



CPAs AND ADVISORS

# CITY OF GRAND TERRACE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

ANNUAL FINANCIAL REPORT

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CITY OF GRAND TERRACE, CALIFORNIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grand Terrace, California, (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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



CPAs AND ADVISORS

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 1 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, the Street Improvement Fund, and the Housing Authority Fund; the schedule of proportionate share of the net pension liability, the schedule of plan contributions, 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 introductory section, 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 10, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in black ink that reads 'Lance, Soll &amp; Lughard, LLP'. The signature is written in a cursive, flowing style.

Brea, California  
June 10, 2019

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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, 2018. 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, 2018 by \$20.3 million (net position).
- The City's net position increased by \$2.8 million from the previous fiscal year from \$17.5 million to \$20.3 million. This increase is mostly due to the receipt of the excess 15% 2011 bond proceeds by the General Fund from the Successor Agency to the Grand Terrace Community Redevelopment Agency as authorized by the Department of Finance.
- As of June 30, 2018, the City of Grand Terrace's governmental funds had reported combined ending fund balances of \$8.1 million, an increase of \$2.2 million from the previous fiscal year. Of this total, approximately \$7.3 million, or 91.0% 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 decrease of about \$15,000. During FY 2017-18, while the CJPIA Retrospective liability and the OPEB obligation decreased, the City's Net Pension Liability and Compensated Absences obligation increased by almost the same amount as the decrease in the other two categories mentioned. Hence, the net result is the minor decrease in the City's total debt.
- The General Fund had a year-end fund balance of \$3.4 million at June 30, 2018. This was an increase of \$2.5 million and an increase of 267% over FY 2016- 17

### Using the Accompanying Financial Statements

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

### Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements explain how general government services like public safety were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the government operates like a business.
- Fiduciary fund statements provide information about the fiduciary relationships - like the agency funds of the City - in which the City acts solely as agent or trustee for the benefit of others, to whom the resources in question belong.

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

### **Reporting the City as a Whole**

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

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

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

- Governmental activities - Most of the City's basic services such as public safety, public works, community development, and general government are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activity - The Waste Water Disposal Fund accounts for the remaining assets and liabilities of the fund that used to account for the provision of waste water disposal services to the residents and businesses within the City of Grand Terrace. The City of Colton/ Colton Utility Authority now provide waste water 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, 2018, net position for the City of Grand Terrace was \$20,291,188; compared to net position of \$17,536,715 at June 30, 2017.

A summary of the government-wide Statement of Net Position at June 30, 2018 and June 30, 2017 are as follows:

Table 1  
Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	9,733,343	7,961,860	1,453,024	1,435,080	11,186,367	9,396,940
Capital assets, net	<u>11,923,357</u>	<u>11,893,093</u>	<u>4,708,268</u>	<u>4,796,838</u>	<u>16,631,625</u>	<u>16,689,931</u>
Total assets	21,656,700	19,854,953	6,161,292	6,231,918	27,817,992	26,086,871
Deferred Outflows for Pension	1,244,591	1,143,285	-	-	1,244,591	1,143,285
Other liabilities	1,473,214	1,947,938	6,875	6,875	1,480,089	1,954,813
Long-term liabilities	<u>6,396,228</u>	<u>6,411,117</u>	-	-	<u>6,396,228</u>	<u>6,411,117</u>
Total liabilities	7,869,442	8,359,055	6,875	6,875	7,876,317	8,365,930
Deferred inflows for Pension	895,078	1,327,511	-	-	895,078	1,327,511
Net investment in capital						
assets	11,923,357	11,893,093	4,708,268	4,796,838	16,631,625	16,689,931
Restricted	7,299,178	5,355,342	-	-	7,299,178	5,355,342
Unrestricted	<u>(5,085,764)</u>	<u>(5,936,763)</u>	<u>1,446,149</u>	<u>1,428,205</u>	<u>(3,639,615)</u>	<u>(4,508,558)</u>
Total net position	<u>\$ 14,136,771</u>	<u>\$ 11,311,672</u>	<u>\$ 6,154,417</u>	<u>\$ 6,225,043</u>	<u>\$ 20,291,188</u>	<u>\$ 17,536,715</u>

\$16,631,625 (82%) of the net position reflects the City's investment in capital assets. Since these assets are used to provide services to the citizens they are not available for future spending. An additional \$7,299,178 (36%) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position resulted in a negative amount of \$3,639,615 (-18%) mainly due to the net pension liability of over \$5 million that the City has to account for as part of the City's Statement of Net Position.

