



# CITY OF GRAND TERRACE, CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ANNUAL FINANCIAL REPORT

Focused  
on YOU



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CITY OF GRAND TERRACE, CALIFORNIA  
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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 the City of Grand Terrace, California, (the City) as of and for the year ended June 30, 2019, 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, 2019, 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 plan contributions for the miscellaneous cost-sharing plan, and the schedule of changes in Total OPEB liability and related ratios 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. The 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 June 1, 2020 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  
June 1, 2020

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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, 2019. 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, 2019 by \$20.4 million (net position).
- The City's net position increased by \$0.1 million from the previous fiscal year from \$20.3 million to \$20.4 million.
- As of June 30, 2019, the City of Grand Terrace's governmental funds had reported combined ending fund balances of \$8.8 million, an increase of \$0.8 million from the previous fiscal year. Of this total, approximately \$6.7 million, or 76.0% 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 \$14,500 mainly due to the increase in compensated absences. During FY 2018-19, while the OPEB obligation increased by about \$0.2 million, the City's Net Pension Liability decreased by about \$ 0.2 million as well.
- The General Fund had a year-end fund balance of \$3.3 million at June 30, 2019. This was a decrease of \$0.1 million and a decrease of 2.3% over FY 2017-18.

### **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.

## **Overview of the Financial Statements (Continued)**

- 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, 2019, net position for the City of Grand Terrace was \$20,368,321; compared to net position of \$20,291,188 at June 30, 2018.

## Government-Wide Financial Statements (Continued)

A summary of the government-wide Statement of Net Position at June 30, 2019 and June 30, 2018 are as follows:

**Table 1**  
**Net Position**

|   | Governmental Activities |               | Business-type Activities |              | Total         |               |
|---|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
|   | 2019                    | 2018          | 2019                     | 2018         | 2019          | 2018          |
| Current and other assets                | \$ 10,408,597           | \$ 9,733,343  | \$ 1,559,460             | \$ 1,453,024 | \$ 11,968,057 | \$ 11,186,367 |
| Capital assets, net                     | 11,190,542              | 11,923,357    | 4,619,698                | 4,708,268    | 15,810,240    | 16,631,625    |
| Total assets                            | 21,599,139              | 21,656,700    | 6,179,158                | 6,161,292    | 27,778,297    | 27,817,992    |
| Deferred Outflows for Pension & OPEB    | 1,035,466               | 1,244,591     | -                        | -            | 1,035,466     | 1,244,591     |
| Other liabilities                       | 1,450,313               | 1,473,214     | 6,875                    | 6,875        | 1,457,188     | 1,480,089     |
| Long-term liabilities                   | 6,410,675               | 6,396,228     | -                        | -            | 6,410,675     | 6,396,228     |
| Total liabilities                       | 7,860,988               | 7,869,442     | 6,875                    | 6,875        | 7,867,863     | 7,876,317     |
| Deferred inflows for Pension & OPEB     | 577,579                 | 895,078       | -                        | -            | 577,579       | 895,078       |
| Invested in capital assets, net of debt | 11,190,542              | 11,923,357    | 4,619,698                | 4,708,268    | 15,810,240    | 16,631,625    |
| Restricted                              | 6,674,424               | 7,299,178     | -                        | -            | 6,674,424     | 7,299,178     |
| Unrestricted                            | (3,668,928)             | (5,085,764)   | 1,552,585                | 1,446,149    | (2,116,343)   | (3,639,615)   |
| Total net assets                        | \$ 14,196,038           | \$ 14,136,771 | \$ 6,172,283             | \$ 6,154,417 | \$ 20,368,321 | \$ 20,291,188 |

\$15,810,240 (78%) 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 \$6,674,424 (33%) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position resulted in a negative amount of \$2,116,243 (-11%). The City's net position remained at almost the same amount from \$20,291,188 in FY 2017-18 to \$20,368,321 during FY 2018-19.

## Government-Wide Financial Statements (Continued)

A summary of the government-wide Statement of Activities for the year ended June 30, 2019 and 2018 are as follows:

**Table 2**  
**Changes in Net Position**

|                                    | Governmental Activities |                      | Business-type Activities |                     | Total                |                      |
|------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                                    | 2019                    | 2018                 | 2019                     | 2018                | 2019                 | 2018                 |
| <b>Revenues and transfers</b>      |                         |                      |                          |                     |                      |                      |
| Program revenues:                  |                         |                      |                          |                     |                      |                      |
| Charges for services               | \$ 1,307,816            | \$ 904,402           | \$ -                     | \$ -                | \$ 1,307,816         | \$ 904,402           |
| Operating contributions and grants | 470,311                 | 3,380,359            | -                        | -                   | 470,311              | 3,380,359            |
| Capital contributions and grants   | 625,655                 | 380,029              | 30,000                   | -                   | 655,655              | 380,029              |
| General revenues:                  |                         |                      |                          |                     |                      |                      |
| Property tax                       | 3,342,641               | 2,943,736            | -                        | -                   | 3,342,641            | 2,943,736            |
| Sales tax                          | 831,321                 | 728,893              | -                        | -                   | 831,321              | 728,893              |
| Motor vehicle in lieu              | 6,012                   | 6,546                | -                        | -                   | 6,012                | 6,546                |
| Other taxes                        | 552,401                 | 533,383              | -                        | -                   | 552,401              | 533,383              |
| Use of money & property            | 1,055,201               | 436,299              | 42,759                   | 17,944              | 1,097,960            | 454,243              |
| Other revenues                     | 64,489                  | 22,055               | -                        | -                   | 64,489               | 22,055               |
| <b>Total revenues</b>              | <b>8,255,847</b>        | <b>9,335,702</b>     | <b>72,759</b>            | <b>17,944</b>       | <b>8,328,606</b>     | <b>9,353,646</b>     |
| <b>Expenses</b>                    |                         |                      |                          |                     |                      |                      |
| General government                 | 1,693,881               | 1,100,629            | -                        | -                   | 1,693,881            | 1,100,629            |
| Public safety                      | 2,302,235               | 2,152,184            | -                        | -                   | 2,302,235            | 2,152,184            |
| Public works                       | 2,844,983               | 2,191,913            | -                        | -                   | 2,844,983            | 2,191,913            |
| Economic development               | 14,688                  | 11,472               | -                        | -                   | 14,688               | 11,472               |
| Cultural and recreation            | 1,293,997               | 1,373,318            | -                        | -                   | 1,293,997            | 1,373,318            |
| Interest on long-term debt         | -                       | 5,140                | -                        | -                   | -                    | 5,140                |
| Waste water disposal               | -                       | -                    | 88,570                   | 88,570              | 88,570               | 88,570               |
| <b>Total Expenses</b>              | <b>8,149,784</b>        | <b>6,834,656</b>     | <b>88,570</b>            | <b>88,570</b>       | <b>8,238,354</b>     | <b>6,923,226</b>     |
| Change in net position             | 106,063                 | 2,501,046            | (15,811)                 | (70,626)            | 90,252               | 2,430,420            |
| Beginning net position             | 14,136,771              | 11,311,672           | 6,154,417                | 6,225,043           | 20,291,188           | 17,536,715           |
| Restatement of Net Position        | (46,796)                | 324,053              | 33,677                   | -                   | (13,119)             | 324,053              |
| <b>Ending net position</b>         | <b>\$ 14,196,038</b>    | <b>\$ 14,136,771</b> | <b>\$ 6,172,283</b>      | <b>\$ 6,154,417</b> | <b>\$ 20,368,321</b> | <b>\$ 20,291,188</b> |

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, 2019 stayed at almost the same level as the net position of the City at the end of FY 2017- 2018, increasing only by \$77,133 or 0.4%. Taken separately, the net position of governmental activities increased by \$59,267, while the net position of business-type activities decreased by \$17,866. Total expenses of \$8,238,354 were offset by total revenues of \$8,328,606. 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

## Government-Wide Financial Statements (Continued)

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 \$ 785,979. Of this amount, a net increase of \$ 652,810 is attributable to the nonmajor funds, a net increase of \$173,973 to the Housing Authority, a net increase of \$ 66,398 to the Street Improvement Fund, with the difference being a net decrease to the General Fund of \$107,202.

## 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.

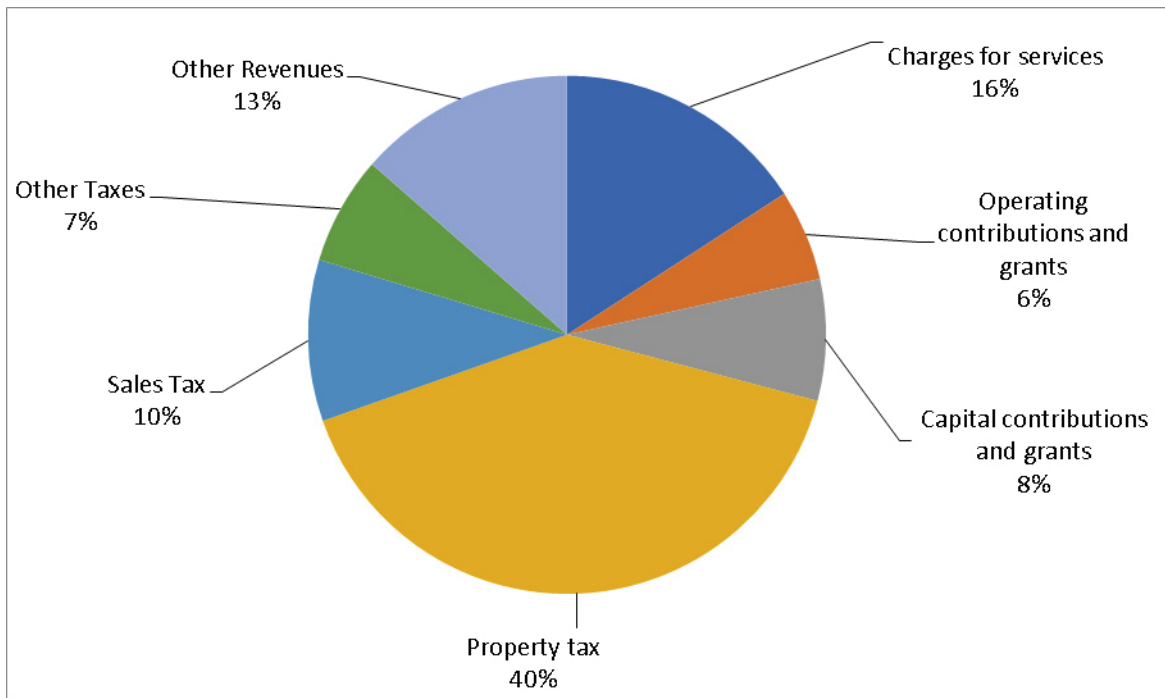
### Net Cost of Governmental Activities

|                            | 2019                      |                         | 2018                      |                         |
|----------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
|                            | Total Cost of<br>Services | Net Cost of<br>Services | Total Cost of<br>Services | Net Cost of<br>Services |
| General government         | \$ 1,693,881              | \$ 1,353,609            | \$ 1,100,629              | \$ 741,296              |
| Public safety              | 2,302,235                 | 2,049,437               | 2,152,184                 | 1,930,002               |
| Public works               | 2,844,983                 | 1,147,878               | 2,191,913                 | (1,791,829)             |
| Economic development       | 14,688                    | 5,333                   | 11,472                    | (16,139)                |
| Cultural and recreation    | 1,293,997                 | 1,189,745               | 1,373,318                 | 1,301,396               |
| Interest on long-term debt | -                         | -                       | 5,140                     | 5,140                   |
| Total                      | <u>\$ 8,149,784</u>       | <u>\$ 5,746,002</u>     | <u>\$ 6,834,656</u>       | <u>\$ 2,169,866</u>     |

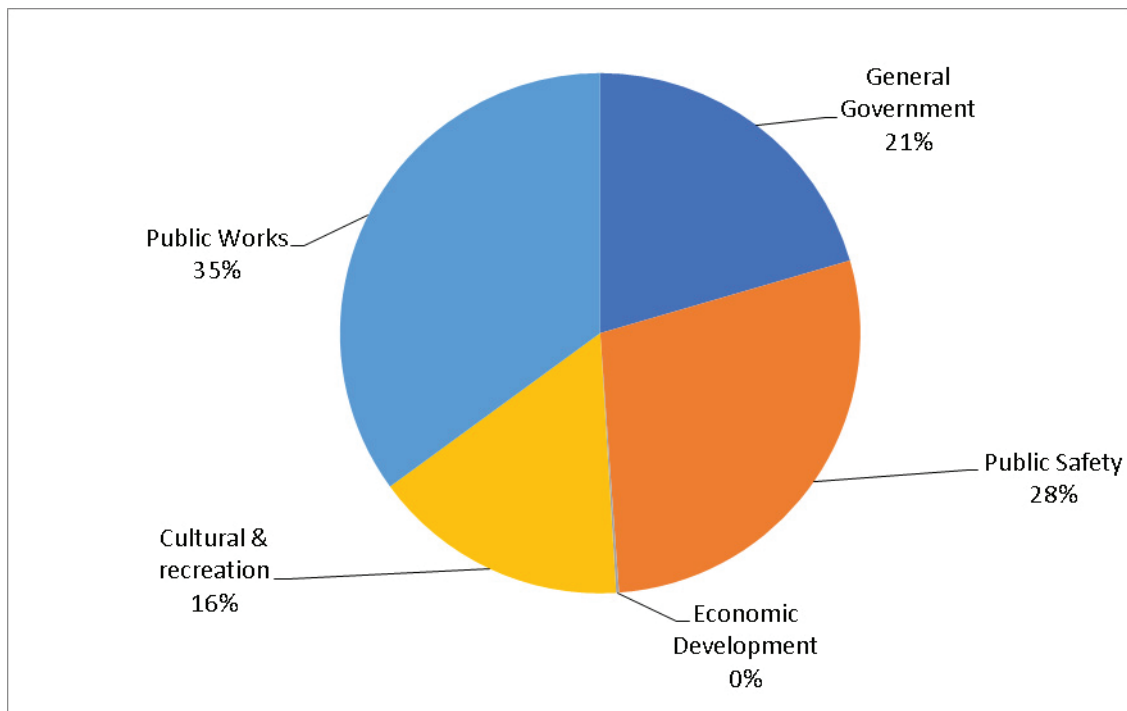
This table shows the cost of all governmental activities this year was \$ 8,149,784. General tax dollars paid for approximately 58 percent of this cost. Fees, grants and contributions and fund balances at the beginning of the fiscal year funded the balance of the cost of governmental activities.



### Revenues by Source - Governmental Activities \$8,255,847



### Expenses by Function - Governmental Activities - \$8,149,784

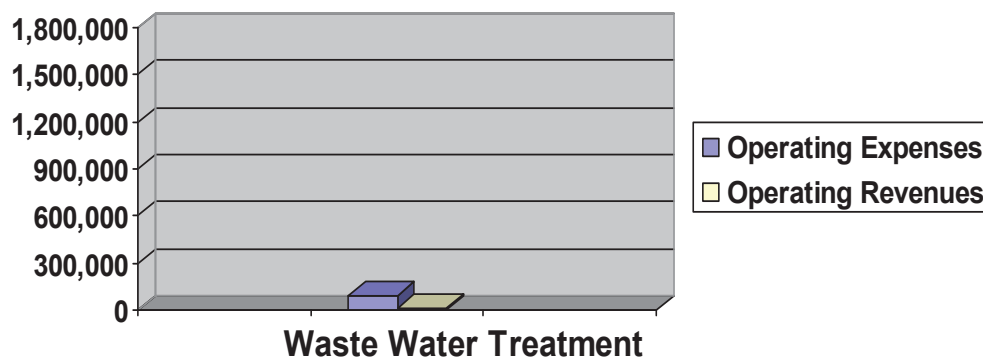


## Business-Type Activity

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 2018-19

- Annual depreciation amounting to \$88,570 of all wastewater sewer capital assets which are still owned by the City;
- Capital contributions amounting to \$30,000; and
- Interest income of \$42,759 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 2018-19, the fund balance of the General Fund decreased by \$140,879 from a fund balance of \$3,369,153 at June 30, 2018 to \$ 3,228,274 at June 30, 2019. Total fund balance in all Governmental Funds was \$8,827,757.

## Major Governmental Funds (Continued)

The General Fund Revenues and Expenditures are shown below:

|                            | 2018-2019           | 2017-2018           | Increase<br>(Decrease) in<br>Fund Balance |
|----------------------------|---------------------|---------------------|---|
| Revenues                   | \$ 5,866,335        | \$ 8,162,060        | \$ (2,295,725)                            |
| Expenditures               | (5,855,533)         | (5,593,196)         | (262,337)                                 |
| Other Sources (Uses)       | (118,004)           | (117,431)           | (573)                                     |
| Net Change in Fund Balance | (107,202)           | 2,451,433           | (2,558,635)                               |
| Beginning Fund Balance     | 3,369,153           | 917,720             | 2,451,433                                 |
| Restatements               | (33,677)            | -                   | (33,677)                                  |
| Ending Fund Balance        | <u>\$ 3,228,274</u> | <u>\$ 3,369,153</u> | <u>\$ (140,879)</u>                       |

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

- General Fund expenditures and transfers out exceeded revenues and transfers in by \$107,202. Total General Fund revenues decreased by \$ 2,295,725 or 28.1 percent from FY 2017-18. This decrease in revenues is mainly due to the one-time FY2017-18 receipt of the excess 15% 2011 bond proceeds in the amount of \$2.8 million by the General Fund from the Successor Agency to the Grand Terrace Community Redevelopment Agency, which did not occur again in FY 2018-19. This \$2.8 million decrease, along with the increase of \$0.4 million in property taxes and the increase of \$0.1 million in sales taxes received during FY 2018-19 over the previous fiscal year resulted in the net decrease of \$ 2.3 million in General Fund revenues.
- Property taxes received increased by 13.6 percent from \$2,924,532 to \$3,323,177, a difference of about \$398,645. This increase in property tax is mainly attributable to the increase in RPTTF Residual Receipts by \$241,500. During the fiscal year, the increase in Property tax-VLF Swap and Excess proceeds redistribution provided the remaining additional increase to this category.
- Gross Sales tax increased by \$102,428 or 14.1 percent from \$728,893 to \$831,321 compared to the previous fiscal year.
- Charges for service, including licenses and permits in FY 2018-19 decreased by 2.1 percent from \$1,107,908 to \$ 1,085,008. The following revenues belonging to these categories decreased during the FY 2018-19 as compared to FY 2017-18 – Miscellaneous planning fees, Engineering plan review, Public Works permit, Professional services – other and Rental inspection fees. The following revenues however, increased during FY 2018-19 compared to the previous fiscal year – Construction permits, Building & safety plan review and Site & architectural review.

