41,533
Total Long-Term Liabilities	\$ 174,101	\$ 176,524	\$ 184,492	\$ 166,133	\$ 41,533

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. The liability will be paid in future years as it becomes due from the General Fund.

Note 7: Pension Plan**Plan Description**

The City contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

CITY OF GRAND TERRACE

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 7: Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Below is the summary of the plans' provisions and benefits in effect at June 30, 2020, for which the City of Grand Terrace has contracted:

	Miscellaneous Cost-Sharing Plans		
	Tier 1 *	Tier 2	PEPRA
	Prior to December 13, 2012	December 13, 2012 but prior to January 1, 2013	January 1, 2013 and after
Hire date			
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2% - 2.7%, 50 yrs - 63+ yrs, respectively	1.092% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.954%	6.915%	6.750%
Required employer contribution rates	13.182%	8.081%	6.985%

*Closed to new entrants

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms of the Plan:

Description	Number of Members			Total
	Misc - Tier 1	Misc - Tier 2	PEPRA	
Active members	12	4	17	33
Transferred members	15	5	4	24
Terminated members	61	1	15	77
Retired members and beneficiaries	42	0	1	43
Total	130	10	37	177

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 7: Pension Plan (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the employer contributions recognized as a reduction to the net pension liability was \$383,835.

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

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of \$5,141,928.

The City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2018 and 2019 was as follows:

Proportions as a percentage of the CalPERS risk pool:

Proportion - June 30, 2018	0.05152%
Proportion - June 30, 2019	0.04719%
Change - Increase (Decrease)	<u>-0.00433%</u>

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 7: Pension Plan (Continued)

For the year ended June 30, 2020, the City recognized a total pension expense of \$572,033. At June 30, 2020, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contribution subsequent to the measurement date	\$ 383,360	\$ -
Difference between Expected and Actual Experience	357,129	(27,670)
Change in Assumptions	245,190	(86,918)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(89,897)
Adjustment due to Difference in Proportions	4,042	(187,336)
Differences in proportionate share	5,000	(105,839)
Total	\$ 994,721	\$ (497,660)

\$383,360 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, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ 268,531
2021	(152,188)
2022	(20,808)
2023	18,166
	\$ 113,701

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 7: Pension Plan (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous Plan ⁽¹⁾
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	Varies by Entry Age and Service
Investment Rate of Return	7.15% ⁽²⁾
Mortality	Derived using CalPERS Membership Data for all Funds ⁽³⁾
Post Retirement Benefit Increase	Contract cost of living adjustment (COLA) up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ Actuarial assumptions are the same for all benefit tiers (Classic Tier I, Classic Tier II, and PEPR)

⁽²⁾ Net of pension plan investment expenses, including inflation

⁽³⁾ The mortality table used was developed based on the CalPERS' specific data. The table includes 20 years of projected mortality improvements using Society of Actuaries Scale BB. For more details on the table, please refer to the CalPERS 2017 experience study report available on CalPERS' website.

Change of Assumptions

For the measurement date June 30, 2019, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. 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.

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 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

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 7: Pension Plan (Continued)

returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short - term and long - term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

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

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

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, calculated using the discount rate of 7.15%, 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% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

Plans' Net Pension Liability/(Asset)	Discount Rate - 1% 6.15%	Current Discount 7.15%	Discount Rate +1% 8.15%
Miscellaneous	\$ 7,438,942	\$ 5,141,928	\$ 3,245,905

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS' website for additional information.

Note 8: Other Post-Employment Benefits

Plan Description

The City provides a medical plan coverage for retirees. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 50 or older with at least five years of State or public agency service.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2020

Note 8: Other Post-Employment Benefits (Continued)

Medical plan benefits are provided through PERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). As a PEMHCA employer, the City has elected the unequal contribution method, where the contribution will be increased annually over twenty years until it reaches the same employer contribution as active employee medical plan coverage.

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. Currently, contributions are not required from plan members. The City is funding the Other-Post Employment Benefits plan on a pay-as-you-go basis. For fiscal year ended June 30, 2020, the City paid \$46,213 in retiree health benefits.

Employees Covered

At June 30, 2020, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
Inactives currently receiving benefits	8
Inactives entitled to but not yet receiving benefits	18
Active employees	18
Total	44

Covered participant counts were available to the actuary for the June 30, 2019 actuarial valuation but not as of June 30, 2020 measurement date.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2020 for the measurement period July 1, 2019 through June 30, 2020. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial assumptions:

Actuarial Assumptions	
Discount Rate	2.45% (index rate for 20-year, tax exempt municipal bonds)
Inflation	2.25%
Investment Rate of Return	N/A
Mortality Rate	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study. These tables include 15 years of static mortality improvement using 90% of scale MP-2016.
Healthcare Trend Rate	6.4% for FY2020, gradually decreasing over several decades to an ultimate rate of 3.8% in FY 2076 and later years.

Change of Assumptions

For the measurement date June 30, 2020, the discount rate decreased from 3.50% to 2.45%.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 8: Other Post-Employment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.45%.

Changes in the Total OPEB Liability.