A summary of the government-wide Statement of Activities for the year ended June 30, 2018 and 2017 are as follows:

Table 2  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues and transfers</b>						
Program revenues:						
Charges for services	\$ 904,402	\$ 2,378,029	\$ -	\$ 300	\$ 904,402	\$ 2,378,329
Operating contributions and grants	3,380,359	705,444	-	-	3,380,359	705,444
Capital contributions and grants	380,029	287,229	-	-	380,029	287,229
General revenues:						
Property tax	2,943,736	2,669,513	-	-	2,943,736	2,669,513
Sales tax	728,893	852,223	-	-	728,893	852,223
Motor vehicle in lieu	6,546	5,517	-	-	6,546	5,517
Other taxes	533,383	508,534	-	-	533,383	508,534
Use of money & property	436,299	349,642	17,944	6,992	454,243	356,634
Other revenues	22,055	60,887	-	-	22,055	60,887
<b>Total revenues and transfers</b>	<b>9,335,702</b>	<b>7,817,018</b>	<b>17,944</b>	<b>7,292</b>	<b>9,353,646</b>	<b>7,824,310</b>
<b>Expenses</b>						
General government	1,100,629	4,910,949	-	-	1,100,629	4,910,949
Public safety	2,152,184	2,091,160	-	-	2,152,184	2,091,160
Public works	2,191,913	2,735,516	-	-	2,191,913	2,735,516
Economic development	11,472	34,136	-	-	11,472	34,136
Cultural and recreation	1,373,318	2,709,994	-	-	1,373,318	2,709,994
Interest on long-term debt	5,140	2,651	-	-	5,140	2,651
Waste water disposal	-	-	88,570	88,570	88,570	88,570
<b>Total Expenses</b>	<b>6,834,656</b>	<b>12,484,406</b>	<b>88,570</b>	<b>88,570</b>	<b>6,923,226</b>	<b>12,572,976</b>
Change in net position	2,501,046	(4,667,388)	(70,626)	(81,278)	2,430,420	(4,748,666)
Beginning net position	11,311,672	15,984,060	6,225,043	6,306,321	17,536,715	22,290,381
Restatement of Net Position	324,053	(5,000)	-	-	324,053	(5,000)
<b>Ending net position</b>	<b>\$ 14,136,771</b>	<b>\$ 11,311,672</b>	<b>\$ 6,154,417</b>	<b>\$ 6,225,043</b>	<b>\$ 20,291,188</b>	<b>\$ 17,536,715</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 increased by \$2,754,473 or 15.7% during the fiscal year. This increase was mainly due to a transfer to the City of \$2.8 million by the Successor Agency to the Grand Terrace Community Redevelopment Agency of the excess 15% of the 2011 bond proceeds to the City's General Fund, as authorized by the Department of Finance. Taken separately, the net position of governmental activities increased by \$2,825,099 while the net position of business-type activities decreased by \$70,626. Total expenses of \$ 6,923,226 were offset by total revenues of \$ 9,353,646. In the Statement of Activities, expenditures do not include the cost of assets capitalized during the year or payments made on principal of outstanding debt. Depreciation is shown for governmental funds on this table, but the expense is not recorded in each individual fund.

After the deduction of capitalized assets, the next largest component in changes to net position is the actual increase or decrease in fund balances resulting from operations. For governmental funds there was a net increase of \$ 2,207,789. Of this amount, a net increase of \$ 868,749 is attributable to the Nonmajor Governmental Funds, a net decrease of \$153,915 to the Child Care Center Fund, a net decrease of \$8,900 to the Housing Authority Fund, a net decrease of \$949,578 to the Street Improvement Fund, with the difference being a net increase to the General Fund of \$2,451,433.