## **Major Governmental Funds (Continued)**

- Fines and forfeitures received during FY 2018-19 decreased by \$7,381 or 7.1 percent from \$103,674 during FY 2017-18 to \$96,293 during FY 2018-19. The decrease in this category resulted from decreased collections of the following General Fund revenues: parking citations, which decreased by \$17,079, and sweep day citations, which decreased by \$4,986. The decrease in these revenues were mainly offset by the increase in the following revenues: dog licenses, which increased by \$8,525 and code enforcement fines, which increased by \$4,087.
- The overall operating expenditures of the General Fund increased by 4.1 percent over the prior year - from \$5.6 million to \$5.9 million. The negative variance of about \$0.2 million between FY 2017-18 and FY 2018-19 was mainly due to the following: the increase in the general government category by \$ 284,438.
- The public safety category and the cultural & recreation category also both showed an increase in expenditures by \$75,215 and \$96,554 respectively. The following categories had decreased expenditures during FY 2018-19 compared to the previous fiscal year: public works (\$133,899), capital outlay (\$84,946), interest and fiscal charges (\$5,140) and transfers out (\$47,048).
- Of the total \$5,855,533 in General Fund operating expenditures, total general government expenditures represented 24.8 percent, public works expenditures represented 22.8 percent, public safety expenditures represented 36.1 percent, cultural & recreation represented 12.8 percent and capital outlay represented 3.5 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 \$66,398 during the fiscal year.

The fund balance of the Housing Authority Fund increased by \$173,973 during FY 2018-19. 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, 2019, the City had invested \$15,810,240 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                |                      |
|--------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                          | 2019                    | 2018                 | 2019                     | 2018                | 2019                 | 2018                 |
| Land                     | \$ 3,112,881            | \$ 3,262,881         | \$ -                     | \$ -                | \$ 3,112,881         | \$ 3,262,881         |
| Buildings                | 2,291,015               | 2,746,722            | -                        | -                   | 2,291,015            | 2,746,722            |
| Improvements             | 2,731,197               | 2,912,654            | 88,498                   | 96,926              | 2,819,695            | 3,009,580            |
| Equipment                | 282,929                 | 258,073              | -                        | -                   | 282,929              | 258,073              |
| Vehicles                 | 102,982                 | 83,431               | -                        | -                   | 102,982              | 83,431               |
| Infrastructure           | 1,899,421               | 2,131,136            | -                        | -                   | 1,899,421            | 2,131,136            |
| Sewer mains              | -                       | -                    | 2,462,173                | 2,506,874           | 2,462,173            | 2,506,874            |
| Sewer laterals           | -                       | -                    | 1,244,801                | 1,265,811           | 1,244,801            | 1,265,811            |
| Sewer manholes           | -                       | -                    | 824,226                  | 838,657             | 824,226              | 838,657              |
| Construction in progress | 770,117                 | 528,460              | -                        | -                   | 770,117              | 528,460              |
|                          | <u>\$ 11,190,542</u>    | <u>\$ 11,923,357</u> | <u>\$ 4,619,698</u>      | <u>\$ 4,708,268</u> | <u>\$ 15,810,240</u> | <u>\$ 16,631,625</u> |

## Long-Term Debt

At the end FY 2018-19, the City had debt outstanding of \$6,410,675. The City's net pension liability decreased by \$172,833 from \$5,064,768 in the prior fiscal year to \$4,891,935 at the end of June 30, 2019. The City's other post-employment benefits (OPEB) obligations increased by \$178,908 from \$1,165,731 at the end of FY 2017-18 to \$1,344,639 at the end of FY 2018-19. The City's liability for compensated absences increased by \$8,372 compared to the prior fiscal year from \$165,729 to \$174,101 at the end of June 30, 2019.

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

## Long-Term Debt (Continued)

### Outstanding Debt Governmental Activities

|                        | 2019                | 2018                | Increase<br>(Decrease) |
|------------------------|---------------------|---------------------|------------------------|
| Total OPEB Obligation  | \$ 1,344,639        | \$ 1,165,731        | \$ 178,908             |
| Net Pension Liability  | 4,891,935           | 5,064,768           | (172,833)              |
| Compensated Absences   | 174,101             | 165,729             | 8,372                  |
| Total Outstanding Debt | <u>\$ 6,410,675</u> | <u>\$ 6,396,228</u> | <u>\$ 14,447</u>       |

## Economic Factors and Outlook for Future Years

The City of Grand Terrace fiscal position in 2019-20 is sustainable (revenue exceeds expenses and city maintains funds in a reserve account that is the equivalent of two months of expenses), allowing the city to post its sixth consecutive year of economic growth based on fiscal responsibility, development of needed infrastructure, adequate public safety and a diligent strategy for economic independence.

The \$105,000,000 interchange project, which started construction in 2017 is scheduled for completion in early 2020. The project leads to the heart of the city, creating a magnificent entrance to the City and its current and future commercial corridor. The completed interchange was designed to increase circulation by 30%, allowing over 40,000 cars per day to easily access Barton Rd. 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 completion of the Barton Rd Interchange is integral to the City of Grand Terrace's Economic strategy. The economic prosperity of the City is linked directly to infrastructure. The interchange project leads to the heart of our economy with over 50% of all sales taxes generated in the City, coming from business on or adjacent to Barton Rd adjacent to the interchange. It is estimated that build out of businesses on Barton Rd within the next five years will lead to doubling of sales tax that is currently generated. Yet, during this same period, the completion of the interchange project will solidify the submittal of the 132-acre Gateway Specific Plan project, which is a mixed-use master plan project adjacent to the freeway with the ability to deliver a minimum of over \$800,000 in property taxes to the City.

While the City's core revenue sources are steady, the City will receive an additional boost in property tax because of private transactions, leading to increase tax rolls. In addition, the City defeased its Redevelopment Bonds, leading to an increase in residual property taxes of approximately \$500,000 annually starting in 2020-21. The property tax increases from defeasement above and the modest annual growth in property taxes allows the City to reasonably address the increases of core service contracts, which eliminates the City's ability to increase levels of service.

## **Economic Factors and Outlook for Future Years (Continued)**

The City continues to see additional revenues materialize for Restricted/Special Purpose Funds allocated to it, after approval of the City's Last and Final ROPS. The City will use these funds to continue to advance its long-term economic strategy with funds earmarked infrastructure, economic development and elimination of blight. A significant amount of the funds will be used for infrastructure and economic development. SB-1 (Road Repair & Rehab Program) will allow the City to accelerate the repair of the City's aging road infrastructure. The City has a successful track record of leveraging small amounts of general fund proceeds to go after grant programs to help build infrastructure. As the Interchange project comes to a close, the \$300,000 Mount Vernon Avenue safety improvement program will enhance intersections for 5 major intersections in the City, four of which lead to the majority of our residential developments. We believe the improvements to these intersections will contribute to the growth and increase of property values.

The City continues to push its \$500,000,000 marketing strategy, the MIDAS (Municipal Investment in Development to Achieve Success) program which consist of various public and private economic development partnerships within the City of Grand Terrace. We are anticipating the opening of Grocery Outlet Market in the former Stater Bros complex, which was vacant for over a decade. This project was featured in our MIDAS program will be the only way the City will be able to generate a significant boost in sales tax and property tax revenue to offer enhanced services to residents.

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
- Projects for Barton Road retail space materializes

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## CITY OF GRAND TERRACE

STATEMENT OF NET POSITION  
JUNE 30, 2019

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>Assets:</b>                                  |                            |                             |                      |
| Cash and investments                            | \$ 8,916,430               | \$ 620,688                  | \$ 9,537,118         |
| Receivables:                                    |                            |                             |                      |
| Accounts  | 156,376                    | -                           | 156,376              |
| Notes and loans                                 | 778,843                    | -                           | 778,843              |
| Accrued interest                                | 17,956                     | -                           | 17,956               |
| Internal balances                               | (938,772)                  | 938,772                     | -                    |
| Prepaid costs                                   | 19,611                     | -                           | 19,611               |
| Due from other governments                      | 793,153                    | -                           | 793,153              |
| Land held for resale                            | 665,000                    | -                           | 665,000              |
| Capital assets not being depreciated            | 3,882,998                  | -                           | 3,882,998            |
| Capital assets, net of depreciation             | 7,307,544                  | 4,619,698                   | 11,927,242           |
| <b>Total Assets</b>                             | <b>21,599,139</b>          | <b>6,179,158</b>            | <b>27,778,297</b>    |
| <b>Deferred Outflows of Resources:</b>          |                            |                             |                      |
| Deferred pension related items                  | 983,832                    | -                           | 983,832              |
| Deferred OPEB related items                     | 51,634                     | -                           | 51,634               |
| <b>Total Deferred Outflows<br/>of Resources</b> | <b>1,035,466</b>           | <b>-</b>                    | <b>1,035,466</b>     |
| <b>Liabilities:</b>                             |                            |                             |                      |
| Accounts payable                                | 396,019                    | -                           | 396,019              |
| Accrued liabilities                             | 82,298                     | -                           | 82,298               |
| Deposits payable                                | 25,559                     | 6,875                       | 32,434               |
| Due to other governments                        | 946,437                    | -                           | 946,437              |
| Noncurrent liabilities:                         |                            |                             |                      |
| Due within one year                             |                            |                             |                      |
| Compensated absences                            | 40,376                     | -                           | 40,376               |
| Due in more than one year                       |                            |                             |                      |
| Compensated absences                            | 133,725                    | -                           | 133,725              |
| Total OPEB liability                            | 1,344,639                  | -                           | 1,344,639            |
| Net pension liability                           | 4,891,935                  | -                           | 4,891,935            |
| <b>Total Liabilities</b>                        | <b>7,860,988</b>           | <b>6,875</b>                | <b>7,867,863</b>     |
| <b>Deferred Inflows of Resources:</b>           |                            |                             |                      |
| Deferred pension related items                  | 548,092                    | -                           | 548,092              |
| Deferred OPEB related items                     | 29,487                     | -                           | 29,487               |
| <b>Total Deferred Inflows<br/>of Resources</b>  | <b>577,579</b>             | <b>-</b>                    | <b>577,579</b>       |
| <b>Net Position:</b>                            |                            |                             |                      |
| Invested in capital assets                      | 11,190,542                 | 4,619,698                   | 15,810,240           |
| Restricted for:                                 |                            |                             |                      |
| Community development projects                  | 3,284,050                  | -                           | 3,284,050            |
| Public safety                                   | 25,741                     | -                           | 25,741               |
| Public works                                    | 3,121,513                  | -                           | 3,121,513            |
| Child care                                      | 243,120                    | -                           | 243,120              |
| Unrestricted                                    | (3,668,928)                | 1,552,585                   | (2,116,343)          |
| <b>Total Net Position</b>                       | <b>\$ 14,196,038</b>       | <b>\$ 6,172,283</b>         | <b>\$ 20,368,321</b> |

## CITY OF GRAND TERRACE

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019

|  | Program Revenues |                      |                                    |                                  |
|--|------------------|----------------------|------------------------------------|----------------------------------|
|  | Expenses         | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| Functions/Programs                             |                  |                      |                                    |                                  |
| Primary Government:                            |                  |                      |                                    |                                  |
| Governmental Activities:                       |                  |                      |                                    |                                  |
| General government                             | \$ 1,693,881     | \$ 209,489           | \$ 130,783                         | \$ -                             |
| Public safety                                  | 2,302,235        | 103,644              | 149,154                            | -                                |
| Economic development                           | 14,688           | -                    | 9,355                              | -                                |
| Cultural and recreation                        | 1,293,997        | 104,252              | -                                  | -                                |
| Public works                                   | 2,844,983        | 890,431              | 181,019                            | 625,655                          |
| Total Governmental Activities                  | 8,149,784        | 1,307,816            | 470,311                            | 625,655                          |
| Business-Type Activities:                      |                  |                      |                                    |                                  |
| Waste Water Disposal                           | 88,570           | -                    | -                                  | 30,000                           |
| Total Business-Type Activities                 | 88,570           | -                    | -                                  | 30,000                           |
| Total Primary Government                       | \$ 8,238,354     | \$ 1,307,816         | \$ 470,311                         | \$ 655,655                       |
| 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              |                  |                      |                                    |                                  |
| Restatement of Net Position                    |                  |                      |                                    |                                  |
| Net Position at Beginning of Year, as Restated |                  |                      |                                    |                                  |
| Net Position at End of Year                    |                  |                      |                                    |                                  |

| Net (Expenses) Revenues and Changes in Net Position |                          |                      |
|---|--------------------------|----------------------|
| Primary Government                                  |                          |                      |
| Governmental Activities                             | Business-Type Activities | Total                |
| \$ (1,353,609)                                      | \$ -                     | \$ (1,353,609)       |
| (2,049,437)   | -                        | (2,049,437)          |
| (5,333)   | -                        | (5,333)              |
| (1,189,745)   | -                        | (1,189,745)          |
| (1,147,878)   | -                        | (1,147,878)          |
| <b>(5,746,002)</b>                                  | <b>-</b>                 | <b>(5,746,002)</b>   |
| -   | (58,570)                 | (58,570)             |
| -   | <b>(58,570)</b>          | <b>(58,570)</b>      |
| <b>(5,746,002)</b>                                  | <b>(58,570)</b>          | <b>(5,804,572)</b>   |
| 3,342,641   | -                        | 3,342,641            |
| 831,321   | -                        | 831,321              |
| 456,994   | -                        | 456,994              |
| 95,407  | -                        | 95,407               |
| 6,012   | -                        | 6,012                |
| 491,892   | 42,759                   | 534,651              |
| 64,489  | -                        | 64,489               |
| 563,309   | -                        | 563,309              |
| <b>5,852,065</b>                                    | <b>42,759</b>            | <b>5,894,824</b>     |
| 106,063   | (15,811)                 | 90,252               |
| 14,136,771  | 6,154,417                | 20,291,188           |
| (46,796)  | 33,677                   | (13,119)             |
| 14,089,975  | 6,188,094                | 20,278,069           |
| <b>\$ 14,196,038</b>                                | <b>\$ 6,172,283</b>      | <b>\$ 20,368,321</b> |

## CITY OF GRAND TERRACE

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

|  |                     | Special Revenue Funds |                     |                          |                          |
|--|---------------------|-----------------------|---------------------|--------------------------|--------------------------|
|  | General             | Street Improvement    | Housing Authority   | Other Governmental Funds | Total Governmental Funds |
| <b>Assets:</b>   |                     |                       |                     |                          |                          |
| Cash and investments   | \$ 4,464,315        | \$ 607,240            | \$ 936,962          | \$ 2,907,913             | \$ 8,916,430             |
| Receivables:   |                     |                       |                     |                          |                          |
| Accrued revenue  | 139,629             | -                     | -                   | 16,747                   | 156,376                  |
| Notes and loans receivable   | 50,000              | -                     | 728,843             | -                        | 778,843                  |
| Interest receivable  | 17,956              | -                     | -                   | -                        | 17,956                   |
| Prepaid costs  | 19,611              | -                     | -                   | -                        | 19,611                   |
| Due from other funds   | 100,449             | 9,000                 | -                   | 27,000                   | 136,449                  |
| Due from other governments   | 221,666             | -                     | 348,636             | 222,851                  | 793,153                  |
| Advances to other funds  | -                   | -                     | 168,205             | -                        | 168,205                  |
| Land held for resale   | 665,000             | -                     | -                   | -                        | 665,000                  |
| <b>Total Assets</b>  | <b>\$ 5,678,626</b> | <b>\$ 616,240</b>     | <b>\$ 2,182,646</b> | <b>\$ 3,174,511</b>      | <b>\$ 11,652,023</b>     |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                     |                       |                     |                          |                          |
| <b>Liabilities:</b>  |                     |                       |                     |                          |                          |
| Accounts payable   | \$ 335,805          | \$ -                  | \$ 7,993            | \$ 52,221                | \$ 396,019               |
| Accrued liabilities  | 82,298              | -                     | -                   | -                        | 82,298                   |
| Due to other funds   | -                   | -                     | -                   | 136,449                  | 136,449                  |
| Due to other governments   | 925,272             | -                     | 21,165              | -                        | 946,437                  |
| Advances from other funds  | 1,106,977           | -                     | -                   | -                        | 1,106,977                |
| Refundable deposits  | -                   | 4,663                 | -                   | 20,896                   | 25,559                   |
| <b>Total Liabilities</b>   | <b>2,450,352</b>    | <b>4,663</b>          | <b>29,158</b>       | <b>209,566</b>           | <b>2,693,739</b>         |
| <b>Deferred Inflows of Resources:</b>                                      |                     |                       |                     |                          |                          |
| Unavailable revenues   | -                   | -                     | 59,843              | 70,684                   | 130,527                  |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>            | <b>-</b>              | <b>59,843</b>       | <b>70,684</b>            | <b>130,527</b>           |
| <b>Fund Balances:</b>  |                     |                       |                     |                          |                          |
| <b>Nonspendable:</b>   |                     |                       |                     |                          |                          |
| Prepaid costs  | 19,611              | -                     | -                   | -                        | 19,611                   |
| Notes and loans  | 50,000              | -                     | -                   | -                        | 50,000                   |
| <b>Restricted for:</b>   |                     |                       |                     |                          |                          |
| Community development projects   | -                   | -                     | 2,093,645           | 1,190,405                | 3,284,050                |
| Public safety  | -                   | -                     | -                   | 25,741                   | 25,741                   |
| Public works   | -                   | 611,577               | -                   | 1,509,936                | 2,121,513                |
| Child Care   | -                   | -                     | -                   | 243,120                  | 243,120                  |
| Infrastructure projects  | 1,000,000           | -                     | -                   | -                        | 1,000,000                |
| <b>Committed to:</b>   |                     |                       |                     |                          |                          |
| Committed to contingencies   | 1,298,140           | -                     | -                   | -                        | 1,298,140                |
| Committed to equipment replacement   | 148,905             | -                     | -                   | -                        | 148,905                  |
| Committed to community services  | 42,115              | -                     | -                   | -                        | 42,115                   |
| Committed to additional public safety                                      | 294,833             | -                     | -                   | -                        | 294,833                  |
| <b>Unassigned</b>  | <b>374,670</b>      | <b>-</b>              | <b>-</b>            | <b>(74,941)</b>          | <b>299,729</b>           |
| <b>Total Fund Balances</b>   | <b>3,228,274</b>    | <b>611,577</b>        | <b>2,093,645</b>    | <b>2,894,261</b>         | <b>8,827,757</b>         |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 5,678,626</b> | <b>\$ 616,240</b>     | <b>\$ 2,182,646</b> | <b>\$ 3,174,511</b>      | <b>\$ 11,652,023</b>     |