The changes in the total OPEB liability for the plan are as follows:

	<u>Total OPEB Liability</u> <u>Measurement Period</u> <u>2019-20</u>
Total OPEB Liability - June 30, 2019	\$ 1,344,639
Changes in Total OPEB Liability	
Service Cost	110,779
Interest	50,131
Actual vs. expected experience	119,429
Assumption changes	121,299
Benefits payments	<u>(46,213)</u>
Net Changes	<u>355,425</u>
Total OPEB Liability - June 30, 2020	<u>\$ 1,700,064</u>

Sensitivity of the Total OPEB Liability to Changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point lower than the current discount rate, for the measurement period June 30, 2020:

	<u>Discount Rate</u>		
	<u>1% Decrease (1.45%)</u>	<u>Current Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
Total OPEB Liability	\$ 1,951,393	\$ 1,700,064	\$ 1,494,189

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 liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or one percentage point lower than the current healthcare cost trend rates:

	<u>Healthcare Trend Rate</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,602,492	\$ 1,700,064	\$ 1,819,159

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 8: Other Post-Employment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$148,418. At June 30, 2020, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 104,196	\$ -
Change in Assumptions	146,475	21,517
Total	<u>\$ 250,671</u>	<u>\$ 21,517</u>

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

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 33,721
2022	33,721
2023	36,114
2024	38,395
2025	30,705
Thereafter	56,498
Total	<u>\$ 229,154</u>

Note 9: Risk Management

The City is a member of the California Joint Powers Insurance Authority (the "Authority"). The following joint venture disclosures are made in compliance with GASB Code Section J50.103:

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Grand Terrace is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Risk Management (Continued)

b. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer.

(3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website:

<https://cjpia.org/protection/coverage-programs>.

Primary Workers' Compensation Programs

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2020

Note 9: Risk Management (Continued)

c. Purchased Insurance

Pollution Liability Insurance

The City of Grand Terrace participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Grand Terrace. Coverage is on a claim's made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance

The City of Grand Terrace participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Grand Terrace property is currently insured according to a schedule of covered property submitted by the City of Grand Terrace to the Authority. City of Grand Terrace

property currently has all-risk property insurance protection in the amount of \$16,265,558. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The City of Grand Terrace purchases crime insurance coverage in the amount of "Non Participant" with a "Non Participant" deductible. The fidelity coverage is provided through the Authority.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20.

Note 10: Commitments and Contingencies

As of June 30, 2020, in the opinion of the City Administration and its legal counsel, there are no outstanding matters, which would have a material effect on the financial position of the City.

The following material construction commitments existed at June 30, 2020:

Project Name	Contract Amount	Expenditures to date as of June 30, 2020	Remaining Commitments
Commerce Way - Real Estate Acquisition of private & remnant land	\$ 83,173	\$ 16,401	\$ 66,772
Commerce Way - Final Design	11,986	7,868	4,118
Commerce Way Project	172,865	10,010	162,855
Blue Mountain Trail	103,087	13,495	89,592

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2020

Note 11: Proposition 218

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by the voters.

Note 12: Successor Agency Private-Purpose Trust Fund to the Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Grand Terrace that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. 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.

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.

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. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

Cash and Investments

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

Cash and investments	<u>\$ 489,351</u>
Total Cash and Investments	<u><u>\$ 489,351</u></u>

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 12: Successor Agency Private-Purpose Trust Fund to the Former Redevelopment Agency (Continued)

Long-Term Debt

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Defeased	Ending Balance
Direct Borrowings:					
Tax Allocation Bonds:					
2011 Tax Allocation Bonds, Series A	\$ 13,095,000	\$ -	\$ 340,000	\$ 12,755,000	\$ -
2011 Tax Allocation Bonds, Series B	3,735,000	-	360,000	3,375,000	-
Discount on Bonds issued	(100,604)	-	(2,496)	(98,108)	-
Total Bonds Payable	<u>\$ 16,729,396</u>	<u>\$ -</u>	<u>\$ 697,504</u>	<u>\$ 16,031,892</u>	<u>\$ -</u>

2011A Tax Allocation Bonds

In June of 2011, the former CRA issued the \$15,175,000 Community Redevelopment Project Area Tax Allocation Bonds, Issue of 2011A. The Bonds were issued to finance public improvement projects pursuant to the Redevelopment Plan and for other redevelopment activities of the Agency. Interest varies from 2.00% to 6.00% and is payable semiannually on March 1 and September 1, commencing September 1, 2011. Principal payments are due annually commencing September 1, 2012, through September 1, 2033. The Bonds are payable from and secured by a pledge of Tax Increment, less amounts required to make payments under the Pass-Through Agreements, annual debt service of the 2004 Bonds and the Housing Set-Aside amount.

2011B Tax Allocation Bonds

In June of 2011, the former CRA issued the \$5,650,000 Community Redevelopment Project Area Tax Allocation Bonds, Issue of 2011A. The Bonds were issued to finance the acquisition of land for resale and development in the project area. Interest varies from 7.10% to 7.70% and is payable semiannually on March 1 and September 1, commencing September 1, 2011. Principal payments are due annually commencing September 1, 2012, through September 1, 2033. The Bonds are payable from and secured by a pledge of Tax Increment, less amounts required to make payments under the Pass-Through Agreements.

The 2011A Tax Allocation Bond and 2011B Tax Allocation Bond were transferred to the Successor Agency on February 1, 2012, as a result of the Redevelopment Agency closure. On October 2019, the Successor Agency to the Community Redevelopment Agency defeased the Community Redevelopment Project Area, Tax Allocation bonds, Issues 2011A and 2011 B and recorded a loss of \$733,688 on the defeasance.

Note 13: Subsequent Event

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China, and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, have declared a state of emergency.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 13: Subsequent Event (Continued)

Potential impacts to the City's future tax revenues include disruptions or restrictions on City current employees' ability to work. The economic impacts associated with COVID-19 is difficult to predict at this point. On April 28, 2020, the City Council adopted Resolution No. 2020-07 declaring a fiscal emergency related to the increase spread of COVID-19 and directing the City Manager to research, review and present to City Council for approval budget cut to mitigate the fiscal impacts to the FY2019-20 and FY2020-21 budgets.