**Governmental Activities**

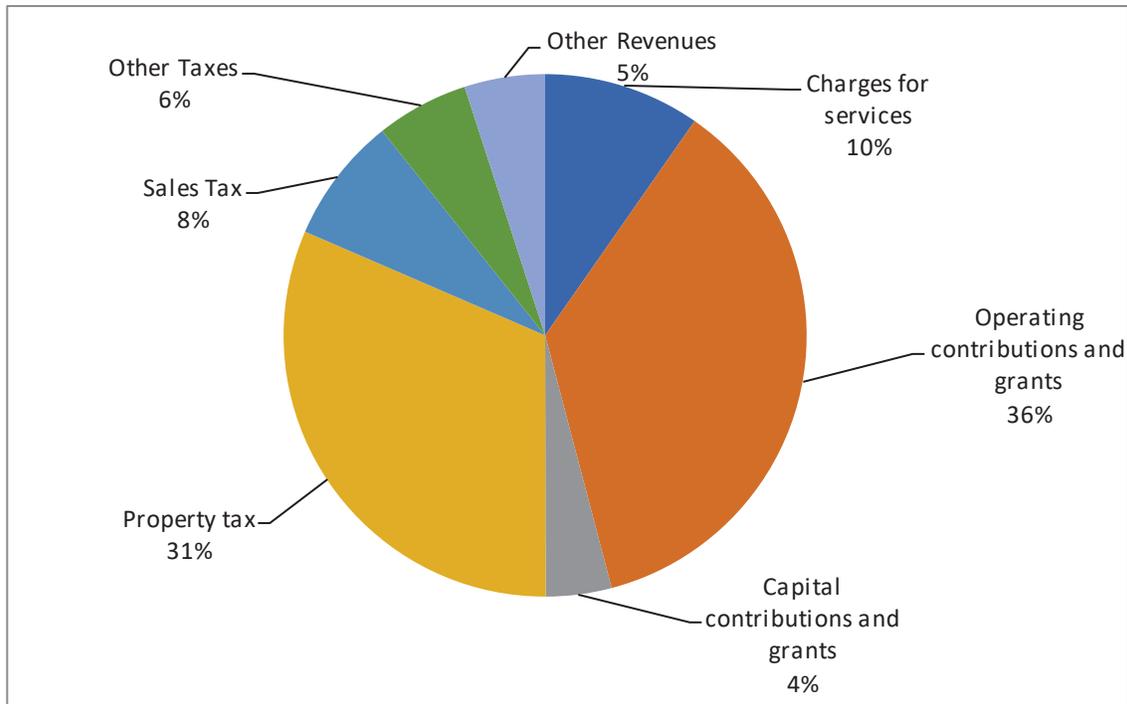
The following table shows the cost of each of the City’s major programs and their net cost after subtracting fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City taxpayers by each of the programs.

**Net Cost of Governmental Activities**

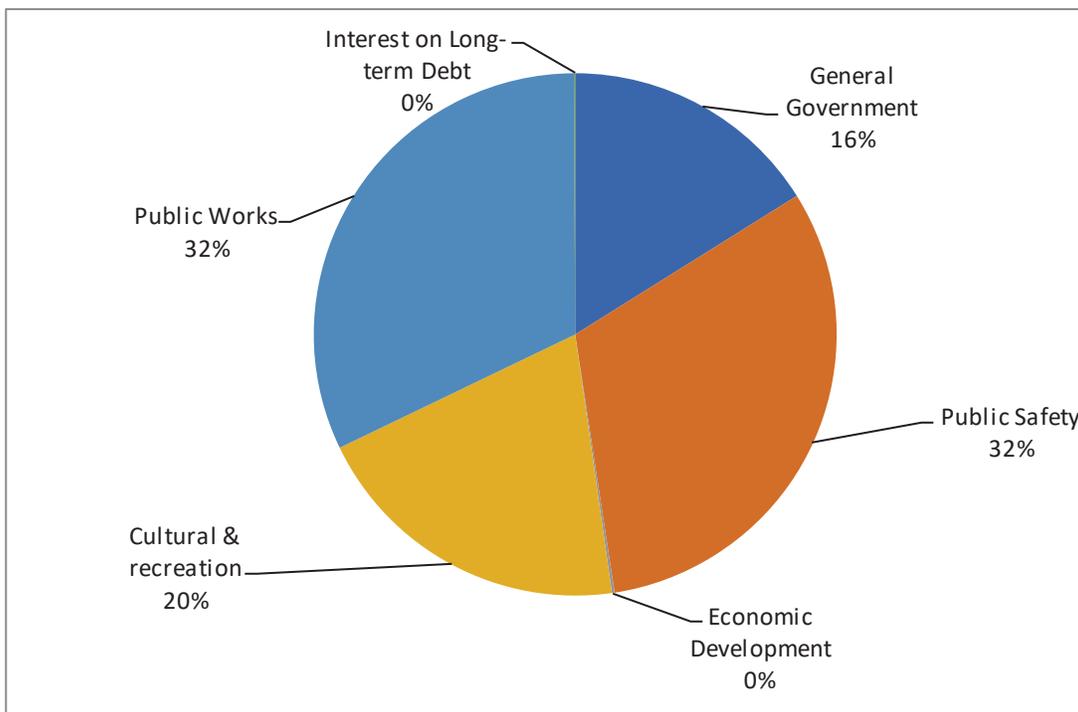
	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,100,629	\$ 741,296	\$ 4,910,949	\$ 4,750,698
Public safety	2,152,184	1,930,002	2,091,160	1,849,714
Public works	2,191,913	(1,791,829)	2,735,516	779,743
Economic development	11,472	(16,139)	34,136	29,808
Cultural and recreation	1,373,318	1,301,396	2,709,994	1,701,090
Interest on long-term debt	5,140	5,140	2,651	2,651
<b>Total</b>	<b>\$ 6,834,656</b>	<b>\$ 2,169,866</b>	<b>\$12,484,406</b>	<b>\$ 9,113,704</b>

This table shows the cost of all governmental activities this year was \$ 6,834,656. General tax dollars paid for approximately 61.5 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 \$9,335,702**