**CITY OF GRAND TERRACE**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

|   |                     |                             |
|---|---------------------|-----------------------------|
| Fund balances of governmental funds   |                     | \$ 8,827,757                |
| 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  | \$ 21,701,576       |                             |
| Accumulated depreciation  | <u>(10,511,034)</u> | 11,190,542                  |
| Deferred outflows of resources reported for the pension plan for government-wide statements are as follows:   |                     |                             |
| Pension contributions made subsequent to the measurement date   | 383,835             |                             |
| Difference between expected and actual experience   | 141,374             |                             |
| Change in assumptions   | 420,063             |                             |
| Net difference between projected and actual earnings on pension plan investments  | 18,216              |                             |
| Adjustment due to difference in proportions   | 9,094               |                             |
| Differences in proportionate share  | <u>11,250</u>       | 983,832                     |
| OPEB related items:   |                     |                             |
| Change in assumptions   |                     | 51,634                      |
| Compensated absences that have not been included in the governmental activities   |                     | (174,101)                   |
| 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.  |                     | (1,344,639)                 |
| 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. |                     | (4,891,935)                 |
| Deferred inflows of resources reported for government-wide statements are amortized:  |                     |                             |
| Pension related items:  |                     |                             |
| Difference between expected and actual experience   | (48,109)            |                             |
| Change in assumptions   | (102,949)           |                             |
| Adjustment due to difference in proportions   | (314,126)           |                             |
| Differences in proportionate share  | <u>(82,908)</u>     | (548,092)                   |
| OPEB related items:   |                     |                             |
| Change in assumptions   |                     | (29,487)                    |
| 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>130,527</u>              |
| <b>Net Position of Governmental Activities</b>  |                     | <b><u>\$ 14,196,038</u></b> |

## CITY OF GRAND TERRACE

STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

|  | Special Revenue Funds |                    |                     | Other               | Total               |
|--|-----------------------|--------------------|---------------------|---------------------|---------------------|
|  | General               | Street Improvement | Housing Authority   | Governmental Funds  | Governmental Funds  |
| <b>Revenues:</b>   |                       |                    |                     |                     |                     |
| Taxes  | \$ 4,154,498          | \$ -               | \$ -                | \$ 19,464           | \$ 4,173,962        |
| Assessments  | -                     | -                  | -                   | 155,750             | 155,750             |
| Intergovernmental  | 46,209                | -                  | -                   | 1,204,167           | 1,250,376           |
| Charges for services   | 1,085,008             | 89,519             | -                   | 297,827             | 1,472,354           |
| Use of money and property                                    | 421,284               | 7,650              | 6,676               | 55,958              | 491,568             |
| Fines and forfeitures  | 96,293                | -                  | -                   | 7,640               | 103,933             |
| Miscellaneous  | 63,043                | -                  | -                   | 22,580              | 85,623              |
| <b>Total Revenues</b>  | <b>5,866,335</b>      | <b>97,169</b>      | <b>6,676</b>        | <b>1,763,386</b>    | <b>7,733,566</b>    |
| <b>Expenditures:</b>   |                       |                    |                     |                     |                     |
| Current:   |                       |                    |                     |                     |                     |
| General government   | 1,424,092             | -                  | -                   | 8,100               | 1,432,192           |
| Public safety  | 2,111,201             | -                  | -                   | 150,050             | 2,261,251           |
| Public works   | 1,334,339             | -                  | -                   | 1,323,217           | 2,657,556           |
| Economic development   | -                     | -                  | 34,537              | -                   | 34,537              |
| Cultural and recreation                                      | 750,807               | -                  | -                   | 279,737             | 1,030,544           |
| Capital outlay:  |                       |                    |                     |                     |                     |
| Project improvement costs                                    | 204,999               | -                  | -                   | 348,247             | 553,246             |
| Debt service:  |                       |                    |                     |                     |                     |
| Interest and fiscal charges                                  | 30,095                | -                  | -                   | -                   | 30,095              |
| <b>Total Expenditures</b>                                    | <b>5,855,533</b>      | <b>-</b>           | <b>34,537</b>       | <b>2,109,351</b>    | <b>7,999,421</b>    |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 10,802                | 97,169             | (27,861)            | (345,965)           | (265,855)           |
| <b>Other Financing Sources (Uses):</b>                       |                       |                    |                     |                     |                     |
| Transfers in   | 2,379                 | -                  | -                   | 1,280,348           | 1,282,727           |
| Transfers out  | (120,383)             | (30,771)           | -                   | (1,131,573)         | (1,282,727)         |
| Proceeds from sale of capital asset                          | -                     | -                  | -                   | 850,000             | 850,000             |
| Gain on sale of land held for resale                         | -                     | -                  | 201,834             | -                   | 201,834             |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(118,004)</b>      | <b>(30,771)</b>    | <b>201,834</b>      | <b>998,775</b>      | <b>1,051,834</b>    |
| Net Change in Fund Balances                                  | (107,202)             | 66,398             | 173,973             | 652,810             | 785,979             |
| Fund Balances, Beginning of Year, as<br>previously reported  | 3,369,153             | 545,179            | 1,919,672           | 2,254,570           | 8,088,574           |
| Restatements   | (33,677)              | -                  | -                   | (13,119)            | (46,796)            |
| Fund Balances, Beginning of Year, as restated                | 3,335,476             | 545,179            | 1,919,672           | 2,241,451           | 8,041,778           |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 3,228,274</b>   | <b>\$ 611,577</b>  | <b>\$ 2,093,645</b> | <b>\$ 2,894,261</b> | <b>\$ 8,827,757</b> |

**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, 2019**

---

|   |    |                  |                       |
|---|----|------------------|-----------------------|
| Net change in fund balances - total governmental funds  |    | \$               | 785,979               |
| 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  | \$ | 553,245          |                       |
| Depreciation expense  |    | (789,850)        |                       |
| Disposition of capital assets   |    | <u>(496,210)</u> | (732,815)             |
| 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  |    |                  | (8,372)               |
| 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.  |    |                  |                       |
|   |    |                  | (119,304)             |
| 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.   |    |                  |                       |
|   |    |                  | 221,603               |
| 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>(41,028)</u>       |
| <b>Change in Net Position of Governmental Activities</b>  |    | <b>\$</b>        | <b><u>106,063</u></b> |

CITY OF GRAND TERRACE

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

|  | Business-Type<br>Activities |
|--|-----------------------------|
|  | Waste Water<br>Disposal     |
| <b>Assets:</b>                                   |                             |
| Current:   |                             |
| Cash and investments                             | \$ 620,688                  |
| <b>Total Current Assets</b>                      | <b>620,688</b>              |
| Noncurrent:                                      |                             |
| Advances to other funds                          | 938,772                     |
| Capital assets - net of accumulated depreciation | 4,619,698                   |
| <b>Total Noncurrent Assets</b>                   | <b>5,558,470</b>            |
| <b>Total Assets</b>                              | <b>\$ 6,179,158</b>         |
| <br><b>Liabilities and Net Position:</b>         |                             |
| <b>Liabilities:</b>                              |                             |
| Deposits payable                                 | \$ 6,875                    |
| <b>Total Liabilities</b>                         | <b>6,875</b>                |
| <b>Net Position:</b>                             |                             |
| Net investment in capital assets                 | 4,619,698                   |
| Unrestricted                                     | 1,552,585                   |
| <b>Total Net Position</b>                        | <b>6,172,283</b>            |
| <b>Total Liabilities and Net Position</b>        | <b>\$ 6,179,158</b>         |



## CITY OF GRAND TERRACE

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2019

|   | <b>Business-Type<br/>Activities</b> |
|---|-------------------------------------|
|   | <b>Waste Water<br/>Disposal</b>     |
| <b>Operating Expenses:</b>                        |                                     |
| Depreciation expense                              | \$ 88,570                           |
| <b>Total Operating Expenses</b>                   | <b>88,570</b>                       |
| Operating Income (Loss)                           | (88,570)                            |
| <b>Nonoperating Revenues (Expenses):</b>          |                                     |
| Interest revenue                                  | 42,759                              |
| <b>Total Nonoperating<br/>Revenues (Expenses)</b> | <b>42,759</b>                       |
| Income (Loss) Before Contributions                | (45,811)                            |
| Contributions                                     | 30,000                              |
| Changes in Net Position                           | (15,811)                            |
| <b>Net Position:</b>                              |                                     |
| Beginning of Fiscal Year, as previously reported  | 6,154,417                           |
| Restatements                                      | 33,677                              |
| Beginning of Fiscal Year, as restated             | 6,188,094                           |
| End of Fiscal Year                                | <b>\$ 6,172,283</b>                 |

## CITY OF GRAND TERRACE

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
JUNE 30, 2019

|   | <u>Business-Type<br/>Activities</u> |
|---|-------------------------------------|
|   |                                     |
|   |                                     |
|   |                                     |
| <b>Cash Flows from Non-Capital<br/>Financing Activities:</b>  |                                     |
| Advance to other funds  | \$ (30,095)                         |
| <b>Net Cash Provided (Used) by<br/>Non-Capital Financing Activities</b>                                       | <u><b>(30,095)</b></u>              |
| <b>Cash Flows from Capital<br/>and Related Financing Activities:</b>  |                                     |
| Capital contributions   | 30,000                              |
| <b>Net Cash Provided (Used) by<br/>Capital and Related Financing Activities</b>                               | <u><b>30,000</b></u>                |
| <b>Cash Flows from Investing Activities:</b>  |                                     |
| Interest received   | 42,759                              |
| <b>Net Cash Provided (Used) by<br/>Investing Activities</b>   | <u><b>42,759</b></u>                |
| <b>Net Increase (Decrease) in Cash<br/>and Cash Equivalents</b>   | <b>42,664</b>                       |
| Cash and Cash Equivalents at Beginning of Year  | 578,024                             |
| <b>Cash and Cash Equivalents at End of Year</b>   | <u><b>\$ 620,688</b></u>            |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided (Used) by Operating Activities:</b>            |                                     |
| Operating income (loss)   | \$ (88,570)                         |
| <b>Adjustments to reconcile operating income (loss)<br/>net cash provided (used) by operating activities:</b> |                                     |
| Depreciation  | 88,570                              |
| <b>Total Adjustments</b>  | <u><b>88,570</b></u>                |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <u><b>\$ -</b></u>                  |

## CITY OF GRAND TERRACE

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2019

|  |                   | Private-<br>Purpose Trust<br>Fund                    |
|--|-------------------|--|
|  | Agency<br>Funds   | Successor<br>Agency Private<br>Purpose Trust<br>Fund |
| <b>Assets:</b>                         |                   |  |
| Cash and investments                   | \$ 764,705        | \$ 16,730,599  |
| Receivables:                           |                   |  |
| Interest                               | -                 | 93,141   |
| Due from other governments             | 3,572             | 925,272  |
| Land held for resale                   | -                 | 363,133  |
| Restricted assets:                     |                   |  |
| Cash and investments with fiscal agent | -                 | 1,764,350  |
| <b>Total Assets</b>                    | <b>\$ 768,277</b> | <b>19,876,495</b>                                    |
| <b>Liabilities:</b>                    |                   |  |
| Current:                               |                   |  |
| Accounts payable                       | \$ 8,752          | 1,666  |
| Accrued interest                       | -                 | 351,014  |
| Due to other governments               | -                 | 851,956  |
| Deposits payable                       | 759,525           | -  |
| Bonds payable                          | -                 | 700,000  |
| Noncurrent:                            |                   |  |
| Bonds payable                          | -                 | 16,029,396   |
| <b>Total Liabilities</b>               | <b>\$ 768,277</b> | <b>17,934,032</b>                                    |
| <b>Net Position:</b>                   |                   |  |
| Held in trust for other purposes       |                   | 1,942,463  |
| <b>Total Net Position</b>              |                   | <b>\$ 1,942,463</b>                                  |

## CITY OF GRAND TERRACE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2019

|                                       | Private-<br>Purpose Trust<br>Fund                    |
|---------------------------------------|--|
|                                       | Successor<br>Agency Private<br>Purpose Trust<br>Fund |
| <b>Additions:</b>                     |  |
| RPTTF distribution                    | \$ 2,054,163   |
| Investment earnings                   | 428,506  |
| <b>Total Additions</b>                | <b>2,482,669</b>                                     |
| <b>Deductions:</b>                    |  |
| Administrative expenses               | 16,642   |
| Contractual services                  | 308,633  |
| Debt service payments - interest      | 1,079,113  |
| Payments of enforceable obligations   | 74,559   |
| Loss on sale of land held for resale  | 29,546   |
| <b>Total Deductions</b>               | <b>1,508,493</b>                                     |
| <b>Changes in Net Position</b>        | <b>974,176</b>                                       |
| Net Position - Beginning of the Year  | 968,287  |
| <b>Net Position - End of the Year</b> | <b>\$ 1,942,463</b>                                  |

## 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, 2019

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**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, 2019

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**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 13).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

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**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, 2019**


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**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, 2019**

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**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, 2017                 |
| Measurement date (MD)   | June 30, 2018                 |
| Measurement Period (MP) | July 1, 2017 to June 30, 2018 |

**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, 2017                 |
| Measurement Date   | June 30, 2019                 |
| Measurement Period | July 1, 2018 to June 30, 2019 |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**


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**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, 2019, 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, 2019

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**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, 2019

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**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.

**16. New Accounting Principles Adopted**

During the fiscal year ended June 30, 2019, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

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II. STEWARDSHIP

**Note 2: Stewardship, Compliance and Accountability**

Deficit Fund Balances

As of June 30, 2019, the following funds have deficit fund balances:

|   | <u>Amount</u> |
|---|---------------|
| CDBG  | \$ (33,298)   |
| Enhanced Infrastructure<br>Financing District | (41,643)      |

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

Budget

The Enhanced Infrastructure Financing District Fund and the Dog Park Endowment Fund did not adopt a budget for fiscal year 2018-19 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, 2019, are classified in the accompanying financial statements as follows:

|   |                      |
|---|----------------------|
| Statement of Net Position:              |                      |
| Cash and Investments                    | \$ 9,537,118         |
| Statement of Fiduciary Net Position:    |                      |
| Cash and Investments                    | 17,495,304           |
| Cash and Investments with Fiscal Agents | <u>1,764,350</u>     |
| Total Cash and Investments              | <u>\$ 28,796,772</u> |

Cash and investments as of June 30, 2019, consist of the following:

|                                      |                      |
|--------------------------------------|----------------------|
| Cash on Hand                         | \$ 1,250             |
| Deposits with Financial Institutions | 4,574,125            |
| Investments                          | <u>24,221,397</u>    |
| Total Cash and Investments           | <u>\$ 28,796,772</u> |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**
**Note 3: Cash and Investments (Continued)**

## 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                             |

## 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                             |

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

Note 3: Cash and Investments (Continued)

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          | Amount               | Remaining<br>Investment<br>Maturity |
|-------------------------------------|----------------------|-------------------------------------|
|                                     |                      | 12 Months or<br>Less                |
| Local Agency Investment Fund (LAIF) | \$ 18,370,556        | \$ 18,370,556                       |
| Local Gov. Invest. Pool (CAMP)      | 4,085,318            | 4,085,318                           |
| First American Treasury             | 1,173                | 1,173                               |
| Held by Trustee:                    |                      |                                     |
| Money Market Mutual Funds           | 1,764,350            | 1,764,350                           |
| Total                               | <u>\$ 24,221,397</u> | <u>\$ 24,221,397</u>                |

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<br>Legal Rating | Actual<br>Rating |
|-------------------------------------|----------------------|-------------------------|------------------|
|                                     |                      |                         |                  |
| Local Agency Investment Fund (LAIF) | \$ 18,370,556        | N/A                     | N/A              |
| Local Gov. Invest. Pool (CAMP)      | 4,085,318            | N/A                     | N/A              |
| First American Treasury             | 1,173                | N/A                     | N/A              |
| Held by Trustee:                    |                      |                         |                  |
| Money Market Mutual Funds           | 1,764,350            | AAAm                    | N/A              |
| Total                               | <u>\$ 24,221,397</u> |                         |                  |



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

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**Note 3: Cash and Investments (Continued)**

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, 2019, 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, 2019, the City had deposits with financial institutions in excess of federal depository insurance limits of \$4,231,461.

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, 2019, the carrying amount (at amortized cost) of the Pool was \$105,633,660,465 and the estimated fair value of the Pool was \$105,814,483,092. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2019, was \$18,370,556. 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.

# CITY OF GRAND TERRACE

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2019

### Note 3: Cash and Investments (Continued)

#### 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, 2019, the City's share of the Pool (as determined by CAMP) is \$4,085,318. 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.

The City has the following recurring fair value measurements as of June 30, 2019:

| Investment Type                     | Total         | Level |              |      |
|-------------------------------------|---------------|-------|--------------|------|
|                                     |               | 1     | 2            | 3    |
| Investments:                        |               |       |              |      |
| Local Government Investment Pool    | \$ 4,085,318  | \$ -  |              | \$ - |
| First American Treasury             | 1,173         | -     | 1,173        | -    |
| Local Agency Investment fund        | 18,370,556    | -     |              | -    |
| Total Cash Investments              | 22,457,047    | -     | 1,173        | -    |
| Investments with Fiscal Agents:     |               |       |              |      |
| Money Market Funds                  | 1,764,350     | -     | 1,764,350    | -    |
| Total Investments with Fiscal Agent | 1,764,350     | -     | 1,764,350    | -    |
|                                     | \$ 24,221,397 | \$ -  | \$ 1,765,523 | \$ - |

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Note 4: Interfund Receivable, Payable and Transfers**

The composition of interfund balances at June 30, 2019, is as follows:

Due to/from other funds:

| Receivable Fund             | Payable Fund                |     | Amount            |
|-----------------------------|-----------------------------|-----|-------------------|
| General Fund                | Nonmajor Governmental Funds | (1) | \$ 100,449        |
| Street Improvement Fund     | Nonmajor Governmental Funds | (2) | 9,000             |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | (3) | 27,000            |
|                             |                             |     | <u>\$ 136,449</u> |

- (1) The General Fund advanced funds to the Measure I Fund, CDBG Fund, Cal Recycle Grant Fund, Active Transportation Program Fund and the Enhanced Infrastructure Financing District to cover deficit cash balances and to cover the Unfunded Accrued Liability pension portion.
- (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 | 938,772             |
|                        |              | <u>\$ 1,106,977</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 \$925,272 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.