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding

through a variety of channels. The State of California received a \$500 million allocation to provide cities which did not receive a direct federal allocation through the CARES Act. The City entered into an agreement with the State of California in July 2020 to receive their allocation of the CARES Act funding. The total amount of CARES Act funding to be received by the City is \$25,571. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

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CITY OF GRAND TERRACE

MISCELLANEOUS COST-SHARING PLAN
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

<u>Measurement Date</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Miscellaneous Plan</u>						
Proportion of the Net Pension Liability	0.05190%	0.05638%	0.05243%	0.05107%	0.05077%	0.05018%
Proportionate Share of the Net Pension Liability	\$ 3,229,236	\$ 3,870,057	\$ 4,536,720	\$ 5,064,768	\$ 4,891,935	\$ 5,141,928
Covered Payroll	\$ 1,413,685	\$ 1,452,613	\$ 1,335,625	\$ 1,540,292	\$ 1,352,434	\$ 1,382,907
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	228.43%	266.42%	339.67%	328.82%	361.71%	371.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	79.82%	75.87%	73.31%	75.26%	75.26%

Notes to Schedule:

Benefit Changes: No changes in benefits.

Changes of Assumptions: In 2017, the account discount rate was reduced from 7.65 percent to 7.15 percent. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience study and Review of Actuarial Assumptions December 2017.

(1) Historical information is required only for measurement for which GASB Statement No. 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

CITY OF GRAND TERRACE

MISCELLANEOUS COST-SHARING PLAN
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2015	2016	2017	2018	2019	2020
Miscellaneous Plan						
Actuarially Determined Contribution	\$ 159,393	\$ 116,663	\$ 424,915	\$ 391,538	\$ 383,835	\$ 383,360
Contribution in Relation to the Actuarially Determined Contribution	(159,393)	(116,663)	(424,915)	(391,538)	(383,835)	(383,360)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,452,613	\$ 1,335,625	\$ 1,540,292	\$ 1,352,434	\$ 1,382,907	\$ 1,347,989
Contributions as a Percentage of Covered Payroll	10.97%	8.73%	27.59%	28.95%	27.76%	28.44%

(1) Historical information is required only for measurement for which GASB Statement No. 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

Note to Schedule:

Valuation Date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal
Amortization method	Level percentage of payroll
Assets valuation method	Market value
Discount rate	7.15% (net of administrative expenses)
Payroll growth	3.00%
Inflation	2.63%
Projected salary increases	Varies by entry age and service
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

CITY OF GRAND TERRACE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 169,316	\$ 107,552	\$ 110,779
Interest on the total OPEB liability	51,629	48,506	50,131
Actual and expected experience difference	-	-	119,429
Changes in assumptions	(45,427)	62,620	121,299
Changes in benefit terms	(259,790)	-	-
Benefit payments	(45,629)	(39,770)	(46,213)
Net Change in Total OPEB Liability	(129,901)	178,908	355,425
Total OPEB liability - beginning	1,295,632	1,165,731	1,344,639
Total OPEB Liability - Ending	\$ 1,165,731	\$ 1,344,639	\$ 1,700,064
Covered-Employee Payroll	\$ 866,196	\$ 1,575,073	\$ 1,300,021
Total OPEB Liability as a Percentage of Covered-Employee Payroll	135%	85%	131%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

Changes in assumptions: The discount rate changed from 3.50% to 2.45% based on updated 20-year municipal bond rates in fiscal year ended 6/30/2020.

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 3,228,274	\$ 3,228,274	\$ 3,228,274	\$ -
Resources (Inflows):				
Taxes	4,199,050	4,199,050	4,797,524	598,474
Intergovernmental	26,500	26,500	46,400	19,900
Charges for services	1,109,118	1,199,348	1,071,800	(127,548)
Use of money and property	385,349	385,349	404,217	18,868
Fines and forfeitures	81,500	81,500	66,309	(15,191)
Miscellaneous	6,500	6,500	8,751	2,251
Transfers in	109,450	109,450	94,609	(14,841)
Amounts Available for Appropriations	9,145,741	9,235,971	9,717,884	481,913
Charges to Appropriations (Outflow):				
General government	1,405,944	1,380,819	1,376,000	(4,819)
Public safety	2,174,507	2,342,357	2,293,884	(48,473)
Cultural and recreation	854,800	838,510	808,832	(29,678)
Public works	1,163,803	1,386,198	1,374,510	(11,688)
Capital outlay	-	170,837	94,288	(76,549)
Transfers out	125,800	180,400	155,377	(25,023)
Total Charges to Appropriations	5,724,854	6,299,121	6,102,891	(196,230)
Budgetary Fund Balance, June 30	\$ 3,420,887	\$ 2,936,850	\$ 3,614,993	\$ 678,143

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 STREET IMPROVEMENT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 611,577	\$ 611,577	\$ 611,577	\$ -
Resources (Inflows):				
Charges for services	48,000	48,000	80,567	32,567
Use of money and property	-	-	11,705	11,705
Amounts Available for Appropriations	659,577	659,577	703,849	44,272
Charges to Appropriations (Outflow):				
Public works	47,380	-	-	-
Transfers out	445,000	445,000	40,457	404,543
Total Charges to Appropriations	492,380	445,000	40,457	404,543
Budgetary Fund Balance, June 30	\$ 167,197	\$ 214,577	\$ 663,392	\$ 448,815

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,093,645	\$ 2,093,645	\$ 2,093,645	\$ -
Resources (Inflows):				
Use of money and property	-	-	14,206	14,206
Miscellaneous	50,000	50,000	-	(50,000)
Amounts Available for Appropriations	2,143,645	2,143,645	2,107,851	(35,794)
Charges to Appropriations (Outflow):				
Economic development	28,320	28,320	26,829	1,491
Total Charges to Appropriations	28,320	28,320	26,829	1,491
Budgetary Fund Balance, June 30	\$ 2,115,325	\$ 2,115,325	\$ 2,081,022	\$ (34,303)

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Budgetary Data

The annual budget is adopted by the City Council after the holding of a hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.