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, 2020, the General Fund will make annual payments in the amount of \$87,500. Thereafter payments will be made on the 1<sup>st</sup> 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, 2019, the advance to the General Fund amounts to \$938,722 and includes accrued interest of \$63,772.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

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

Interfund Transfers:

| <u>Fund Receiving Transfers</u> | <u>Fund Making Transfers</u>    | <u>Amount</u>       |
|---------------------------------|---------------------------------|---------------------|
| General Fund                    | Nonmajor Governmental Funds (1) | \$ 2,379            |
| Nonmajor Governmental Funds     | General Fund (2)                | 120,383             |
| Nonmajor Governmental Funds     | Street Improvement Fund (3)     | 30,771              |
| Nonmajor Governmental Funds     | Nonmajor Governmental Funds (4) | 1,129,194           |
|                                 | Total Interfund Transfers       | <u>\$ 1,282,727</u> |

- (1) Transfers to the General Fund from the Barton / Colton Bridge to close the Barton/Colton Bridge capital project fund.
- (2) Transfers in the amount of \$109,858 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. Transfer in the amount of \$525 were made to the Capital Project to close out the Capital Projects fund.
- (3) Transfers to Commerce Way Project from Street Improvement for the amount of \$30,771 for the Acquisition of Private & Remnant Land project.
- (4) Transfers in the amount of \$145,510 to the Capital Project – Parks from the Park Development fund for the Blue Mountain Trail Project. Transfers in the amount of \$5,000 were made to the Senior Bus Program Fund for additional funding from the Air Quality Improvement fund. Transfers in the amount of \$86,110 to the Capital Improvement - Streets Fund from the Gas Tax fund for the Slurry Seal Project. Transfers in the amount of \$892,574 from the Capital Improvement - Streets to the Capital Projects – Commerce Way Project fund to establish the fund.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

**Note 5: Capital Assets**

Capital assets activity for the year ended June 30, 2019, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Deletions</u>  | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|
| <b>Governmental Activities:</b>                 |                              |                     |                   |                           |
| Capital assets, not being depreciated:          |                              |                     |                   |                           |
| Land  | \$ 3,262,881                 | \$ -                | \$ 150,000        | \$ 3,112,881              |
| Construction-in-progress                        | 528,460                      | 241,657             | -                 | 770,117                   |
| Total Capital Assets,<br>Not Being Depreciated  | 3,791,341                    | 241,657             | 150,000           | 3,882,998                 |
| Capital assets, being depreciated:              |                              |                     |                   |                           |
| Buildings                                       | 6,268,981                    | -                   | 654,386           | 5,614,595                 |
| Machinery and Equipment                         | 930,313                      | 142,147             | 146,347           | 926,113                   |
| Vehicles  | 543,554                      | 55,075              | -                 | 598,629                   |
| Improvements other than buildings               | 6,281,969                    | 114,366             | 58,390            | 6,337,945                 |
| Infrastructure                                  | 4,341,296                    | -                   | -                 | 4,341,296                 |
| Total Capital Assets,<br>Being Depreciated      | 18,366,113                   | 311,588             | 859,123           | 17,818,578                |
| Less accumulated depreciation:                  |                              |                     |                   |                           |
| Buildings                                       | 3,522,259                    | 141,326             | 340,005           | 3,323,580                 |
| Machinery and Equipment                         | 672,240                      | 109,606             | 138,662           | 643,184                   |
| Vehicles  | 460,123                      | 35,524              | -                 | 495,647                   |
| Improvements other than buildings               | 3,369,315                    | 271,678             | 34,246            | 3,606,747                 |
| Infrastructure                                  | 2,210,160                    | 231,716             | -                 | 2,441,876                 |
| Total Accumulated<br>Depreciation               | 10,234,097                   | 789,850             | 512,913           | 10,511,034                |
| Total Capital Assets,<br>Being Depreciated, Net | 8,132,016                    | (478,262)           | 346,210           | 7,307,544                 |
| Governmental Activities<br>Capital Assets, Net  | <u>\$ 11,923,357</u>         | <u>\$ (236,605)</u> | <u>\$ 496,210</u> | <u>\$ 11,190,542</u>      |

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

Governmental Activities:

|  |                   |
|--|-------------------|
| General Government                                   | \$ 153,635        |
| Public Safety  | 40,984            |
| Public Works   | 265,184           |
| Cultural and recreation                              | 330,047           |
| Total Depreciation expense - Governmental Activities | <u>\$ 789,850</u> |

## CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**Note 5: Capital Assets (Continued)**

|   | Beginning<br>Balance | Additions   | Deletions | Ending<br>Balance |
|---|----------------------|-------------|-----------|-------------------|
| <b><u>Business-type Activities:</u></b>         |                      |             |           |                   |
| 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,<br>Being Depreciated      | 7,415,106            | -           | -         | 7,415,106         |
| Less accumulated depreciation:                  |                      |             |           |                   |
| Sewer mains                                     | 1,516,254            | 44,701      | -         | 1,560,955         |
| Laterals  | 625,133              | 21,010      | -         | 646,143           |
| Manholes  | 460,103              | 14,431      | -         | 474,534           |
| Improvements                                    | 105,348              | 8,428       | -         | 113,776           |
| Total Accumulated Depreciation                  | 2,706,838            | 88,570      | -         | 2,795,408         |
| Business-type Activities<br>Capital Assets, Net | \$ 4,708,268         | \$ (88,570) | \$ -      | \$ 4,619,698      |

**Note 6: Compensated Absences**

Compensated absences activity for the year ended June 30, 2019, was as follows:

|                             | Beginning<br>Balance | Additions | Deletions | Ending<br>Balance | Due Within<br>One Year |
|-----------------------------|----------------------|-----------|-----------|-------------------|------------------------|
| Compensated Absences        | \$ 165,729           | \$ 46,806 | \$ 38,434 | \$ 174,101        | \$ 40,376              |
| Total Long-Term Liabilities | \$ 165,729           | \$ 46,806 | \$ 38,434 | \$ 174,101        | \$ 40,376              |

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, 2019

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, 2019, for which the City of Grand Terrace has contracted:

|  | Miscellaneous Cost-Sharing Plans                |   |   |
|--|---|---|---|
|  | Tier 1 *  | Tier 2  | PEPRA   |
| Hire date  | Prior to<br>December 13, 2012                   | December 13, 2012<br>but prior to<br>January 1, 2013  | January 1, 2013<br>and after                          |
| 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 %<br>of eligible compensation | 2% - 2.7%, 50 yrs -<br>63+ yrs,<br>respectively | 1.092% - 2.418%,<br>50 yrs - 63+ yrs,<br>respectively | 1.000% - 2.500%,<br>52 yrs - 67+ yrs,<br>respectively |
| Required employee<br>contribution rates              | 7.952%  | 6.912%  | 6.250%  |
| Required employer<br>contribution rates              | 12.212%   | 7.634%  | 6.842%  |

\*Closed to new entrants

Employees Covered

At June 30, 2019, 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                    | 18                | 3             | 19    | 40    |
| Transferred members               | 19                | 4             | 3     | 26    |
| Terminated members                | 55                | 0             | 9     | 64    |
| Retired members and beneficiaries | 39                | 0             | 1     | 40    |
| Total                             | 131               | 7             | 32    | 170   |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**


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**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, 2019, the employer contributions recognized as a reduction to the net pension liability was \$391,538.

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

As of June 30, 2019, the City reported net pension liabilities for its proportionate shares of the net pension liability of \$4,891,935.

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

Proportions as a percentage of the CalPERS risk pool:

|                              |                 |
|------------------------------|-----------------|
| Proportion - June 30, 2017   | 0.04529%        |
| Proportion - June 30, 2018   | <u>0.05152%</u> |
| Change - Increase (Decrease) | 0.00623%        |



**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

**Note 7: Pension Plan (Continued)**

For the year ended June 30, 2019, the City recognized a total pension expense of \$163,232. At June 30, 2019, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

|  | <b>Deferred Outflows of<br/>Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|--|---|--|
| City contribution subsequent to the measurement date                             | \$ 383,835                                | \$ -                                     |
| Difference between Expected and Actual Experience                                | 141,374                                   | (48,109)                                 |
| Change in Assumptions  | 420,063                                   | (102,949)                                |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 18,216                                    | -  |
| Adjustment due to Difference in Proportions                                      | 9,094                                     | (314,126)                                |
| Differences in proportionate share   | 11,250                                    | (82,908)                                 |
| <b>Total</b>   | <b>\$ 983,832</b>                         | <b>\$ (548,092)</b>                      |

\$383,835 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <b>Measurement<br/>Period Ended<br/>June 30:</b> | <b>Deferred<br/>Outflows/(Inflows) of<br/>Resources</b> |
|--|---|
| 2019   | \$ 47,651   |
| 2020   | 179,004   |
| 2021   | (141,608)   |
| 2022   | (33,142)  |
|  | <b>\$ 51,905</b>  |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**


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**Note 7: Pension Plan (Continued)**

## Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

|                                  | Miscellaneous Plan <sup>(1)</sup>   |
|----------------------------------|---|
| Valuation Date                   | June 30, 2017   |
| Measurement Date                 | June 30, 2018   |
| 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% <sup>(2)</sup>  |
| Mortality                        | Derived using CalPERS Membership Data for all Funds <sup>(3)</sup>  |
| Post Retirement Benefit Increase | Contract cost of living adjustment (COLA) up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

<sup>(1)</sup> Actuarial assumptions are the same for all benefit tiers (Classic Tier I, Classic Tier II, and PEPRA)

<sup>(2)</sup> Net of pension plan investment expenses, including inflation

<sup>(3)</sup> 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, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

## 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.

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Note 7: Pension Plan (Continued)**

**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 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%<br>6.15% | Current Discount<br>7.15% | Discount Rate +1%<br>8.15% |
|--------------------------------------|-----------------------------|---------------------------|----------------------------|
| Miscellaneous                        | \$ 7,125,869                | \$ 4,891,935              | \$ 3,047,860               |

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**


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**Note 7: Pension Plan (Continued)**

## 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.

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 required contribution is based on pay-as-you-go financing requirements. For the measurement date ended June 30, 2019, the City's cash contributions were \$23,030 in total payments, which were recognized as a reduction to the OPEB liability.

## Employees Covered

At June 30, 2019, the measurement date, the following numbers of participants were covered by the benefit terms:

|  | Number of Covered<br>Participants |
|--|-----------------------------------|
| Inactives currently receiving benefits               | 8                                 |
| Inactives entitled to but not yet receiving benefits | 23                                |
| Active employees                                     | 17                                |
| Total  | 48                                |

Covered participant counts were available to the actuary for the June 30, 2018 actuarial valuation but not as of June 30, 2019 measurement date.

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**Note 8: Other Post-Employment Benefits (Continued)**

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2019 for the measurement period July 1, 2018 through June 30, 2019. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial assumptions:

Actuarial Assumptions:

|                           |  |
|---------------------------|--|
| Discount rate             | 3.87% at June 30, 2018 (Bond Buyer 20-bond Index)                            |
| Inflation                 | 2.75% per annum  |
| Salary Increases          | Aggregate - 3.00%  |
|                           | Merit - Tables from CalPERS 1997-2015 Experience Study                       |
| Investment rate of return | N/A  |
| Mortality rate            | CalPERS 1997-2011 Experience Study   |
| Healthcare trend rate     | Non-medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 |
|                           | Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076     |

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The discount rate is based on the bond buyer 20-bond index.

Changes in the Total OPEB Liability.

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

|                                      | <u>Total OPEB Liability</u><br><u>Measurement Period</u><br><u>2018-19</u> |
|--------------------------------------|--|
| Total OPEB Liability - June 30, 2018 | \$ 1,165,731   |
| Changes in Total OPEB Liability      |  |
| Service Cost                         | 107,552  |
| Interest                             | 48,506   |
| Assumption changes                   | 62,620   |
| Benefits payments                    | (39,770)   |
| Change in benefit terms              | -  |
| Net Changes                          | <u>178,908</u>   |
| Total OPEB Liability - June 30, 2019 | <u>\$ 1,344,639</u>  |

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**Note 8: Other Post-Employment Benefits (Continued)**

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, 2019:

|                      | Discount Rate      |                     |                    |
|----------------------|--------------------|---------------------|--------------------|
|                      | 1% Decrease (2.5%) | Current Rate (3.5%) | 1% Increase (4.5%) |
| Total OPEB Liability | \$ 1,539,607       | \$ 1,344,639        | \$ 1,185,373       |

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:

|                      | Healthcare Trend Rate |              |              |
|----------------------|-----------------------|--------------|--------------|
|                      | 1% Decrease           | Current Rate | 1% Increase  |
| Total OPEB Liability | \$ 1,268,123          | \$ 1,344,639 | \$ 1,419,171 |

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$159,195. At June 30, 2019, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                       | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-----------------------|-----------------------------------|----------------------------------|
| Change in assumptions | \$ 51,634                         | \$ (29,487)                      |

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

| Fiscal Year Ended<br>June 30 | Deferred<br>Outflows/(Inflows) of<br>Resources |
|------------------------------|--|
| 2020                         | \$ 3,016                                       |
| 2021                         | 3,016  |
| 2022                         | 3,016  |
| 2023                         | 5,409  |
| 2024                         | 7,690  |
| Total                        | \$ 22,147                                      |

## CITY OF GRAND TERRACE

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2019

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#### 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 116 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.

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

## CITY OF GRAND TERRACE

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2019

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#### Note 9: Risk Management (Continued)

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 2018-19 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 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.

#### 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 \$27,361,127. 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 \$3,000,000 with a \$2,500 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 2018-19.



## CITY OF GRAND TERRACE

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2019

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#### **Note 10: Commitments and Contingencies**

As of June 30, 2019, 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, 2019:

| Project Name   | Contract Amount | Expenditures to date as of June 30, 2019 | Remaining Commitments |
|--|-----------------|--|-----------------------|
| Barton Road Streetscape  | \$ 60,000       | \$ 2,984                                 | \$ 57,016             |
| Michigan Design & Row (Michigan Walkable Plan)                   | 74,509          | 5,614                                    | 68,895                |
| Commerce Way - Real Estate Acquisition of private & remnant land | 50,000          | 44,812                                   | 5,188                 |
| Commerce Way - Construction Mgmt & 3-D Modeling                  | 237,030         | 67,825                                   | 169,205               |

#### **Note 11: Fund Balance/ Net Position Restatement**

##### **Governmental Funds/Government-wide activities**

The Dog Park Endowment Fund beginning fund balance was restated by \$(13,119) to reclassify prior year miscellaneous revenue that should have been recorded as refundable deposits. The General Fund beginning fund balance was restated by \$(33,677) to record prior year accrued interest on the advance between the General Fund and the Waste Water Disposal Fund. As a result, governmental activities beginning net position was restated by \$(46,796).

##### **Enterprise/Business-type Activities**

The business-type activities beginning net position and the Waste Water Disposal Fund beginning net position were restated by \$33,677 to record prior year accrued interest on the advance between the General Fund and the Waste Water Disposal Fund.

#### **Note 12: 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 13: 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

# CITY OF GRAND TERRACE

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2019

### Note 13: Successor Agency Private-Purpose Trust Fund to the Former Redevelopment Agency (Continued)

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, 2019, cash and investments were reported in the accompanying financial statements as follows:

|  |                      |
|--|----------------------|
| Cash and investments                   | \$ 16,730,599        |
| Cash and investments with fiscal agent | <u>1,764,350</u>     |
| Total Cash and Investments             | <u>\$ 18,494,949</u> |

#### Long-Term Debt

Long-term liability activity for the year ended June 30, 2019, was as follows:

|                                     | Beginning<br>Balance | Additions   | Deletions         | Ending<br>Balance    | Due Within<br>One Year |
|-------------------------------------|----------------------|-------------|-------------------|----------------------|------------------------|
| <b>Direct Borrowings:</b>           |                      |             |                   |                      |                        |
| Tax Allocation Bonds:               |                      |             |                   |                      |                        |
| 2011 Tax Allocation Bonds, Series A | \$ 13,425,000        | \$ -        | \$ 330,000        | \$ 13,095,000        | \$ 340,000             |
| 2011 Tax Allocation Bonds, Series B | 4,070,000            | -           | 335,000           | 3,735,000            | 360,000                |
| Discount on Bonds issued            | (109,714)            | -           | (9,110)           | (100,604)            | -                      |
| Total Bonds Payable                 | <u>\$ 17,385,286</u> | <u>\$ -</u> | <u>\$ 655,890</u> | <u>\$ 16,729,396</u> | <u>\$ 700,000</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.

## CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**Note 13: Successor Agency Private-Purpose Trust Fund to the Former Redevelopment Agency (Continued)**

The 2011A Tax Allocation Bond was transferred to the Successor Agency on February 1, 2012, as a result of the Redevelopment Agency closure. The balance at June 30, 2019, amounted to \$13,095,000.

Debt service payments to maturity for the 2011A Tax Allocation Bonds are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u>     | <u>Interest</u>     |
|----------------------------|----------------------|---------------------|
| 2020                       | \$ 340,000           | \$ 762,478          |
| 2021                       | 360,000              | 745,860             |
| 2022                       | 380,000              | 726,990             |
| 2023                       | 400,000              | 707,100             |
| 2024                       | 420,000              | 684,300             |
| 2025-2029                  | 3,805,000            | 2,925,750           |
| 2030-2034                  | 7,390,000            | 1,160,100           |
| Total                      | <u>\$ 13,095,000</u> | <u>\$ 7,712,578</u> |

**2011B Tax Allocation Bonds**

In June of 2011, the former CRA issued the \$5,650,000 Community Redevelopment Project Area Taxable Tax Allocation Bonds, Issue of 2011 B. The Bonds were issued for the purpose of acquiring 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, 2026. 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. The 2011 B Tax Allocation Bond was transferred to the Successor Agency on February 1, 2012 as a result of the Redevelopment Agency closure. The balance at June 30, 2019, amounted to \$3,735,000.

Debt service payments to maturity for the 2011 B Taxable Tax Allocation Bonds are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u>    | <u>Interest</u>     |
|----------------------------|---------------------|---------------------|
| 2020                       | \$ 360,000          | \$ 270,345          |
| 2021                       | 385,000             | 243,898             |
| 2022                       | 410,000             | 214,445             |
| 2023                       | 440,000             | 181,720             |
| 2024                       | 475,000             | 146,493             |
| 2025-2028                  | 1,665,000           | 198,468             |
| Total                      | <u>\$ 3,735,000</u> | <u>\$ 1,255,369</u> |

## CITY OF GRAND TERRACE

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2019

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#### **Note 13: Successor Agency Private-Purpose Trust Fund to the Former Redevelopment Agency (Continued)**

##### Pledged Tax Revenues

The City has pledged, as security for bonds issued, certain tax revenues for the repayment of Successor Agency bonds through final maturity on September 1, 2033, or earlier retirement, whichever occurs first. Tax revenues consist of tax increment revenues allocated to the Successor Agency pursuant to Section 33670 of the Redevelopment Law. Such Law excludes a portion of tax increment revenues required to be paid under Tax-Sharing Agreements unless the payment of such amounts has been subordinated to the payment of debt service on the Bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to local agency and school entity pursuant to any pass-through agreement, then second to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. For the current year, the total property tax revenue recognized by the Successor Agency was \$2,054,163 and the debt service obligation on the bonds was \$1,736,698.