The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" (as defined by GASB Code Section 2400.109) covers City expenditures in all governmental funds, except for the Public Financing Authority Debt Service Fund. This entity does not adopt an annual budget as effective budgetary control is achieved through bond indenture and other instrument provisions. Actual expenditures may not exceed budgeted appropriations at the fund level.

Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Encumbrances and unencumbered appropriations lapse at year-end.

Annual budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

Capital projects are budgeted through the Capital Project Funds. Appropriations for capital projects authorized, but not constructed or completed during the year, lapse at year-end, and are then included as a part of appropriations in the following year's annual budget.

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	Child Care Center	Storm Drain Improvement	Park Development	AB 3229 COPS Fund
Assets:				
Cash and investments	\$ -	\$ 288,280	\$ 87,289	\$ 43,737
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	-	-	-	56,806
Due from other funds	-	9,000	9,000	-
Total Assets	\$ -	\$ 297,280	\$ 96,289	\$ 100,543
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 17,946
Refundable Deposits	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	17,946
Deferred Inflows of Resources:				
Unavailable revenues	-	41,314	57,928	56,806
Total Deferred Inflows of Resources	-	41,314	57,928	56,806
Fund Balances:				
Restricted for:				
Community development projects	-	-	38,361	-
Public safety	-	-	-	25,791
Public works	-	255,966	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	255,966	38,361	25,791
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 297,280	\$ 96,289	\$ 100,543

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	State Gas Tax	Traffic Safety	Facilities Development
Assets:				
Cash and investments	\$ 136	\$ 22,541	\$ 16,334	\$ 384,471
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	3,961	-	200	-
Due from other funds	-	-	-	9,000
Total Assets	\$ 4,097	\$ 22,541	\$ 16,534	\$ 393,471
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 12,946	\$ -	\$ -
Refundable Deposits	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	12,946	-	-
Deferred Inflows of Resources:				
Unavailable revenues	3,961	-	-	-
Total Deferred Inflows of Resources	3,961	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	393,471
Public safety	-	-	-	-
Public works	136	9,595	16,534	-
Unassigned	-	-	-	-
Total Fund Balances	136	9,595	16,534	393,471
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,097	\$ 22,541	\$ 16,534	\$ 393,471

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds			
	Measure I	CDBG	Special Districts Landscape & Lighting	Spring Mountain Ranch
Assets:				
Cash and investments	\$ 223,864	\$ -	\$ 38,170	\$ 725,292
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	41,430	53,652	1,006	-
Due from other funds	-	-	-	-
Total Assets	\$ 265,294	\$ 53,652	\$ 39,176	\$ 725,292
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 427	\$ 8,781	\$ 378	\$ -
Refundable Deposits	-	-	-	-
Due to other funds	-	36,078	-	-
Total Liabilities	427	44,859	378	-
Deferred Inflows of Resources:				
Unavailable revenues	-	53,652	-	-
Total Deferred Inflows of Resources	-	53,652	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	725,292
Public safety	-	-	-	-
Public works	264,867	-	38,798	-
Unassigned	-	(44,859)	-	-
Total Fund Balances	264,867	(44,859)	38,798	725,292
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 265,294	\$ 53,652	\$ 39,176	\$ 725,292

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Cal Recycle Grant	Senior Bus Program Fund	Public, Educational & Government Access	Highway Safety Improvement Program
Assets:				
Cash and investments	\$ 8,300	\$ 12,353	\$ 87,129	\$ -
Receivables:				
Accounts Receivable	-	-	5,598	-
Due from other governments	-	21,696	865	21,685
Due from other funds	-	-	-	-
Total Assets	\$ 8,300	\$ 34,049	\$ 93,592	\$ 21,685
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 58	\$ -	\$ 3,811
Refundable Deposits	-	-	-	-
Due to other funds	-	-	-	17,874
Total Liabilities	-	58	-	21,685
Deferred Inflows of Resources:				
Unavailable revenues	8,131	21,696	865	21,685
Total Deferred Inflows of Resources	8,131	21,696	865	21,685
Fund Balances:				
Restricted for:				
Community development projects	169	12,295	92,727	-
Public safety	-	-	-	-
Public works	-	-	-	-
Unassigned	-	-	-	(21,685)
Total Fund Balances	169	12,295	92,727	(21,685)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,300	\$ 34,049	\$ 93,592	\$ 21,685

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds			
	Enhanced Infrastructure Financing District	So Cal Incentive Project (SCIP) Grant	COVID-19 Emergency Fund	RMRA Fund
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 270,428
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	-	-	-	33,468
Due from other funds	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ 303,896
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 845	\$ -	\$ 1,595	\$ -
Refundable Deposits	-	-	-	-
Due to other funds	45,523	-	28,673	-
Total Liabilities	46,368	-	30,268	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	303,896
Unassigned	(46,368)	-	(30,268)	-
Total Fund Balances	(46,368)	-	(30,268)	303,896
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ -	\$ 303,896