#### **Note 14: Subsequent Event**

In August 2019, the Successor Agency to the Community Redevelopment Agency defeased the Community Redevelopment Project Area, Tax Allocation bonds, Issues 2011A and 2011 B.

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. On March 24, 2020, the City Council adopted Resolution 2020-05, ratifying the Declaration and Proclamation of a Local Emergency in response to COVID-19 in the City of Grand Terrace, as issued by the City Manager in his capacity as Director of Emergency Services.

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.

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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>  |
|--|--------------|--------------|--------------|--------------|--------------|
| <b><u>Miscellaneous Plan</u></b>   |              |              |              |              |              |
| Proportion of the Net Pension Liability  | 0.05190%     | 0.05638%     | 0.05243%     | 0.05107%     | 0.05077%     |
| Proportionate Share of the Net Pension Liability                                     | \$ 3,229,236 | \$ 3,870,057 | \$ 4,536,720 | \$ 5,064,768 | \$ 4,891,935 |
| Covered Payroll  | \$ 1,413,685 | \$ 1,452,613 | \$ 1,335,625 | \$ 1,540,292 | \$ 1,352,434 |
| Proportionate Share of the Net Pension Liability as<br>Percentage of Covered Payroll | 228.43%      | 266.42%      | 339.67%      | 328.82%      | 361.71%      |
| Plan Fiduciary Net Position as a Percentage of the Total<br>Pension Liability        | 78.40%       | 79.82%       | 75.87%       | 73.31%       | 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 five 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         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Miscellaneous Plan</b>   |              |              |              |              |              |
| Actuarially Determined Contribution                                 | \$ 159,393   | \$ 116,663   | \$ 424,915   | \$ 391,538   | \$ 383,835   |
| Contribution in Relation to the Actuarially Determined Contribution | (159,393)    | (116,663)    | (424,915)    | (391,538)    | (383,835)    |
| Contribution Deficiency (Excess)                                    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered Payroll   | \$ 1,452,613 | \$ 1,335,625 | \$ 1,540,292 | \$ 1,352,434 | \$ 1,382,907 |
| Contributions as a Percentage of Covered Payroll                    | 10.97%       | 8.73%        | 27.59%       | 28.95%       | 27.76%       |

(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 five years are shown.

**Note to Schedule:**

Valuation Date: June 30, 2016

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                  | 2.75%  |
| 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)**

|   | <b>2018</b>         | <b>2019</b>         |
|---|---------------------|---------------------|
| <b>Total OPEB Liability</b>   |                     |                     |
| Service cost  | \$ 169,316          | \$ 107,552          |
| Interest on the total OPEB liability  | 51,629              | 48,506              |
| Actual and expected experience difference                                   | -                   | -                   |
| Changes in assumptions  | (45,427)            | 62,620              |
| Changes in benefit terms  | (259,790)           | -                   |
| Benefit payments  | (45,629)            | (39,770)            |
| <b>Net Change in Total OPEB Liability</b>                                   | <b>(129,901)</b>    | <b>178,908</b>      |
| Total OPEB liability - beginning  | 1,295,632           | 1,165,731           |
| <b>Total OPEB Liability - Ending</b>  | <b>\$ 1,165,731</b> | <b>\$ 1,344,639</b> |
| <br><b>Covered-Employee Payroll</b>   | <br>\$ 866,196      | <br>\$ 1,575,073    |
| <br><b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b> | <br>135%            | <br>85%             |

(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 was changed from 3.58 percent to 3.87 percent for the measurement period ended June 30, 2018. The discount rate was updated to 3.50% (Bond Buyer 20-Bond Index) based on municipal bond rate as of the measure date June 30, 2019.



## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                     | <b>Actual</b>       | <b>Variance with</b> |
|---|-----------------------|---------------------|---------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>        | <b>Amounts</b>      | <b>Final Budget</b>  |
|   |                       |                     |                     | <b>Positive</b>      |
|   |                       |                     |                     | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1, as restated | \$ 3,335,476          | \$ 3,335,476        | \$ 3,335,476        | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                     |                     |                      |
| Taxes                                       | 3,840,000             | 3,840,000           | 4,154,498           | 314,498              |
| Intergovernmental                           | 26,500                | 26,500              | 46,209              | 19,709               |
| Charges for services                        | 1,077,498             | 1,098,734           | 1,085,008           | (13,726)             |
| Use of money and property                   | 392,000               | 392,000             | 421,284             | 29,284               |
| Fines and forfeitures                       | 71,500                | 96,500              | 96,293              | (207)                |
| Miscellaneous                               | 85,800                | 120,366             | 63,043              | (57,323)             |
| Transfers in                                | 27,352                | 27,352              | 2,379               | (24,973)             |
| Proceeds from sale of capital asset         | 80,000                | 80,000              | -                   | (80,000)             |
| <b>Amounts Available for Appropriations</b> | <b>8,936,126</b>      | <b>9,016,928</b>    | <b>9,204,190</b>    | <b>187,262</b>       |
| <b>Charges to Appropriations (Outflow):</b> |                       |                     |                     |                      |
| General government                          | 1,364,794             | 1,455,205           | 1,454,187           | (1,018)              |
| Public safety                               | 2,085,927             | 2,111,203           | 2,111,201           | (2)                  |
| Cultural and recreation                     | 854,800               | 778,956             | 750,807             | (28,149)             |
| Public works                                | 1,161,303             | 1,377,227           | 1,334,339           | (42,888)             |
| Capital outlay                              | -                     | 1,033,085           | 204,999             | (828,086)            |
| Transfers out                               | 126,326               | 126,326             | 120,383             | (5,943)              |
| <b>Total Charges to Appropriations</b>      | <b>5,593,150</b>      | <b>6,882,002</b>    | <b>5,975,916</b>    | <b>(906,086)</b>     |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 3,342,976</b>   | <b>\$ 2,134,926</b> | <b>\$ 3,228,274</b> | <b>\$ 1,093,348</b>  |

## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE**  
**STREET IMPROVEMENT**  
**YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                   | <b>Actual</b>     | <b>Variance with</b> |
|---|-----------------------|-------------------|-------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>      | <b>Amounts</b>    | <b>Final Budget</b>  |
|   |                       |                   |                   | <b>Positive</b>      |
|   |                       |                   |                   | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ 545,179            | \$ 545,179        | \$ 545,179        | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                   |                   |                      |
| Charges for services                        | 48,000                | 48,000            | 89,519            | 41,519               |
| Use of money and property                   | -                     | -                 | 7,650             | 7,650                |
| <b>Amounts Available for Appropriations</b> | <b>593,179</b>        | <b>593,179</b>    | <b>642,348</b>    | <b>49,169</b>        |
| <b>Charges to Appropriations (Outflow):</b> |                       |                   |                   |                      |
| Public works                                | 47,380                | -                 | -                 | -                    |
| Transfers out                               | 565,000               | 600,959           | 30,771            | 570,188              |
| <b>Total Charges to Appropriations</b>      | <b>612,380</b>        | <b>600,959</b>    | <b>30,771</b>     | <b>570,188</b>       |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ (19,201)</b>    | <b>\$ (7,780)</b> | <b>\$ 611,577</b> | <b>\$ 619,357</b>    |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
HOUSING AUTHORITY  
YEAR ENDED JUNE 30, 2019

|   | Budget Amounts      |                     | Actual              | Variance with     |
|---|---------------------|---------------------|---------------------|-------------------|
|   | Original            | Final               | Amounts             | Final Budget      |
|   |                     |                     |                     | Positive          |
|   |                     |                     |                     | (Negative)        |
| Budgetary Fund Balance, July 1              | \$ 1,919,672        | \$ 1,919,672        | \$ 1,919,672        | \$ -              |
| <b>Resources (Inflows):</b>                 |                     |                     |                     |                   |
| Use of money and property                   | -                   | -                   | 6,676               | 6,676             |
| Miscellaneous                               | 50,000              | 50,000              | -                   | (50,000)          |
| Gain on sale of property                    | -                   | -                   | 201,834             | 201,834           |
| <b>Amounts Available for Appropriations</b> | <b>1,969,672</b>    | <b>1,969,672</b>    | <b>2,128,182</b>    | <b>158,510</b>    |
| <b>Charges to Appropriations (Outflow):</b> |                     |                     |                     |                   |
| Economic development                        | 28,320              | 59,320              | 34,537              | 24,783            |
| <b>Total Charges to Appropriations</b>      | <b>28,320</b>       | <b>59,320</b>       | <b>34,537</b>       | <b>24,783</b>     |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 1,941,352</b> | <b>\$ 1,910,352</b> | <b>\$ 2,093,645</b> | <b>\$ 183,293</b> |

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**CITY OF GRAND TERRACE**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

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**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, 2019**

|  | <b>Special Revenue Funds</b> |                                    |                             |                              |
|--|------------------------------|------------------------------------|-----------------------------|------------------------------|
|  | <b>Child Care<br/>Center</b> | <b>Storm Drain<br/>Improvement</b> | <b>Park<br/>Development</b> | <b>AB 3229 COPS<br/>Fund</b> |
| <b>Assets:</b>   |                              |                                    |                             |                              |
| Cash and investments   | \$ 243,120                   | \$ 242,735                         | \$ 127,105                  | \$ 25,741                    |
| Receivables:   |                              |                                    |                             |                              |
| Accounts Receivable  | -                            | -                                  | -                           | -                            |
| Due from other governments   | -                            | -                                  | -                           | -                            |
| Due from other funds   | -                            | 9,000                              | 9,000                       | -                            |
| <b>Total Assets</b>  | <b>\$ 243,120</b>            | <b>\$ 251,735</b>                  | <b>\$ 136,105</b>           | <b>\$ 25,741</b>             |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b>      |                              |                                    |                             |                              |
| <b>Liabilities:</b>  |                              |                                    |                             |                              |
| Accounts payable   | \$ -                         | \$ -                               | \$ -                        | \$ -                         |
| Refundable Deposits  | -                            | -                                  | -                           | -                            |
| Due to other funds   | -                            | -                                  | -                           | -                            |
| <b>Total Liabilities</b>   | <b>-</b>                     | <b>-</b>                           | <b>-</b>                    | <b>-</b>                     |
| <b>Deferred Inflows of Resources:</b>  |                              |                                    |                             |                              |
| Unavailable revenues   | -                            | -                                  | -                           | -                            |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>-</b>                     | <b>-</b>                           | <b>-</b>                    | <b>-</b>                     |
| <b>Fund Balances:</b>  |                              |                                    |                             |                              |
| <b>Restricted for:</b>   |                              |                                    |                             |                              |
| Community development projects   | -                            | -                                  | 136,105                     | -                            |
| Public safety  | -                            | -                                  | -                           | 25,741                       |
| Public works   | -                            | 251,735                            | -                           | -                            |
| Child Care   | 243,120                      | -                                  | -                           | -                            |
| <b>Unassigned</b>  | <b>-</b>                     | <b>-</b>                           | <b>-</b>                    | <b>-</b>                     |
| <b>Total Fund Balances</b>   | <b>243,120</b>               | <b>251,735</b>                     | <b>136,105</b>              | <b>25,741</b>                |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b>\$ 243,120</b>            | <b>\$ 251,735</b>                  | <b>\$ 136,105</b>           | <b>\$ 25,741</b>             |

## CITY OF GRAND TERRACE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

(CONTINUED)

|  | Special Revenue Funds      |                   |                  |                           |
|--|----------------------------|-------------------|------------------|---------------------------|
|  | Air Quality<br>Improvement | State Gas Tax     | Traffic Safety   | Facilities<br>Development |
| <b>Assets:</b>   |                            |                   |                  |                           |
| Cash and investments   | \$ 38,022                  | \$ 99,131         | \$ 9,680         | \$ 347,797                |
| Receivables:   |                            |                   |                  |                           |
| Accounts Receivable  | -                          | -                 | -                | -                         |
| Due from other governments   | 4,211                      | 40,989            | 1,540            | -                         |
| Due from other funds   | -                          | -                 | -                | 9,000                     |
| <b>Total Assets</b>  | <b>\$ 42,233</b>           | <b>\$ 140,120</b> | <b>\$ 11,220</b> | <b>\$ 356,797</b>         |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b>      |                            |                   |                  |                           |
| <b>Liabilities:</b>  |                            |                   |                  |                           |
| Accounts payable   | \$ -                       | \$ 19,836         | \$ -             | \$ -                      |
| Refundable Deposits  | -                          | -                 | -                | -                         |
| Due to other funds   | -                          | -                 | -                | -                         |
| <b>Total Liabilities</b>   | <b>-</b>                   | <b>19,836</b>     | <b>-</b>         | <b>-</b>                  |
| <b>Deferred Inflows of Resources:</b>  |                            |                   |                  |                           |
| Unavailable revenues   | -                          | -                 | -                | -                         |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>-</b>                   | <b>-</b>          | <b>-</b>         | <b>-</b>                  |
| <b>Fund Balances:</b>  |                            |                   |                  |                           |
| <b>Restricted for:</b>   |                            |                   |                  |                           |
| Community development projects   | -                          | -                 | -                | 356,797                   |
| Public safety  | -                          | -                 | -                | -                         |
| Public works   | 42,233                     | 120,284           | 11,220           | -                         |
| Child Care   | -                          | -                 | -                | -                         |
| <b>Unassigned</b>  | <b>-</b>                   | <b>-</b>          | <b>-</b>         | <b>-</b>                  |
| <b>Total Fund Balances</b>   | <b>42,233</b>              | <b>120,284</b>    | <b>11,220</b>    | <b>356,797</b>            |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b>\$ 42,233</b>           | <b>\$ 140,120</b> | <b>\$ 11,220</b> | <b>\$ 356,797</b>         |

## CITY OF GRAND TERRACE

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

|  | Special Revenue Funds |                  |   |                       |
|--|-----------------------|------------------|---|-----------------------|
|  | Measure I             | CDBG             | Special Districts<br>Landscape & Lighting | Spring Mountain Ranch |
| <b>Assets:</b>   |                       |                  |   |                       |
| Cash and investments   | \$ -                  | \$ -             | \$ 16,535                                 | \$ 584,234            |
| Receivables:   |                       |                  |   |                       |
| Accounts Receivable  | -                     | -                | -   | -                     |
| Due from other governments   | 58,604                | 42,164           | 17  | -                     |
| Due from other funds   | -                     | -                | -   | -                     |
| <b>Total Assets</b>  | <b>\$ 58,604</b>      | <b>\$ 42,164</b> | <b>\$ 16,552</b>                          | <b>\$ 584,234</b>     |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                       |                  |   |                       |
| <b>Liabilities:</b>  |                       |                  |   |                       |
| Accounts payable   | \$ 394                | \$ 5,429         | \$ 8,457                                  | \$ 1,940              |
| Refundable Deposits  | -                     | -                | -   | -                     |
| Due to other funds   | 713                   | 27,869           | -   | -                     |
| <b>Total Liabilities</b>   | <b>1,107</b>          | <b>33,298</b>    | <b>8,457</b>                              | <b>1,940</b>          |
| <b>Deferred Inflows of Resources:</b>                                      |                       |                  |   |                       |
| Unavailable revenues   | 18,266                | 42,164           | -   | -                     |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>18,266</b>         | <b>42,164</b>    | <b>-</b>                                  | <b>-</b>              |
| <b>Fund Balances:</b>  |                       |                  |   |                       |
| <b>Restricted for:</b>   |                       |                  |   |                       |
| Community development projects   | -                     | -                | -   | 582,294               |
| Public safety  | -                     | -                | -   | -                     |
| Public works   | 39,231                | -                | 8,095                                     | -                     |
| Child Care   | -                     | -                | -   | -                     |
| <b>Unassigned</b>  | <b>-</b>              | <b>(33,298)</b>  | <b>-</b>                                  | <b>-</b>              |
| <b>Total Fund Balances</b>   | <b>39,231</b>         | <b>(33,298)</b>  | <b>8,095</b>                              | <b>582,294</b>        |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 58,604</b>      | <b>\$ 42,164</b> | <b>\$ 16,552</b>                          | <b>\$ 584,234</b>     |



## CITY OF GRAND TERRACE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

(CONTINUED)

|  | Special Revenue Funds |                            |  |                                     |
|--|-----------------------|----------------------------|--|-------------------------------------|
|  | Cal Recycle<br>Grant  | Senior Bus<br>Program Fund | Public,<br>Educational &<br>Government<br>Access | Active<br>Transportation<br>Program |
| <b>Assets:</b>   |                       |                            |  |                                     |
| Cash and investments   | \$ -                  | \$ 34,525                  | \$ 64,893  | \$ -                                |
| Receivables:   |                       |                            |  |                                     |
| Accounts Receivable  | -                     | 12,093                     | 4,654  | -                                   |
| Due from other governments   | 28,698                | -                          | -  | 46,628                              |
| Due from other funds   | -                     | -                          | -  | -                                   |
| <b>Total Assets</b>  | <b>\$ 28,698</b>      | <b>\$ 46,618</b>           | <b>\$ 69,547</b>                                 | <b>\$ 46,628</b>                    |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b>      |                       |                            |  |                                     |
| <b>Liabilities:</b>  |                       |                            |  |                                     |
| Accounts payable   | \$ -                  | \$ 990                     | \$ -   | \$ -                                |
| Refundable Deposits  | -                     | -                          | -  | -                                   |
| Due to other funds   | 19,596                | -                          | -  | 46,628                              |
| <b>Total Liabilities</b>   | <b>19,596</b>         | <b>990</b>                 | <b>-</b>   | <b>46,628</b>                       |
| <b>Deferred Inflows of Resources:</b>  |                       |                            |  |                                     |
| Unavailable revenues   | 9,068                 | -                          | -  | -                                   |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>9,068</b>          | <b>-</b>                   | <b>-</b>   | <b>-</b>                            |
| <b>Fund Balances:</b>  |                       |                            |  |                                     |
| <b>Restricted for:</b>   |                       |                            |  |                                     |
| Community development projects   | 34                    | 45,628                     | 69,547   | -                                   |
| Public safety  | -                     | -                          | -  | -                                   |
| Public works   | -                     | -                          | -  | -                                   |
| Child Care   | -                     | -                          | -  | -                                   |
| <b>Unassigned</b>  | <b>-</b>              | <b>-</b>                   | <b>-</b>   | <b>-</b>                            |
| <b>Total Fund Balances</b>   | <b>34</b>             | <b>45,628</b>              | <b>69,547</b>                                    | <b>-</b>                            |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b>\$ 28,698</b>      | <b>\$ 46,618</b>           | <b>\$ 69,547</b>                                 | <b>\$ 46,628</b>                    |