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Capital Projects Funds			
	Capital Improvement- Streets	Barton / Colton Bridge	Capital Projects	Capital Project Parks
Assets:				
Cash and investments	\$ 45,158	\$ -	\$ -	\$ 247,738
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	\$ 45,158	\$ -	\$ -	\$ 247,738
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Refundable Deposits	-	-	-	-
Due to other funds	-	2,650	-	-
Total Liabilities	-	2,650	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	45,158	-	-	247,738
Unassigned	-	(2,650)	-	-
Total Fund Balances	45,158	(2,650)	-	247,738
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 45,158	\$ -	\$ -	\$ 247,738

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Capital Projects Funds	Permanent Fund	
	Capital Projects - Commerce Way Project	Dog Park Endowment fund	Total Governmental Funds
Assets:			
Cash and investments	\$ 817,848	\$ 19,602	\$ 3,338,670
Receivables:			
Accounts Receivable	-	-	5,598
Due from other governments	-	-	234,769
Due from other funds	-	-	27,000
Total Assets	\$ 817,848	\$ 19,602	\$ 3,606,037
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 8,718	\$ 200	\$ 55,705
Refundable Deposits	-	19,402	19,402
Due to other funds	-	-	130,798
Total Liabilities	8,718	19,602	205,905
Deferred Inflows of Resources:			
Unavailable revenues	-	-	266,038
Total Deferred Inflows of Resources	-	-	266,038
Fund Balances:			
Restricted for:			
Community development projects	-	-	1,262,315
Public safety	-	-	25,791
Public works	809,130	-	1,991,818
Unassigned	-	-	(145,830)
Total Fund Balances	809,130	-	3,134,094
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 817,848	\$ 19,602	\$ 3,606,037

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CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Child Care Center	Storm Drain Improvement	Park Development	AB 3229 COPS Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	156,422
Charges for services	-	-	-	-
Use of money and property	1,301	4,231	2,256	902
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,301	4,231	2,256	157,324
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	157,274
Cultural and recreation	150,179	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	150,179	-	-	157,274
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,878)	4,231	2,256	50
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(94,242)	-	(100,000)	-
Total Other Financing Sources (Uses)	(94,242)	-	(100,000)	-
Net Change in Fund Balances	(243,120)	4,231	(97,744)	50
Fund Balances, Beginning of Year	243,120	251,735	136,105	25,741
Fund Balances, End of Year	\$ -	\$ 255,966	\$ 38,361	\$ 25,791

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	State Gas Tax	Traffic Safety	Facilities Development
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	11,934	294,195	-	-
Charges for services	-	-	-	30,866
Use of money and property	322	2,664	186	5,808
Fines and forfeitures	-	-	5,128	-
Miscellaneous	-	-	-	-
Total Revenues	12,256	296,859	5,314	36,674
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and recreation	-	-	-	-
Public works	4,353	442,281	-	-
Capital outlay	-	-	-	-
Total Expenditures	4,353	442,281	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,903	(145,422)	5,314	36,674
Other Financing Sources (Uses):				
Transfers in	-	120,377	-	-
Transfers out	(50,000)	(85,644)	-	-
Total Other Financing Sources (Uses)	(50,000)	34,733	-	-
Net Change in Fund Balances	(42,097)	(110,689)	5,314	36,674
Fund Balances, Beginning of Year	42,233	120,284	11,220	356,797
Fund Balances, End of Year	\$ 136	\$ 9,595	\$ 16,534	\$ 393,471

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Measure I	CDBG	Special Districts Landscape & Lighting	Spring Mountain Ranch
Revenues:				
Taxes	\$ -	\$ -	\$ 46,647	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	211,750
Intergovernmental	250,400	42,164	-	-
Charges for services	-	-	-	-
Use of money and property	3,668	-	239	11,848
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	254,068	42,164	46,886	223,598
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and recreation	-	-	-	-
Public works	28,432	53,725	16,183	7,200
Capital outlay	-	-	-	-
Total Expenditures	28,432	53,725	16,183	7,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	225,636	(11,561)	30,703	216,398
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(73,400)
Total Other Financing Sources (Uses)	-	-	-	(73,400)
Net Change in Fund Balances	225,636	(11,561)	30,703	142,998
Fund Balances, Beginning of Year	39,231	(33,298)	8,095	582,294
Fund Balances, End of Year	\$ 264,867	\$ (44,859)	\$ 38,798	\$ 725,292

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Cal Recycle Grant	Senior Bus Program Fund	Public, Educational & Government Access	Highway Safety Improvement Program
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	937	18,547	-	-
Charges for services	-	104	-	-
Use of money and property	135	332	1,105	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	22,075	-
Total Revenues	1,072	18,983	23,180	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and recreation	937	67,316	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	21,685
Total Expenditures	937	67,316	-	21,685
Excess (Deficiency) of Revenues Over (Under) Expenditures	135	(48,333)	23,180	(21,685)
Other Financing Sources (Uses):				
Transfers in	-	15,000	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	15,000	-	-
Net Change in Fund Balances	135	(33,333)	23,180	(21,685)
Fund Balances, Beginning of Year	34	45,628	69,547	-
Fund Balances, End of Year	\$ 169	\$ 12,295	\$ 92,727	\$ (21,685)

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Enhanced Infrastructure Financing District	So Cal Incentive Project (SCIP) Grant	COVID-19 Emergency Fund	RMRA Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	133,901	-	219,166
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	133,901	-	219,166
Expenditures:				
Current:				
General government	4,725	-	20,982	-
Public safety	-	-	-	-
Cultural and recreation	-	-	988	-
Public works	-	-	8,298	914
Capital outlay	-	178,534	-	-
Total Expenditures	4,725	178,534	30,268	914
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,725)	(44,633)	(30,268)	218,252
Other Financing Sources (Uses):				
Transfers in	-	45,000	-	85,644
Transfers out	-	(367)	-	-
Total Other Financing Sources (Uses)	-	44,633	-	85,644
Net Change in Fund Balances	(4,725)	-	(30,268)	303,896
Fund Balances, Beginning of Year	(41,643)	-	-	-
Fund Balances, End of Year	\$ (46,368)	\$ -	\$ (30,268)	\$ 303,896

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Capital Projects Funds			
	Capital Improvement- Streets	Barton / Colton Bridge	Capital Projects	Capital Project - Parks
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	320	-	-	2,947
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	1,186	-
Total Revenues	320	-	1,186	2,947
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and recreation	-	-	-	-
Public works	-	-	1,186	-
Capital outlay	139,986	2,650	-	13,495
Total Expenditures	139,986	2,650	1,186	13,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	(139,666)	(2,650)	-	(10,548)
Other Financing Sources (Uses):				
Transfers in	138,857	-	-	100,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	138,857	-	-	100,000
Net Change in Fund Balances	(809)	(2,650)	-	89,452
Fund Balances, Beginning of Year	45,967	-	-	158,286
Fund Balances, End of Year	\$ 45,158	\$ (2,650)	\$ -	\$ 247,738

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Capital Projects Funds	Permanent Funds	
	Capital Projects - Commerce Way Project	Dog Park Endowment fund	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 46,647
Licenses and permits	-	-	211,750
Intergovernmental	-	-	1,127,666
Charges for services	-	-	30,970
Use of money and property	12,629	-	50,893
Fines and forfeitures	-	-	5,128
Miscellaneous	-	-	23,261
Total Revenues	12,629	-	1,496,315
Expenditures:			
Current:			
General government	-	-	25,707
Public safety	-	-	157,274
Cultural and recreation	-	-	219,420
Public works	-	-	562,572
Capital outlay	36,384	-	392,734
Total Expenditures	36,384	-	1,357,707
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,755)	-	138,608
Other Financing Sources (Uses):			
Transfers in	-	-	504,878
Transfers out	-	-	(403,653)
Total Other Financing Sources (Uses)	-	-	101,225
Net Change in Fund Balances	(23,755)	-	239,833
Fund Balances, Beginning of Year	832,885	-	2,894,261
Fund Balances, End of Year	\$ 809,130	\$ -	\$ 3,134,094

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 CHILD CARE CENTER
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 243,120	\$ 243,120	\$ 243,120	\$ -
Resources (Inflows):				
Use of money and property	-	-	1,301	1,301
Amounts Available for Appropriations	243,120	243,120	244,421	1,301
Charges to Appropriations (Outflow):				
Cultural and recreation	-	150,000	150,179	(179)
Transfers out	-	84,450	94,242	(9,792)
Total Charges to Appropriations	-	234,450	244,421	(9,971)
Budgetary Fund Balance, June 30	\$ 243,120	\$ 8,670	\$ -	\$ (8,670)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 STORM DRAIN IMPROVEMENT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 251,735	\$ 251,735	\$ 251,735	\$ -
Resources (Inflows):				
Charges for services	13,250	13,250	-	(13,250)
Use of money and property	-	-	4,231	4,231
Amounts Available for Appropriations	264,985	264,985	255,966	(9,019)
Charges to Appropriation (Outflow):				
Public works	19,570	-	-	-
Capital outlay	50,000	50,000	-	50,000
Total Charges to Appropriations	69,570	50,000	-	50,000
Budgetary Fund Balance, June 30	\$ 195,415	\$ 214,985	\$ 255,966	\$ 40,981

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 136,105	\$ 136,105	\$ 136,105	\$ -
Resources (Inflows):				
Charges for services	69,400	69,400	-	(69,400)
Use of money and property	-	-	2,256	2,256
Amounts Available for Appropriations	205,505	205,505	138,361	(67,144)
Charges to Appropriations (Outflow):				
Cultural and recreation	1,250	-	-	-
Public works	22,190	-	-	-
Transfers out	100,000	100,000	100,000	-
Total Charges to Appropriations	123,440	100,000	100,000	-
Budgetary Fund Balance, June 30	\$ 82,065	\$ 105,505	\$ 38,361	\$ (67,144)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 AB 3229 COPS FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 25,741	\$ 25,741	\$ 25,741	\$ -
Resources (Inflows):				
Intergovernmental	100,050	156,350	156,422	72
Use of money and property	-	-	902	902
Amounts Available for Appropriations	125,791	182,091	183,065	974
Charges to Appropriations (Outflow):				
Public safety	100,050	156,350	157,274	(924)
Total Charges to Appropriations	100,050	156,350	157,274	(924)
Budgetary Fund Balance, June 30	\$ 25,741	\$ 25,741	\$ 25,791	\$ 50