## CITY OF GRAND TERRACE

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

|  | <b>Special Revenue Funds</b>                      |   | <b>Capital Projects Funds</b>               |                                   |
|--|---|---|---|-----------------------------------|
|  | <b>Highway Safety<br/>Improvement<br/>Program</b> | <b>Enhanced<br/>Infrastructure<br/>Financing<br/>District</b> | <b>Capital<br/>Improvement-<br/>Streets</b> | <b>Barton / Colton<br/>Bridge</b> |
| <b>Assets:</b>   |   |   |   |                                   |
| Cash and investments   | \$ -  | \$ -  | \$ 45,967                                   | \$ -                              |
| Receivables:   |   |   |   |                                   |
| Accounts Receivable  | -   | -   | -   | -                                 |
| Due from other governments   | -   | -   | -   | -                                 |
| Due from other funds   | -   | -   | -   | -                                 |
| <b>Total Assets</b>  | <b>\$ -</b>                                       | <b>\$ -</b>   | <b>\$ 45,967</b>                            | <b>\$ -</b>                       |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b>      |   |   |   |                                   |
| <b>Liabilities:</b>  |   |   |   |                                   |
| Accounts payable   | \$ -  | \$ -  | \$ -  | \$ -                              |
| Refundable Deposits  | -   | -   | -   | -                                 |
| Due to other funds   | -   | 41,643  | -   | -                                 |
| <b>Total Liabilities</b>   | <b>-</b>  | <b>41,643</b>   | <b>-</b>                                    | <b>-</b>                          |
| <b>Deferred Inflows of Resources:</b>  |   |   |   |                                   |
| Unavailable revenues   | -   | -   | -   | -                                 |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>-</b>  | <b>-</b>  | <b>-</b>                                    | <b>-</b>                          |
| <b>Fund Balances:</b>  |   |   |   |                                   |
| <b>Restricted for:</b>   |   |   |   |                                   |
| Community development projects   | -   | -   | -   | -                                 |
| Public safety  | -   | -   | -   | -                                 |
| Public works   | -   | -   | 45,967                                      | -                                 |
| Child Care   | -   | -   | -   | -                                 |
| <b>Unassigned</b>  | <b>-</b>  | <b>(41,643)</b>   | <b>-</b>                                    | <b>-</b>                          |
| <b>Total Fund Balances</b>   | <b>-</b>  | <b>(41,643)</b>   | <b>45,967</b>                               | <b>-</b>                          |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b>\$ -</b>                                       | <b>\$ -</b>   | <b>\$ 45,967</b>                            | <b>\$ -</b>                       |

## CITY OF GRAND TERRACE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

(CONTINUED)

|  | Capital Projects Funds |                         |   | Permanent Fund          |
|--|------------------------|-------------------------|---|-------------------------|
|  | Capital Projects       | Capital Project - Parks | Capital Projects - Commerce Way Project | Dog Park Endowment fund |
| <b>Assets:</b>   |                        |                         |   |                         |
| Cash and investments   | \$ 1,354               | \$ 158,286              | \$ 847,892                              | \$ 20,896               |
| Receivables:   |                        |                         |   |                         |
| Accounts Receivable  | -                      | -                       | -                                       | -                       |
| Due from other governments   | -                      | -                       | -                                       | -                       |
| Due from other funds   | -                      | -                       | -                                       | -                       |
| <b>Total Assets</b>  | <b>\$ 1,354</b>        | <b>\$ 158,286</b>       | <b>\$ 847,892</b>                       | <b>\$ 20,896</b>        |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                        |                         |   |                         |
| <b>Liabilities:</b>  |                        |                         |   |                         |
| Accounts payable   | \$ 168                 | \$ -                    | \$ 15,007                               | \$ -                    |
| Refundable Deposits  | -                      | -                       | -                                       | 20,896                  |
| Due to other funds   | -                      | -                       | -                                       | -                       |
| <b>Total Liabilities</b>   | <b>168</b>             | <b>-</b>                | <b>15,007</b>                           | <b>20,896</b>           |
| <b>Deferred Inflows of Resources:</b>                                      |                        |                         |   |                         |
| Unavailable revenues   | 1,186                  | -                       | -                                       | -                       |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>1,186</b>           | <b>-</b>                | <b>-</b>                                | <b>-</b>                |
| <b>Fund Balances:</b>  |                        |                         |   |                         |
| <b>Restricted for:</b>   |                        |                         |   |                         |
| Community development projects   | -                      | -                       | -                                       | -                       |
| Public safety  | -                      | -                       | -                                       | -                       |
| Public works   | -                      | 158,286                 | 832,885                                 | -                       |
| Child Care   | -                      | -                       | -                                       | -                       |
| <b>Unassigned</b>  | <b>-</b>               | <b>-</b>                | <b>-</b>                                | <b>-</b>                |
| <b>Total Fund Balances</b>   | <b>-</b>               | <b>158,286</b>          | <b>832,885</b>                          | <b>-</b>                |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 1,354</b>        | <b>\$ 158,286</b>       | <b>\$ 847,892</b>                       | <b>\$ 20,896</b>        |

## CITY OF GRAND TERRACE

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

|  | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---|
| <b>Assets:</b>   |   |
| Cash and investments   | \$ 2,907,913                            |
| Receivables:   |   |
| Accounts Receivable  | 16,747                                  |
| Due from other governments   | 222,851                                 |
| Due from other funds   | 27,000                                  |
|  | <u>          </u>                       |
| <b>Total Assets</b>  | <b><u>\$ 3,174,511</u></b>              |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b>      |   |
| <b>Liabilities:</b>  |   |
| Accounts payable   | \$ 52,221                               |
| Refundable Deposits  | 20,896                                  |
| Due to other funds   | 136,449                                 |
|  | <u>          </u>                       |
| <b>Total Liabilities</b>   | <b><u>209,566</u></b>                   |
| <b>Deferred Inflows of Resources:</b>  |   |
| Unavailable revenues   | 70,684                                  |
|  | <u>          </u>                       |
| <b>Total Deferred Inflows of Resources</b>                                     | <b><u>70,684</u></b>                    |
| <b>Fund Balances:</b>  |   |
| <b>Restricted for:</b>   |   |
| Community development projects   | 1,190,405                               |
| Public safety  | 25,741                                  |
| Public works   | 1,509,936                               |
| Child Care   | 243,120                                 |
| <b>Unassigned</b>  | (74,941)                                |
|  | <u>          </u>                       |
| <b>Total Fund Balances</b>   | <b><u>2,894,261</u></b>                 |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b><u>\$ 3,174,511</u></b>              |

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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, 2019

|  | Special Revenue Funds |                            |                     |                      |
|--|-----------------------|----------------------------|---------------------|----------------------|
|  | Child Care<br>Center  | Storm Drain<br>Improvement | Park<br>Development | AB 3229 COPS<br>Fund |
| <b>Revenues:</b>   |                       |                            |                     |                      |
| Taxes  | \$ -                  | \$ -                       | \$ -                | \$ -                 |
| Licenses and permits   | -                     | -                          | -                   | -                    |
| Intergovernmental  | -                     | -                          | -                   | 149,154              |
| Charges for services   | -                     | 44,680                     | 217,230             | -                    |
| Use of money and property                                    | 3,611                 | 4,184                      | 1,969               | 1,513                |
| Fines and forfeitures  | -                     | -                          | -                   | -                    |
| Miscellaneous  | -                     | -                          | -                   | -                    |
| <b>Total Revenues</b>  | <b>3,611</b>          | <b>48,864</b>              | <b>219,199</b>      | <b>150,667</b>       |
| <b>Expenditures:</b>   |                       |                            |                     |                      |
| Current:   |                       |                            |                     |                      |
| General government   | -                     | -                          | -                   | -                    |
| Public safety  | -                     | -                          | -                   | 150,050              |
| Cultural and recreation                                      | 148,606               | -                          | -                   | -                    |
| Public works   | -                     | -                          | -                   | -                    |
| Capital outlay   | -                     | -                          | -                   | -                    |
| <b>Total Expenditures</b>                                    | <b>148,606</b>        | <b>-</b>                   | <b>-</b>            | <b>150,050</b>       |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (144,995)             | 48,864                     | 219,199             | 617                  |
| <b>Other Financing Sources (Uses):</b>                       |                       |                            |                     |                      |
| Transfers in   | -                     | -                          | -                   | -                    |
| Transfers out  | -                     | -                          | (145,510)           | -                    |
| Proceeds from sale of capital asset                          | 850,000               | -                          | -                   | -                    |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>850,000</b>        | <b>-</b>                   | <b>(145,510)</b>    | <b>-</b>             |
| Net Change in Fund Balances                                  | 705,005               | 48,864                     | 73,689              | 617                  |
| Fund Balances, Beginning of Year, as<br>previously reported  | (461,885)             | 202,871                    | 62,416              | 25,124               |
| Restatements   | -                     | -                          | -                   | -                    |
| Fund Balances, Beginning of Year, as restated                | (461,885)             | 202,871                    | 62,416              | 25,124               |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 243,120</b>     | <b>\$ 251,735</b>          | <b>\$ 136,105</b>   | <b>\$ 25,741</b>     |

## CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

(CONTINUED)

|  | Special Revenue Funds      |                   |                  |                           |
|--|----------------------------|-------------------|------------------|---------------------------|
|  | Air Quality<br>Improvement | State Gas Tax     | Traffic Safety   | Facilities<br>Development |
| <b>Revenues:</b>   |                            |                   |                  |                           |
| Taxes  | \$ -                       | \$ -              | \$ -             | \$ -                      |
| Licenses and permits   | -                          | -                 | -                | -                         |
| Intergovernmental  | 16,244                     | 491,924           | -                | -                         |
| Charges for services   | -                          | -                 | -                | 35,520                    |
| Use of money and property                                    | 1,041                      | 1,583             | 150              | 6,229                     |
| Fines and forfeitures  | -                          | -                 | 7,358            | -                         |
| Miscellaneous  | -                          | -                 | -                | -                         |
| <b>Total Revenues</b>  | <b>17,285</b>              | <b>493,507</b>    | <b>7,508</b>     | <b>41,749</b>             |
| <b>Expenditures:</b>   |                            |                   |                  |                           |
| Current:   |                            |                   |                  |                           |
| General government   | -                          | -                 | -                | -                         |
| Public safety  | -                          | -                 | -                | -                         |
| Cultural and recreation                                      | -                          | -                 | -                | -                         |
| Public works   | -                          | 541,213           | -                | -                         |
| Capital outlay   | 55,075                     | -                 | -                | -                         |
| <b>Total Expenditures</b>                                    | <b>55,075</b>              | <b>541,213</b>    | <b>-</b>         | <b>-</b>                  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (37,790)                   | (47,706)          | 7,508            | 41,749                    |
| <b>Other Financing Sources (Uses):</b>                       |                            |                   |                  |                           |
| Transfers in   | -                          | 109,858           | -                | -                         |
| Transfers out  | (5,000)                    | (86,110)          | -                | -                         |
| Proceeds from sale of capital asset                          | -                          | -                 | -                | -                         |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>(5,000)</b>             | <b>23,748</b>     | <b>-</b>         | <b>-</b>                  |
| Net Change in Fund Balances                                  | (42,790)                   | (23,958)          | 7,508            | 41,749                    |
| Fund Balances, Beginning of Year, as<br>previously reported  | 85,023                     | 144,242           | 3,712            | 315,048                   |
| Restatements   | -                          | -                 | -                | -                         |
| Fund Balances, Beginning of Year, as restated                | 85,023                     | 144,242           | 3,712            | 315,048                   |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 42,233</b>           | <b>\$ 120,284</b> | <b>\$ 11,220</b> | <b>\$ 356,797</b>         |

## CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

|  | Special Revenue Funds |                    |   |                       |
|--|-----------------------|--------------------|---|-----------------------|
|  | Measure I             | CDBG               | Special Districts<br>Landscape & Lighting | Spring Mountain Ranch |
| <b>Revenues:</b>   |                       |                    |   |                       |
| Taxes  | \$ -                  | \$ -               | \$ 19,464                                 | \$ -                  |
| Licenses and permits   | -                     | -                  | -   | 155,750               |
| Intergovernmental  | 217,131               | 35,000             | -   | -                     |
| Charges for services   | -                     | -                  | -   | -                     |
| Use of money and property                                    | 1,947                 | 44                 | 181                                       | 9,348                 |
| Fines and forfeitures  | -                     | -                  | 282                                       | -                     |
| Miscellaneous  | -                     | -                  | -   | -                     |
| <b>Total Revenues</b>  | <b>219,078</b>        | <b>35,044</b>      | <b>19,927</b>                             | <b>165,098</b>        |
| <b>Expenditures:</b>   |                       |                    |   |                       |
| Current:   |                       |                    |   |                       |
| General government   | -                     | -                  | -   | -                     |
| Public safety  | -                     | -                  | -   | -                     |
| Cultural and recreation                                      | -                     | -                  | -   | 1,940                 |
| Public works   | 635,144               | 42,164             | 17,140                                    | -                     |
| Capital outlay   | -                     | -                  | -   | -                     |
| <b>Total Expenditures</b>                                    | <b>635,144</b>        | <b>42,164</b>      | <b>17,140</b>                             | <b>1,940</b>          |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (416,066)             | (7,120)            | 2,787                                     | 163,158               |
| <b>Other Financing Sources (Uses):</b>                       |                       |                    |   |                       |
| Transfers in   | -                     | -                  | -   | -                     |
| Transfers out  | -                     | -                  | -   | -                     |
| Proceeds from sale of capital asset                          | -                     | -                  | -   | -                     |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>-</b>              | <b>-</b>           | <b>-</b>                                  | <b>-</b>              |
| Net Change in Fund Balances                                  | (416,066)             | (7,120)            | 2,787                                     | 163,158               |
| Fund Balances, Beginning of Year, as<br>previously reported  | 455,297               | (26,178)           | 5,308                                     | 419,136               |
| Restatements   | -                     | -                  | -   | -                     |
| Fund Balances, Beginning of Year, as restated                | 455,297               | (26,178)           | 5,308                                     | 419,136               |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 39,231</b>      | <b>\$ (33,298)</b> | <b>\$ 8,095</b>                           | <b>\$ 582,294</b>     |



## CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

(CONTINUED)

|  | Special Revenue Funds |                            |  |                                     |
|--|-----------------------|----------------------------|--|-------------------------------------|
|  | Cal Recycle<br>Grant  | Senior Bus<br>Program Fund | Public,<br>Educational &<br>Government<br>Access | Active<br>Transportation<br>Program |
| <b>Revenues:</b>   |                       |                            |  |                                     |
| Taxes  | \$ -                  | \$ -                       | \$ -   | \$ -                                |
| Licenses and permits   | -                     | -                          | -  | -                                   |
| Intergovernmental  | 29,630                | 41,624                     | -  | 123,283                             |
| Charges for services   | -                     | 397                        | -  | -                                   |
| Use of money and property                                    | -                     | 590                        | 984  | -                                   |
| Fines and forfeitures  | -                     | -                          | -  | -                                   |
| Miscellaneous  | -                     | -                          | 21,134   | -                                   |
| <b>Total Revenues</b>  | <b>29,630</b>         | <b>42,611</b>              | <b>22,118</b>                                    | <b>123,283</b>                      |
| <b>Expenditures:</b>   |                       |                            |  |                                     |
| Current:   |                       |                            |  |                                     |
| General government   | -                     | -                          | -  | -                                   |
| Public safety  | -                     | -                          | -  | -                                   |
| Cultural and recreation                                      | 29,630                | 46,900                     | -  | 52,661                              |
| Public works   | -                     | -                          | -  | -                                   |
| Capital outlay   | -                     | -                          | -  | -                                   |
| <b>Total Expenditures</b>                                    | <b>29,630</b>         | <b>46,900</b>              | <b>-</b>   | <b>52,661</b>                       |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -                     | (4,289)                    | 22,118   | 70,622                              |
| <b>Other Financing Sources (Uses):</b>                       |                       |                            |  |                                     |
| Transfers in   | -                     | 15,000                     | -  | -                                   |
| Transfers out  | -                     | -                          | -  | -                                   |
| Proceeds from sale of capital asset                          | -                     | -                          | -  | -                                   |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>-</b>              | <b>15,000</b>              | <b>-</b>   | <b>-</b>                            |
| Net Change in Fund Balances                                  | -                     | 10,711                     | 22,118   | 70,622                              |
| Fund Balances, Beginning of Year, as<br>previously reported  | 34                    | 34,917                     | 47,429   | (70,622)                            |
| Restatements   | -                     | -                          | -  | -                                   |
| Fund Balances, Beginning of Year, as restated                | 34                    | 34,917                     | 47,429   | (70,622)                            |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 34</b>          | <b>\$ 45,628</b>           | <b>\$ 69,547</b>                                 | <b>\$ -</b>                         |

## CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

|  | Special Revenue Funds                    |   | Capital Projects Funds             |                           |
|--|--|---|------------------------------------|---------------------------|
|  | Highway Safety<br>Improvement<br>Program | Enhanced<br>Infrastructure<br>Financing<br>District | Capital<br>Improvement-<br>Streets | Barton / Colton<br>Bridge |
| <b>Revenues:</b>   |  |   |                                    |                           |
| Taxes  | \$ -                                     | \$ -  | \$ -                               | \$ -                      |
| Licenses and permits   | -  | -   | -                                  | -                         |
| Intergovernmental  | 24,956                                   | -   | -                                  | -                         |
| Charges for services   | -  | -   | -                                  | -                         |
| Use of money and property                                    | -  | 21  | 19,228                             | -                         |
| Fines and forfeitures  | -  | -   | -                                  | -                         |
| Miscellaneous  | -  | -   | -                                  | -                         |
| <b>Total Revenues</b>  | <b>24,956</b>                            | <b>21</b>   | <b>19,228</b>                      | <b>-</b>                  |
| <b>Expenditures:</b>   |  |   |                                    |                           |
| Current:   |  |   |                                    |                           |
| General government   | -  | 8,100   | -                                  | -                         |
| Public safety  | -  | -   | -                                  | -                         |
| Cultural and recreation                                      | -  | -   | -                                  | -                         |
| Public works   | -  | -   | 86,110                             | -                         |
| Capital outlay   | 24,956                                   | -   | -                                  | -                         |
| <b>Total Expenditures</b>                                    | <b>24,956</b>                            | <b>8,100</b>  | <b>86,110</b>                      | <b>-</b>                  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -  | (8,079)   | (66,882)                           | -                         |
| <b>Other Financing Sources (Uses):</b>                       |  |   |                                    |                           |
| Transfers in   | -  | -   | 86,110                             | -                         |
| Transfers out  | -  | -   | (892,574)                          | (2,379)                   |
| Proceeds from sale of capital asset                          | -  | -   | -                                  | -                         |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>-</b>                                 | <b>-</b>  | <b>(806,464)</b>                   | <b>(2,379)</b>            |
| Net Change in Fund Balances                                  | -  | (8,079)   | (873,346)                          | (2,379)                   |
| Fund Balances, Beginning of Year, as<br>previously reported  | -  | (33,564)  | 919,313                            | 2,379                     |
| Restatements   | -  | -   | -                                  | -                         |
| Fund Balances, Beginning of Year, as restated                | -  | (33,564)  | 919,313                            | 2,379                     |
| <b>Fund Balances, End of Year</b>                            | <b>\$ -</b>                              | <b>\$ (41,643)</b>                                  | <b>\$ 45,967</b>                   | <b>\$ -</b>               |

## CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

(CONTINUED)

|   | Capital Projects Funds |                         |   | Permanent Funds         |
|---|------------------------|-------------------------|---|-------------------------|
|   | Capital Projects       | Capital Project - Parks | Capital Projects - Commerce Way Project | Dog Park Endowment fund |
| <b>Revenues:</b>  |                        |                         |   |                         |
| Taxes   | \$ -                   | \$ -                    | \$ -                                    | \$ -                    |
| Licenses and permits                                      | -                      | -                       | -                                       | -                       |
| Intergovernmental   | -                      | -                       | 75,221                                  | -                       |
| Charges for services                                      | -                      | -                       | -                                       | -                       |
| Use of money and property                                 | -                      | 3,335                   | -                                       | -                       |
| Fines and forfeitures                                     | -                      | -                       | -                                       | -                       |
| Miscellaneous   | 1,446                  | -                       | -                                       | -                       |
| <b>Total Revenues</b>                                     | <b>1,446</b>           | <b>3,335</b>            | <b>75,221</b>                           | <b>-</b>                |
| <b>Expenditures:</b>                                      |                        |                         |   |                         |
| Current:  |                        |                         |   |                         |
| General government  | -                      | -                       | -                                       | -                       |
| Public safety   | -                      | -                       | -                                       | -                       |
| Cultural and recreation                                   | -                      | -                       | -                                       | -                       |
| Public works  | 1,446                  | -                       | -                                       | -                       |
| Capital outlay  | -                      | 102,535                 | 165,681                                 | -                       |
| <b>Total Expenditures</b>                                 | <b>1,446</b>           | <b>102,535</b>          | <b>165,681</b>                          | <b>-</b>                |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | -                      | (99,200)                | (90,460)                                | -                       |
| <b>Other Financing Sources (Uses):</b>                    |                        |                         |   |                         |
| Transfers in  | 525                    | 145,510                 | 923,345                                 | -                       |
| Transfers out   | -                      | -                       | -                                       | -                       |
| Proceeds from sale of capital asset                       | -                      | -                       | -                                       | -                       |
| <b>Total Other Financing Sources (Uses)</b>               | <b>525</b>             | <b>145,510</b>          | <b>923,345</b>                          | <b>-</b>                |
| Net Change in Fund Balances                               | 525                    | 46,310                  | 832,885                                 | -                       |
| Fund Balances, Beginning of Year, as previously reported  | (525)                  | 111,976                 | -                                       | 13,119                  |
| Restatements  | -                      | -                       | -                                       | (13,119)                |
| Fund Balances, Beginning of Year, as restated             | (525)                  | 111,976                 | -                                       | -                       |
| <b>Fund Balances, End of Year</b>                         | <b>\$ -</b>            | <b>\$ 158,286</b>       | <b>\$ 832,885</b>                       | <b>\$ -</b>             |

## CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

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|  | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---|
| <b>Revenues:</b>   |   |
| Taxes  | \$ 19,464                               |
| Licenses and permits   | 155,750                                 |
| Intergovernmental  | 1,204,167                               |
| Charges for services   | 297,827                                 |
| Use of money and property                                    | 55,958                                  |
| Fines and forfeitures  | 7,640                                   |
| Miscellaneous  | 22,580                                  |
|  | <hr/>                                   |
| <b>Total Revenues</b>  | <b>1,763,386</b>                        |
|  | <hr/>                                   |
| <b>Expenditures:</b>   |   |
| Current:   |   |
| General government   | 8,100                                   |
| Public safety  | 150,050                                 |
| Cultural and recreation                                      | 279,737                                 |
| Public works   | 1,323,217                               |
| Capital outlay   | 348,247                                 |
|  | <hr/>                                   |
| <b>Total Expenditures</b>                                    | <b>2,109,351</b>                        |
|  | <hr/>                                   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <hr/> (345,965)                         |
|  | <hr/>                                   |
| <b>Other Financing Sources (Uses):</b>                       |   |
| Transfers in   | 1,280,348                               |
| Transfers out  | (1,131,573)                             |
| Proceeds from sale of capital asset                          | 850,000                                 |
|  | <hr/>                                   |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>998,775</b>                          |
|  | <hr/>                                   |
| Net Change in Fund Balances                                  | 652,810                                 |
| Fund Balances, Beginning of Year, as<br>previously reported  | 2,254,570                               |
| Restatements   | (13,119)                                |
|  | <hr/>                                   |
| Fund Balances, Beginning of Year, as restated                | 2,241,451                               |
|  | <hr/>                                   |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 2,894,261</b>                     |
|  | <hr/> <hr/>                             |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 CHILD CARE CENTER  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts      |                     | Actual            | Variance with     |
|---|---------------------|---------------------|-------------------|-------------------|
|   | Original            | Final               | Amounts           | Final Budget      |
|   |                     |                     |                   | Positive          |
|   |                     |                     |                   | (Negative)        |
| Budgetary Fund Balance, July 1              | \$ (461,885)        | \$ (461,885)        | \$ (461,885)      | \$ -              |
| <b>Resources (Inflows):</b>                 |                     |                     |                   |                   |
| Use of money and property                   | -                   | -                   | 3,611             | 3,611             |
| Proceeds from sale of capital asset         | -                   | -                   | 850,000           | 850,000           |
| <b>Amounts Available for Appropriations</b> | <b>(461,885)</b>    | <b>(461,885)</b>    | <b>391,726</b>    | <b>853,611</b>    |
| <b>Charges to Appropriations (Outflow):</b> |                     |                     |                   |                   |
| Cultural and recreation                     | -                   | 150,000             | 148,606           | 1,394             |
| <b>Total Charges to Appropriations</b>      | <b>-</b>            | <b>150,000</b>      | <b>148,606</b>    | <b>1,394</b>      |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ (461,885)</b> | <b>\$ (611,885)</b> | <b>\$ 243,120</b> | <b>\$ 855,005</b> |

## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE  
 STORM DRAIN IMPROVEMENT  
 YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                   | <b>Actual</b>     | <b>Variance with</b> |
|---|-----------------------|-------------------|-------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>      | <b>Amounts</b>    | <b>Final Budget</b>  |
|   |                       |                   |                   | <b>Positive</b>      |
|   |                       |                   |                   | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ 202,871            | \$ 202,871        | \$ 202,871        | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                   |                   |                      |
| Charges for services                        | 13,250                | 13,250            | 44,680            | 31,430               |
| Use of money and property                   | -                     | -                 | 4,184             | 4,184                |
| <b>Amounts Available for Appropriations</b> | <b>216,121</b>        | <b>216,121</b>    | <b>251,735</b>    | <b>35,614</b>        |
| <b>Charges to Appropriation (Outflow):</b>  |                       |                   |                   |                      |
| Public works                                | 19,570                | -                 | -                 | -                    |
| Capital outlay                              | 50,000                | 50,000            | -                 | 50,000               |
| <b>Total Charges to Appropriations</b>      | <b>69,570</b>         | <b>50,000</b>     | <b>-</b>          | <b>50,000</b>        |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 146,551</b>     | <b>\$ 166,121</b> | <b>\$ 251,735</b> | <b>\$ 85,614</b>     |

## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE  
 PARK DEVELOPMENT  
 YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                    | <b>Actual</b>     | <b>Variance with</b> |
|---|-----------------------|--------------------|-------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>       | <b>Amounts</b>    | <b>Final Budget</b>  |
|   |                       |                    |                   | <b>Positive</b>      |
|   |                       |                    |                   | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ 62,416             | \$ 62,416          | \$ 62,416         | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                    |                   |                      |
| Charges for services                        | 89,400                | 89,400             | 217,230           | 127,830              |
| Use of money and property                   | -                     | -                  | 1,969             | 1,969                |
| <b>Amounts Available for Appropriations</b> | <b>151,816</b>        | <b>151,816</b>     | <b>281,615</b>    | <b>129,799</b>       |
| <b>Charges to Appropriations (Outflow):</b> |                       |                    |                   |                      |
| Cultural and recreation                     | 1,250                 | -                  | -                 | -                    |
| Public works                                | 22,190                | -                  | -                 | -                    |
| Transfers out                               | 185,000               | 185,000            | 145,510           | 39,490               |
| <b>Total Charges to Appropriations</b>      | <b>208,440</b>        | <b>185,000</b>     | <b>145,510</b>    | <b>39,490</b>        |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ (56,624)</b>    | <b>\$ (33,184)</b> | <b>\$ 136,105</b> | <b>\$ 169,289</b>    |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 AB 3229 COPS FUND  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts   |                  | Actual           | Variance with |
|---|------------------|------------------|------------------|---------------|
|   | Original         | Final            | Amounts          | Final Budget  |
|   |                  |                  |                  | Positive      |
|   |                  |                  |                  | (Negative)    |
| Budgetary Fund Balance, July 1              | \$ 25,124        | \$ 25,124        | \$ 25,124        | \$ -          |
| <b>Resources (Inflows):</b>                 |                  |                  |                  |               |
| Intergovernmental                           | 100,050          | 149,050          | 149,154          | 104           |
| Use of money and property                   | -                | 1,000            | 1,513            | 513           |
| <b>Amounts Available for Appropriations</b> | <b>125,174</b>   | <b>175,174</b>   | <b>175,791</b>   | <b>617</b>    |
| <b>Charges to Appropriations (Outflow):</b> |                  |                  |                  |               |
| Public safety                               | 100,050          | 150,050          | 150,050          | -             |
| <b>Total Charges to Appropriations</b>      | <b>100,050</b>   | <b>150,050</b>   | <b>150,050</b>   | <b>-</b>      |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 25,124</b> | <b>\$ 25,124</b> | <b>\$ 25,741</b> | <b>\$ 617</b> |



## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY IMPROVEMENT  
 YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                  | <b>Actual</b>    | <b>Variance with</b> |
|---|-----------------------|------------------|------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>     | <b>Amounts</b>   | <b>Final Budget</b>  |
|   |                       |                  |                  | <b>Positive</b>      |
|   |                       |                  |                  | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ 85,023             | \$ 85,023        | \$ 85,023        | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                  |                  |                      |
| Intergovernmental                           | 13,000                | 13,000           | 16,244           | 3,244                |
| Use of money and property                   | -                     | -                | 1,041            | 1,041                |
| <b>Amounts Available for Appropriations</b> | <b>98,023</b>         | <b>98,023</b>    | <b>102,308</b>   | <b>4,285</b>         |
| <b>Charges to Appropriations (Outflow):</b> |                       |                  |                  |                      |
| Public works                                | 10,500                | 10,500           | -                | 10,500               |
| Capital outlay                              | 55,100                | 55,100           | 55,075           | 25                   |
| Transfers out                               | 5,000                 | 5,000            | 5,000            | -                    |
| <b>Total Charges to Appropriations</b>      | <b>70,600</b>         | <b>70,600</b>    | <b>60,075</b>    | <b>10,525</b>        |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 27,423</b>      | <b>\$ 27,423</b> | <b>\$ 42,233</b> | <b>\$ 14,810</b>     |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 STATE GAS TAX  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts    |                  | Actual            | Variance with    |
|---|-------------------|------------------|-------------------|------------------|
|   | Original          | Final            | Amounts           | Final Budget     |
|   |                   |                  |                   | Positive         |
|   |                   |                  |                   | (Negative)       |
| Budgetary Fund Balance, July 1              | \$ 144,242        | \$ 144,242       | \$ 144,242        | \$ -             |
| <b>Resources (Inflows):</b>                 |                   |                  |                   |                  |
| Intergovernmental                           | 505,600           | 505,600          | 491,924           | (13,676)         |
| Use of money and property                   | 14,200            | 14,200           | 1,583             | (12,617)         |
| Transfers in                                | 90,800            | 90,800           | 109,858           | 19,058           |
| <b>Amounts Available for Appropriations</b> | <b>754,842</b>    | <b>754,842</b>   | <b>747,607</b>    | <b>(7,235)</b>   |
| <b>Charges to Appropriations (Outflow):</b> |                   |                  |                   |                  |
| Public works                                | 608,880           | 541,294          | 541,213           | 81               |
| Transfers out                               | -                 | 117,000          | 86,110            | 30,890           |
| <b>Total Charges to Appropriations</b>      | <b>608,880</b>    | <b>658,294</b>   | <b>627,323</b>    | <b>30,971</b>    |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 145,962</b> | <b>\$ 96,548</b> | <b>\$ 120,284</b> | <b>\$ 23,736</b> |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC SAFETY  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts  |                 | Actual           | Variance with   |
|---|-----------------|-----------------|------------------|-----------------|
|   | Original        | Final           | Amounts          | Final Budget    |
|   |                 |                 |                  | Positive        |
|   |                 |                 |                  | (Negative)      |
| Budgetary Fund Balance, July 1              | \$ 3,712        | \$ 3,712        | \$ 3,712         | \$ -            |
| <b>Resources (Inflows):</b>                 |                 |                 |                  |                 |
| Use of money and property                   | -               | -               | 150              | 150             |
| Fines and forfeitures                       | 6,000           | 6,000           | 7,358            | 1,358           |
| <b>Amounts Available for Appropriations</b> | <b>9,712</b>    | <b>9,712</b>    | <b>11,220</b>    | <b>1,508</b>    |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 9,712</b> | <b>\$ 9,712</b> | <b>\$ 11,220</b> | <b>\$ 1,508</b> |

## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE**  
**FACILITIES DEVELOPMENT**  
**YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                   | <b>Actual</b>     | <b>Variance with</b> |
|---|-----------------------|-------------------|-------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>      | <b>Amounts</b>    | <b>Final Budget</b>  |
|   |                       |                   |                   | <b>Positive</b>      |
|   |                       |                   |                   | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ 315,048            | \$ 315,048        | \$ 315,048        | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                   |                   |                      |
| Charges for services                        | 20,000                | 20,000            | 35,520            | 15,520               |
| Use of money and property                   | -                     | -                 | 6,229             | 6,229                |
| <b>Amounts Available for Appropriations</b> | <b>335,048</b>        | <b>335,048</b>    | <b>356,797</b>    | <b>21,749</b>        |
| <b>Charges to Appropriation (Outflow):</b>  |                       |                   |                   |                      |
| Cultural and recreation                     | 90,020                | 80,000            | -                 | 80,000               |
| <b>Total Charges to Appropriations</b>      | <b>90,020</b>         | <b>80,000</b>     | <b>-</b>          | <b>80,000</b>        |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 245,028</b>     | <b>\$ 255,048</b> | <b>\$ 356,797</b> | <b>\$ 101,749</b>    |

## CITY OF GRAND TERRACE

## BUDGETARY COMPARISON SCHEDULE

## MEASURE I

YEAR ENDED JUNE 30, 2019

|   | Budget Amounts    |                    | Actual           | Variance with    |
|---|-------------------|--------------------|------------------|------------------|
|   | Original          | Final              | Amounts          | Final Budget     |
|   |                   |                    |                  | Positive         |
|   |                   |                    |                  | (Negative)       |
| Budgetary Fund Balance, July 1              | \$ 455,297        | \$ 455,297         | \$ 455,297       | \$ -             |
| <b>Resources (Inflows):</b>                 |                   |                    |                  |                  |
| Intergovernmental                           | 193,000           | 193,000            | 217,131          | 24,131           |
| Use of money and property                   | -                 | -                  | 1,947            | 1,947            |
| <b>Amounts Available for Appropriations</b> | <b>648,297</b>    | <b>648,297</b>     | <b>674,375</b>   | <b>26,078</b>    |
| <b>Charges to Appropriations (Outflow):</b> |                   |                    |                  |                  |
| Public works                                | 63,000            | 663,940            | 635,144          | 28,796           |
| Capital outlay                              | 130,000           | 12,239             | -                | 12,239           |
| <b>Total Charges to Appropriations</b>      | <b>193,000</b>    | <b>676,179</b>     | <b>635,144</b>   | <b>41,035</b>    |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 455,297</b> | <b>\$ (27,882)</b> | <b>\$ 39,231</b> | <b>\$ 67,113</b> |

## CITY OF GRAND TERRACE

## BUDGETARY COMPARISON SCHEDULE

CDBG

YEAR ENDED JUNE 30, 2019

|   | <b>Budget Amounts</b> |                    | <b>Actual</b>      | <b>Variance with</b> |
|---|-----------------------|--------------------|--------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>       | <b>Amounts</b>     | <b>Final Budget</b>  |
|   |                       |                    |                    | <b>Positive</b>      |
|   |                       |                    |                    | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ (26,178)           | \$ (26,178)        | \$ (26,178)        | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                    |                    |                      |
| Intergovernmental                           | 47,876                | 47,876             | 35,000             | (12,876)             |
| Use of money and property                   | -                     | -                  | 44                 | 44                   |
| <b>Amounts Available for Appropriations</b> | <b>21,698</b>         | <b>21,698</b>      | <b>8,866</b>       | <b>(12,832)</b>      |
| <b>Charges to Appropriations (Outflow):</b> |                       |                    |                    |                      |
| Public works                                | 47,876                | 47,876             | 42,164             | 5,712                |
| <b>Total Charges to Appropriations</b>      | <b>47,876</b>         | <b>47,876</b>      | <b>42,164</b>      | <b>5,712</b>         |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ (26,178)</b>    | <b>\$ (26,178)</b> | <b>\$ (33,298)</b> | <b>\$ (7,120)</b>    |

## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL DISTRICTS LANDSCAPE & LIGHTING**  
**YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                 | <b>Actual</b>   | <b>Variance with</b> |
|---|-----------------------|-----------------|-----------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>    | <b>Amounts</b>  | <b>Final Budget</b>  |
|   |                       |                 |                 | <b>Positive</b>      |
|   |                       |                 |                 | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ 5,308              | \$ 5,308        | \$ 5,308        | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                 |                 |                      |
| Taxes                                       | 19,440                | 19,440          | 19,464          | 24                   |
| Use of money and property                   | -                     | -               | 181             | 181                  |
| Fines and forfeitures                       | -                     | -               | 282             | 282                  |
| <b>Amounts Available for Appropriations</b> | <b>24,748</b>         | <b>24,748</b>   | <b>25,235</b>   | <b>487</b>           |
| <b>Charges to Appropriations (Outflow):</b> |                       |                 |                 |                      |
| Public works                                | 19,440                | 19,440          | 17,140          | 2,300                |
| <b>Total Charges to Appropriations</b>      | <b>19,440</b>         | <b>19,440</b>   | <b>17,140</b>   | <b>2,300</b>         |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 5,308</b>       | <b>\$ 5,308</b> | <b>\$ 8,095</b> | <b>\$ 2,787</b>      |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 SPRING MOUNTAIN RANCH  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts    |                   | Actual            | Variance with     |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Original          | Final             | Amounts           | Final Budget      |
|   |                   |                   |                   | Positive          |
|   |                   |                   |                   | (Negative)        |
| Budgetary Fund Balance, July 1              | \$ 419,136        | \$ 419,136        | \$ 419,136        | \$ -              |
| <b>Resources (Inflows):</b>                 |                   |                   |                   |                   |
| Licenses and permits                        | -                 | -                 | 155,750           | 155,750           |
| Use of money and property                   | 3,000             | 3,000             | 9,348             | 6,348             |
| <b>Amounts Available for Appropriations</b> | <b>422,136</b>    | <b>422,136</b>    | <b>584,234</b>    | <b>162,098</b>    |
| <b>Charges to Appropriation (Outflow):</b>  |                   |                   |                   |                   |
| Cultural and recreation                     | -                 | -                 | 1,940             | (1,940)           |
| <b>Total Charges to Appropriations</b>      | <b>-</b>          | <b>-</b>          | <b>1,940</b>      | <b>(1,940)</b>    |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 422,136</b> | <b>\$ 422,136</b> | <b>\$ 582,294</b> | <b>\$ 160,158</b> |



## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 CAL RECYCLE GRANT  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts |               | Actual        | Variance with   |
|---|----------------|---------------|---------------|-----------------|
|   | Original       | Final         | Amounts       | Final Budget    |
|   |                |               |               | Positive        |
|   |                |               |               | (Negative)      |
| Budgetary Fund Balance, July 1, as restated | \$ 34          | \$ 34         | \$ 34         | \$ -            |
| <b>Resources (Inflows):</b>                 |                |               |               |                 |
| Intergovernmental                           | 5,000          | 73,484        | 29,630        | (43,854)        |
| <b>Amounts Available for Appropriations</b> | <b>5,034</b>   | <b>73,518</b> | <b>29,664</b> | <b>(43,854)</b> |
| <b>Charges to Appropriation (Outflow):</b>  |                |               |               |                 |
| Cultural and recreation                     | -              | 68,484        | 29,630        | 38,854          |
| Capital outlay                              | 5,000          | 5,000         | -             | 5,000           |
| <b>Total Charges to Appropriations</b>      | <b>5,000</b>   | <b>73,484</b> | <b>29,630</b> | <b>43,854</b>   |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 34</b>   | <b>\$ 34</b>  | <b>\$ 34</b>  | <b>\$ -</b>     |

## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE  
 SENIOR BUS PROGRAM FUND  
 YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                  | <b>Actual</b>    | <b>Variance with</b> |
|---|-----------------------|------------------|------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>     | <b>Amounts</b>   | <b>Final Budget</b>  |
|   |                       |                  |                  | <b>Positive</b>      |
|   |                       |                  |                  | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ 34,917             | \$ 34,917        | \$ 34,917        | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                  |                  |                      |
| Intergovernmental                           | 22,160                | 22,160           | 41,624           | 19,464               |
| Charges for services                        | 240                   | 240              | 397              | 157                  |
| Use of money and property                   | 50                    | 50               | 590              | 540                  |
| Transfers in                                | 15,000                | 15,000           | 15,000           | -                    |
| <b>Amounts Available for Appropriations</b> | <b>72,367</b>         | <b>72,367</b>    | <b>92,528</b>    | <b>20,161</b>        |
| <b>Charges to Appropriation (Outflow):</b>  |                       |                  |                  |                      |
| Cultural and recreation                     | 37,450                | 37,450           | 46,900           | (9,450)              |
| <b>Total Charges to Appropriations</b>      | <b>37,450</b>         | <b>37,450</b>    | <b>46,900</b>    | <b>(9,450)</b>       |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 34,917</b>      | <b>\$ 34,917</b> | <b>\$ 45,628</b> | <b>\$ 10,711</b>     |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC, EDUCATIONAL & GOVERNMENT ACCESS  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts   |                  | Actual           | Variance with    |
|---|------------------|------------------|------------------|------------------|
|   | Original         | Final            | Amounts          | Final Budget     |
|   |                  |                  |                  | Positive         |
|   |                  |                  |                  | (Negative)       |
| Budgetary Fund Balance, July 1              | \$ 47,429        | \$ 47,429        | \$ 47,429        | \$ -             |
| <b>Resources (Inflows):</b>                 |                  |                  |                  |                  |
| Use of money and property                   | -                | -                | 984              | 984              |
| Miscellaneous                               | 21,500           | 21,500           | 21,134           | (366)            |
| <b>Amounts Available for Appropriations</b> | <b>68,929</b>    | <b>68,929</b>    | <b>69,547</b>    | <b>618</b>       |
| <b>Charges to Appropriation (Outflow):</b>  |                  |                  |                  |                  |
| Capital outlay                              | 21,500           | 21,500           | -                | 21,500           |
| <b>Total Charges to Appropriations</b>      | <b>21,500</b>    | <b>21,500</b>    | <b>-</b>         | <b>21,500</b>    |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 47,429</b> | <b>\$ 47,429</b> | <b>\$ 69,547</b> | <b>\$ 22,118</b> |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 ACTIVE TRANSPORTATION PROGRAM  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts     |                    | Actual        | Variance with    |
|---|--------------------|--------------------|---------------|------------------|
|   | Original           | Final              | Amounts       | Final Budget     |
|   |                    |                    |               | Positive         |
|   |                    |                    |               | (Negative)       |
| Budgetary Fund Balance, July 1              | \$ (70,622)        | \$ (70,622)        | \$ (70,622)   | \$ -             |
| <b>Resources (Inflows):</b>                 |                    |                    |               |                  |
| Intergovernmental                           | 120,000            | 120,000            | 123,283       | 3,283            |
| <b>Amounts Available for Appropriations</b> | <b>49,378</b>      | <b>49,378</b>      | <b>52,661</b> | <b>3,283</b>     |
| <b>Charges to Appropriation (Outflow):</b>  |                    |                    |               |                  |
| Cultural and recreation                     | 119,810            | 119,810            | 52,661        | 67,149           |
| <b>Total Charges to Appropriations</b>      | <b>119,810</b>     | <b>119,810</b>     | <b>52,661</b> | <b>67,149</b>    |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ (70,432)</b> | <b>\$ (70,432)</b> | <b>\$ -</b>   | <b>\$ 70,432</b> |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
HIGHWAY SAFETY IMPROVEMENT PROGRAM  
YEAR ENDED JUNE 30, 2019

|   | Budget Amounts |                  | Actual        | Variance with      |
|---|----------------|------------------|---------------|--------------------|
|   | Original       | Final            | Amounts       | Final Budget       |
|   |                |                  |               | Positive           |
|   |                |                  |               | (Negative)         |
| Budgetary Fund Balance, July 1              | \$ -           | \$ -             | \$ -          | \$ -               |
| <b>Resources (Inflows):</b>                 |                |                  |               |                    |
| Intergovernmental                           | 235,000        | 235,000          | 24,956        | (210,044)          |
| <b>Amounts Available for Appropriations</b> | <b>235,000</b> | <b>235,000</b>   | <b>24,956</b> | <b>(210,044)</b>   |
| <b>Charges to Appropriation (Outflow):</b>  |                |                  |               |                    |
| Public works                                | 34,690         | -                | -             | -                  |
| Capital outlay                              | 200,000        | 200,000          | 24,956        | 175,044            |
| <b>Total Charges to Appropriations</b>      | <b>234,690</b> | <b>200,000</b>   | <b>24,956</b> | <b>175,044</b>     |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 310</b>  | <b>\$ 35,000</b> | <b>\$ -</b>   | <b>\$ (35,000)</b> |

## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT- STREETS  
 YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |                   | <b>Actual</b>    | <b>Variance with</b> |
|---|-----------------------|-------------------|------------------|----------------------|
|   | <b>Original</b>       | <b>Final</b>      | <b>Amounts</b>   | <b>Final Budget</b>  |
|   |                       |                   |                  | <b>Positive</b>      |
|   |                       |                   |                  | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ 919,313            | \$ 919,313        | \$ 919,313       | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |                   |                  |                      |
| Use of money and property                   | -                     | -                 | 19,228           | 19,228               |
| Transfers in                                | 565,000               | 718,365           | 86,110           | (632,255)            |
| <b>Amounts Available for Appropriations</b> | <b>1,484,313</b>      | <b>1,637,678</b>  | <b>1,024,651</b> | <b>(613,027)</b>     |
| <b>Charges to Appropriations (Outflow):</b> |                       |                   |                  |                      |
| Public works                                | -                     | 117,406           | 86,110           | 31,296               |
| Capital outlay                              | 550,000               | 550,000           | -                | 550,000              |
| Transfers out                               | -                     | -                 | 892,574          | (892,574)            |
| <b>Total Charges to Appropriations</b>      | <b>550,000</b>        | <b>667,406</b>    | <b>978,684</b>   | <b>(311,278)</b>     |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 934,313</b>     | <b>\$ 970,272</b> | <b>\$ 45,967</b> | <b>\$ (924,305)</b>  |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 BARTON / COLTON BRIDGE  
 YEAR ENDED JUNE 30, 2019

|  | Budget Amounts |              | Actual       | Variance with  |
|--|----------------|--------------|--------------|----------------|
|  | Original       | Final        | Amounts      | Final Budget   |
|  |                |              |              | Positive       |
|  |                |              |              | (Negative)     |
| Budgetary Fund Balance, July 1             | \$ 2,379       | \$ 2,379     | \$ 2,379     | \$ -           |
| <b>Charges to Appropriation (Outflow):</b> |                |              |              |                |
| Transfers out                              | 2,352          | 2,352        | 2,379        | (27)           |
| <b>Total Charges to Appropriations</b>     | <b>2,352</b>   | <b>2,352</b> | <b>2,379</b> | <b>(27)</b>    |
| <b>Budgetary Fund Balance, June 30</b>     | <b>\$ 27</b>   | <b>\$ 27</b> | <b>\$ -</b>  | <b>\$ (27)</b> |

## CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS**  
**YEAR ENDED JUNE 30, 2019**

|   | <b>Budget Amounts</b> |              | <b>Actual</b>  | <b>Variance with</b> |
|---|-----------------------|--------------|----------------|----------------------|
|   | <b>Original</b>       | <b>Final</b> | <b>Amounts</b> | <b>Final Budget</b>  |
|   |                       |              |                | <b>Positive</b>      |
|   |                       |              |                | <b>(Negative)</b>    |
| Budgetary Fund Balance, July 1              | \$ (525)              | \$ (525)     | \$ (525)       | \$ -                 |
| <b>Resources (Inflows):</b>                 |                       |              |                |                      |
| Miscellaneous                               | -                     | -            | 1,446          | 1,446                |
| Transfers in                                | 525                   | 525          | 525            | -                    |
| <b>Amounts Available for Appropriations</b> | <b>-</b>              | <b>-</b>     | <b>1,446</b>   | <b>1,446</b>         |
| <b>Charges to Appropriation (Outflow):</b>  |                       |              |                |                      |
| Public works                                | -                     | -            | 1,446          | (1,446)              |
| <b>Total Charges to Appropriations</b>      | <b>-</b>              | <b>-</b>     | <b>1,446</b>   | <b>(1,446)</b>       |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ -</b>           | <b>\$ -</b>  | <b>\$ -</b>    | <b>\$ -</b>          |



## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECT - PARKS  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts    |                  | Actual            | Variance with    |
|---|-------------------|------------------|-------------------|------------------|
|   | Original          | Final            | Amounts           | Final Budget     |
|   |                   |                  |                   | Positive         |
|   |                   |                  |                   | (Negative)       |
| Budgetary Fund Balance, July 1              | \$ 111,976        | \$ 111,976       | \$ 111,976        | \$ -             |
| <b>Resources (Inflows):</b>                 |                   |                  |                   |                  |
| Use of money and property                   | -                 | -                | 3,335             | 3,335            |
| Transfers in                                | 185,000           | 185,000          | 145,510           | (39,490)         |
| <b>Amounts Available for Appropriations</b> | <b>296,976</b>    | <b>296,976</b>   | <b>260,821</b>    | <b>(36,155)</b>  |
| <b>Charges to Appropriation (Outflow):</b>  |                   |                  |                   |                  |
| Capital outlay                              | 150,000           | 205,623          | 102,535           | 103,088          |
| <b>Total Charges to Appropriations</b>      | <b>150,000</b>    | <b>205,623</b>   | <b>102,535</b>    | <b>103,088</b>   |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 146,976</b> | <b>\$ 91,353</b> | <b>\$ 158,286</b> | <b>\$ 66,933</b> |

## CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS - COMMERCE WAY PROJECT  
 YEAR ENDED JUNE 30, 2019

|   | Budget Amounts |                     | Actual            | Variance with       |
|---|----------------|---------------------|-------------------|---------------------|
|   | Original       | Final               | Amounts           | Final Budget        |
|   |                |                     |                   | Positive            |
|   |                |                     |                   | (Negative)          |
| Budgetary Fund Balance, July 1              | \$ -           | \$ -                | \$ -              | \$ -                |
| <b>Resources (Inflows):</b>                 |                |                     |                   |                     |
| Intergovernmental                           | -              | -                   | 75,221            | 75,221              |
| Transfers in                                | -              | -                   | 923,345           | 923,345             |
| <b>Amounts Available for Appropriations</b> | <b>-</b>       | <b>-</b>            | <b>998,566</b>    | <b>998,566</b>      |
| <b>Charges to Appropriation (Outflow):</b>  |                |                     |                   |                     |
| Capital outlay                              | -              | 968,683             | 165,681           | 803,002             |
| <b>Total Charges to Appropriations</b>      | <b>-</b>       | <b>968,683</b>      | <b>165,681</b>    | <b>803,002</b>      |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ -</b>    | <b>\$ (968,683)</b> | <b>\$ 832,885</b> | <b>\$ 1,801,568</b> |

## CITY OF GRAND TERRACE

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 JUNE 30, 2019

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|                            | Refundable<br>Deposits Trust<br>Fund | Employees<br>Deferred Comp<br>Trust Fund | Totals            |
|----------------------------|--------------------------------------|--|-------------------|
| <b>Assets:</b>             |                                      |  |                   |
| Cash and investments       | \$ 675,528                           | \$ 89,177                                | \$ 764,705        |
| Due from other governments | 3,572                                | -  | 3,572             |
| <b>Total Assets</b>        | <b>\$ 679,100</b>                    | <b>\$ 89,177</b>                         | <b>\$ 768,277</b> |
| <b>Liabilities:</b>        |                                      |  |                   |
| Accounts payable           | \$ 8,752                             | \$ -                                     | \$ 8,752          |
| Deposits payable           | 670,348                              | 89,177                                   | 759,525           |
| <b>Total Liabilities</b>   | <b>\$ 679,100</b>                    | <b>\$ 89,177</b>                         | <b>\$ 768,277</b> |

## CITY OF GRAND TERRACE

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2019**

|  | <u>Balance<br/>July 1, 2018</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance<br/>June 30, 2019</u> |
|--|---------------------------------|-------------------|-------------------|----------------------------------|
| <b><u>Refundable Deposits Trust Fund</u></b>     |                                 |                   |                   |                                  |
| <b>Assets:</b>                                   |                                 |                   |                   |                                  |
| Cash and investments                             | \$ 427,513                      | \$ 441,915        | \$ 193,900        | \$ 675,528                       |
| Due from other governments                       | -                               | 3,572             | -                 | 3,572                            |
| <b>Total Assets</b>                              | <b>\$ 427,513</b>               | <b>\$ 445,487</b> | <b>\$ 193,900</b> | <b>\$ 679,100</b>                |
| <b>Liabilities:</b>                              |                                 |                   |                   |                                  |
| Accounts payable                                 | \$ 493                          | \$ 74,487         | \$ 66,228         | \$ 8,752                         |
| Deposits payable                                 | 427,020                         | 435,389           | 192,061           | 670,348                          |
| <b>Total Liabilities</b>                         | <b>\$ 427,513</b>               | <b>\$ 509,876</b> | <b>\$ 258,289</b> | <b>\$ 679,100</b>                |
| <b><u>Employees Deferred Comp Trust Fund</u></b> |                                 |                   |                   |                                  |
| <b>Assets:</b>                                   |                                 |                   |                   |                                  |
| Cash and investments                             | \$ 85,882                       | \$ 3,295          | \$ -              | \$ 89,177                        |
| <b>Total Assets</b>                              | <b>\$ 85,882</b>                | <b>\$ 3,295</b>   | <b>\$ -</b>       | <b>\$ 89,177</b>                 |
| <b>Liabilities:</b>                              |                                 |                   |                   |                                  |
| Deposits payable                                 | \$ 85,882                       | \$ 3,295          | \$ -              | \$ 89,177                        |
| <b>Total Liabilities</b>                         | <b>\$ 85,882</b>                | <b>\$ 3,295</b>   | <b>\$ -</b>       | <b>\$ 89,177</b>                 |
| <b><u>Totals - All Agency Funds</u></b>          |                                 |                   |                   |                                  |
| <b>Assets:</b>                                   |                                 |                   |                   |                                  |
| Cash and investments                             | \$ 513,395                      | \$ 445,210        | \$ 193,900        | \$ 764,705                       |
| Due from other governments                       | -                               | 3,572             | -                 | 3,572                            |
| <b>Total Assets</b>                              | <b>\$ 513,395</b>               | <b>\$ 448,782</b> | <b>\$ 193,900</b> | <b>\$ 768,277</b>                |
| <b>Liabilities:</b>                              |                                 |                   |                   |                                  |
| Accounts payable                                 | \$ 493                          | \$ 74,487         | \$ 66,228         | \$ 8,752                         |
| Deposits payable                                 | 512,902                         | 438,684           | 192,061           | 759,525                          |
| <b>Total Liabilities</b>                         | <b>\$ 513,395</b>               | <b>\$ 513,171</b> | <b>\$ 258,289</b> | <b>\$ 768,277</b>                |