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 42,233	\$ 42,233	\$ 42,233	\$ -
Resources (Inflows):				
Intergovernmental	13,000	58,000	11,934	(46,066)
Use of money and property	-	-	322	322
Amounts Available for Appropriations	55,233	100,233	54,489	(45,744)
Charges to Appropriations (Outflow):				
Public works	8,000	8,000	4,353	3,647
Transfers out	5,000	50,000	50,000	-
Total Charges to Appropriations	13,000	58,000	54,353	3,647
Budgetary Fund Balance, June 30	\$ 42,233	\$ 42,233	\$ 136	\$ (42,097)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 120,284	\$ 120,284	\$ 120,284	\$ -
Resources (Inflows):				
Intergovernmental	505,600	519,800	294,195	(225,605)
Use of money and property	14,200	-	2,664	2,664
Transfers in	90,800	90,800	120,377	29,577
Amounts Available for Appropriations	730,884	730,884	537,520	(193,364)
Charges to Appropriations (Outflow):				
Public works	608,880	607,880	442,281	165,599
Transfers out	-	-	85,644	(85,644)
Total Charges to Appropriations	608,880	607,880	527,925	79,955
Budgetary Fund Balance, June 30	\$ 122,004	\$ 123,004	\$ 9,595	\$ (113,409)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 11,220	\$ 11,220	\$ 11,220	\$ -
Resources (Inflows):				
Use of money and property	-	-	186	186
Fines and forfeitures	6,000	6,000	5,128	(872)
Amounts Available for Appropriations	17,220	17,220	16,534	(686)
Budgetary Fund Balance, June 30	\$ 17,220	\$ 17,220	\$ 16,534	\$ (686)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 FACILITIES DEVELOPMENT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 356,797	\$ 356,797	\$ 356,797	\$ -
Resources (Inflows):				
Charges for services	20,000	20,000	30,866	10,866
Use of money and property	-	-	5,808	5,808
Amounts Available for Appropriations	376,797	376,797	393,471	16,674
Charges to Appropriation (Outflow):				
Cultural and recreation	110,020	100,000	-	100,000
Total Charges to Appropriations	110,020	100,000	-	100,000
Budgetary Fund Balance, June 30	\$ 266,777	\$ 276,797	\$ 393,471	\$ 116,674

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE

MEASURE I

YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 39,231	\$ 39,231	\$ 39,231	\$ -
Resources (Inflows):				
Intergovernmental	193,000	193,000	250,400	57,400
Use of money and property	-	-	3,668	3,668
Amounts Available for Appropriations	232,231	232,231	293,299	61,068
Charges to Appropriations (Outflow):				
Public works	63,000	63,000	28,432	34,568
Capital outlay	130,000	130,000	-	130,000
Total Charges to Appropriations	193,000	193,000	28,432	164,568
Budgetary Fund Balance, June 30	\$ 39,231	\$ 39,231	\$ 264,867	\$ 225,636

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE

CDBG

YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (33,298)	\$ (33,298)	\$ (33,298)	\$ -
Resources (Inflows):				
Intergovernmental	47,876	47,876	42,164	(5,712)
Amounts Available for Appropriations	14,578	14,578	8,866	(5,712)
Charges to Appropriations (Outflow):				
Public works	47,876	58,592	53,725	4,867
Total Charges to Appropriations	47,876	58,592	53,725	4,867
Budgetary Fund Balance, June 30	\$ (33,298)	\$ (44,014)	\$ (44,859)	\$ (845)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DISTRICTS LANDSCAPE & LIGHTING
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 8,095	\$ 8,095	\$ 8,095	\$ -
Resources (Inflows):				
Taxes	19,440	19,440	46,647	27,207
Use of money and property	-	-	239	239
Amounts Available for Appropriations	27,535	27,535	54,981	27,446
Charges to Appropriations (Outflow):				
Public works	22,726	19,440	16,183	3,257
Total Charges to Appropriations	22,726	19,440	16,183	3,257
Budgetary Fund Balance, June 30	\$ 4,809	\$ 8,095	\$ 38,798	\$ 30,703

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 SPRING MOUNTAIN RANCH
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 582,294	\$ 582,294	\$ 582,294	\$ -
Resources (Inflows):				
Licenses and permits	-	-	211,750	211,750
Use of money and property	3,000	3,000	11,848	8,848
Amounts Available for Appropriations	585,294	585,294	805,892	220,598
Charges to Appropriation (Outflow):				
Public works	-	-	7,200	(7,200)
Transfers out	-	73,400	73,400	-
Total Charges to Appropriations	-	73,400	80,600	(7,200)
Budgetary Fund Balance, June 30	\$ 585,294	\$ 511,894	\$ 725,292	\$ 213,398

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 CAL RECYCLE GRANT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 34	\$ 34	\$ 34	\$ -
Resources (Inflows):				
Intergovernmental	5,000	5,000	937	(4,063)
Use of money and property	-	-	135	135
Amounts Available for Appropriations	5,034	5,034	1,106	(3,928)
Charges to Appropriation (Outflow):				
Cultural and recreation	-	1,000	937	63
Capital outlay	5,000	4,000	-	4,000
Total Charges to Appropriations	5,000	5,000	937	4,063
Budgetary Fund Balance, June 30	\$ 34	\$ 34	\$ 169	\$ 135

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 SENIOR BUS PROGRAM FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 45,628	\$ 45,628	\$ 45,628	\$ -
Resources (Inflows):				
Intergovernmental	22,160	39,276	18,547	(20,729)
Charges for services	240	240	104	(136)
Use of money and property	50	50	332	282
Transfers in	15,000	15,000	15,000	-
Amounts Available for Appropriations	83,078	100,194	79,611	(20,583)
Charges to Appropriation (Outflow):				
Cultural and recreation	37,450	54,566	67,316	(12,750)
Total Charges to Appropriations	37,450	54,566	67,316	(12,750)
Budgetary Fund Balance, June 30	\$ 45,628	\$ 45,628	\$ 12,295	\$ (33,333)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 PUBLIC, EDUCATIONAL & GOVERNMENT ACCESS
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 69,547	\$ 69,547	\$ 69,547	\$ -
Resources (Inflows):				
Use of money and property	-	-	1,105	1,105
Miscellaneous	21,500	21,500	22,075	575
Amounts Available for Appropriations	91,047	91,047	92,727	1,680
Charges to Appropriation (Outflow):				
Capital outlay	21,500	21,500	-	21,500
Total Charges to Appropriations	21,500	21,500	-	21,500
Budgetary Fund Balance, June 30	\$ 69,547	\$ 69,547	\$ 92,727	\$ 23,180

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
HIGHWAY SAFETY IMPROVEMENT PROGRAM
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	185,000	510,000	-	(510,000)
Amounts Available for Appropriations	185,000	510,000	-	(510,000)
Charges to Appropriation (Outflow):				
Public works	34,690	-	-	-
Capital outlay	150,000	509,690	21,685	488,005
Total Charges to Appropriations	184,690	509,690	21,685	488,005
Budgetary Fund Balance, June 30	\$ 310	\$ 310	\$ (21,685)	\$ (21,995)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 SO CAL INCENTIVE PROJECT (SCIP) GRANT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	140,000	133,901	(6,099)
Transfers in	-	45,000	45,000	-
Amounts Available for Appropriation	-	185,000	178,901	(6,099)
Charges to Appropriation (Outflow):				
Capital outlay	-	185,000	178,534	6,466
Transfers out	-	-	367	(367)
Total Charges to Appropriations	-	185,000	178,901	6,099
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE
 COVID-19 EMERGENCY FUND
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	30,300	-	(30,300)
Amounts Available for Appropriation	-	30,300	-	(30,300)
Charges to Appropriation (Outflow):				
General government	-	20,990	20,982	8
Parks and recreation	-	1,000	988	12
Public works	-	8,310	8,298	12
Total Charges to Appropriations	-	30,300	30,268	32
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ (30,268)	\$ (30,268)

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 RMRA FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	-	219,166	219,166
Transfers in	-	-	85,644	85,644
Amounts Available for Appropriation	-	-	304,810	304,810
Charges to Appropriation (Outflow):				
Public works	-	1,000	914	86
Total Charges to Appropriations	-	1,000	914	86
Budgetary Fund Balance, June 30	\$ -	\$ (1,000)	\$ 303,896	\$ 304,896

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT- STREETS
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 45,967	\$ 45,967	\$ 45,967	\$ -
Resources (Inflows):				
Use of money and property	-	-	320	320
Transfers in	445,000	543,400	138,857	(404,543)
Amounts Available for Appropriations	490,967	589,367	185,144	(404,223)
Charges to Appropriations (Outflow):				
Capital outlay	470,000	568,400	139,986	428,414
Total Charges to Appropriations	470,000	568,400	139,986	428,414
Budgetary Fund Balance, June 30	\$ 20,967	\$ 20,967	\$ 45,158	\$ 24,191

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECT - PARKS
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 158,286	\$ 158,286	\$ 158,286	\$ -
Resources (Inflows):				
Use of money and property	-	-	2,947	2,947
Transfers in	100,000	100,000	100,000	-
Amounts Available for Appropriations	258,286	258,286	261,233	2,947
Charges to Appropriation (Outflow):				
Capital outlay	150,000	253,087	13,495	239,592
Total Charges to Appropriations	150,000	253,087	13,495	239,592
Budgetary Fund Balance, June 30	\$ 108,286	\$ 5,199	\$ 247,738	\$ 242,539

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS - COMMERCE WAY PROJECT
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 832,885	\$ 832,885	\$ 832,885	\$ -
Resources (Inflows):				
Use of money and property	-	-	12,629	12,629
Amounts Available for Appropriations	832,885	832,885	845,514	12,629
Charges to Appropriation (Outflow):				
Capital outlay	-	875,977	36,384	839,593
Total Charges to Appropriations	-	875,977	36,384	839,593
Budgetary Fund Balance, June 30	\$ 832,885	\$ (43,092)	\$ 809,130	\$ 852,222

CITY OF GRAND TERRACE

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2020

	Refundable Deposits Trust Fund	Employees Deferred Comp Trust Fund	Totals
Assets:			
Cash and investments	\$ 575,132	\$ 90,769	\$ 665,901
Due from other governments	7,067	-	7,067
Total Assets	\$ 582,199	\$ 90,769	\$ 672,968
Liabilities:			
Accounts payable	\$ 4,949	\$ -	\$ 4,949
Deposits payable	577,250	90,769	668,019
Total Liabilities	\$ 582,199	\$ 90,769	\$ 672,968

CITY OF GRAND TERRACE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<u>Refundable Deposits Trust Fund</u>				
Assets:				
Cash and investments	\$ 675,528	\$ 386,954	\$ 487,350	\$ 575,132
Due from other governments	3,572	7,067	3,572	7,067
Total Assets	\$ 679,100	\$ 394,021	\$ 490,922	\$ 582,199
Liabilities:				
Accounts payable	\$ 8,752	\$ 290,241	\$ 294,044	\$ 4,949
Deposits payable	670,348	351,934	445,032	577,250
Total Liabilities	\$ 679,100	\$ 642,175	\$ 739,076	\$ 582,199
<u>Employees Deferred Comp Trust Fund</u>				
Assets:				
Cash and investments	\$ 89,177	\$ 1,592	\$ -	\$ 90,769
Total Assets	\$ 89,177	\$ 1,592	\$ -	\$ 90,769
Liabilities:				
Deposits payable	\$ 89,177	\$ 1,592	\$ -	\$ 90,769
Total Liabilities	\$ 89,177	\$ 1,592	\$ -	\$ 90,769
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 764,705	\$ 388,546	\$ 487,350	\$ 665,901
Due from other governments	3,572	7,067	3,572	7,067
Total Assets	\$ 768,277	\$ 395,613	\$ 490,922	\$ 672,968
Liabilities:				
Accounts payable	\$ 8,752	\$ 290,241	\$ 294,044	\$ 4,949
Deposits payable	759,525	353,526	445,032	668,019
Total Liabilities	\$ 768,277	\$ 643,767	\$ 739,076	\$ 672,968