**Expenses by Function - Governmental Activities - \$6,834,656**

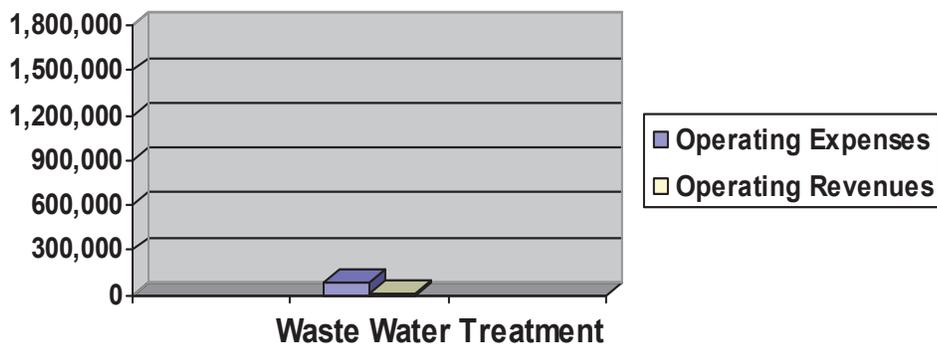


## Business-Type Activity

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 waste water 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 2017-18:

- Annual depreciation amounting to \$88,570 of all waste water sewer capital assets which are still owned by the City; and
- Interest income of \$17,944 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 2017-18, the fund balance of the General Fund increased by \$2,451,433 from a fund balance of \$ 917,720 at June 30, 2017 to \$3,369,153 at June 30, 2018. Total fund balance in all Governmental Funds was \$8,088,574.

The General Fund Revenues and Expenditures are shown below:

	<u>2017-2018</u>	<u>2016-2017</u>	Increase (Decrease) in <u>Fund Balance</u>
Revenues	\$ 8,162,060	\$ 5,570,613	\$ 2,591,447
Expenditures	(5,593,196)	(6,748,536)	1,155,340
Other Sources (Uses)	<u>(117,431)</u>	<u>(101,958)</u>	<u>(15,473)</u>
Net Change in Fund Balance	2,451,433	(1,279,881)	3,731,314
Beginning Fund Balance	917,720	2,189,411	(1,271,691)
Restatements	<u>-</u>	<u>8,190</u>	<u>(8,190)</u>
Ending Fund Balance	<u>\$ 3,369,153</u>	<u>\$ 917,720</u>	<u>\$ 2,451,433</u>

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

- General Fund revenues and transfers in exceeded expenditures and transfers out by \$2,451,433. Total General Fund revenues increased by \$2,591,447 or 46.5 percent from FY 2016-17. This increase in revenues is mainly due to the receipt of the excess 15% 2011 bond proceeds by the General Fund from the Successor Agency to the Grand Terrace Community Redevelopment Agency as already previously mentioned.
- Property taxes received increased by 12.8 percent from \$2,592,716 to \$2,924,532, a difference of about \$331,816. This increase in property tax is mainly attributable to the increase in RPTTF Residual Receipts by \$239,000. During the fiscal year, the increase in Secured Property Taxes provided the remaining additional increase to this category.
- Gross Sales tax decreased by 14.5 percent from \$852,223 to \$728,893. The City's Economic Agreement with One Source ended on June 30, 2017. At the beginning of FY 2017-18, One Source Relocated to the City of Riverside, resulting in an annual decrease of sales tax revenue of approximately \$160,000.
- Charges for service, including licenses and permits in FY 2017-18 increased by 8.2 percent from \$1,024,284 to \$1,107,908. The following are the revenues belonging to this category that increased most during the fiscal year: Engineering Fees - Other increased by \$15,002, Public Works Permits increased by \$33,166, Miscellaneous Planning Fees increased by \$37,189 and Engineering Plan Review increased by \$ 13,112.
- Fines and forfeitures received during FY 2017-18 increased by \$27,360 or 35.9 percent from \$76,314 during FY 2016-17 to \$103,674 during FY 2017-18. The increase in this category resulted from increased collections of the following General Fund revenues: Parking citations increased by \$18,370, Sweep Day citations increased by \$4,162 and Tow charges increased by \$4,255.

- The overall operating expenditures of the General Fund decreased by 17 percent over the prior year - from \$6.7 million to \$5.6 million. The positive variance of about \$1.2 million between FY 2016-17 and FY 2017-18 were mainly due to the following: the decrease in the capital outlay category by \$668,075 and the decrease in the debt service category. Please note that the Zion's Bank loan was paid in full during FY 2016-17.
- The total general government expenditures category showed an increase in expenditures amounting to \$232,508. The public safety category and the public works category also showed an increase in expenditures by \$86,675 and \$311,490 respectively. The following categories had decreased expenditures during FY 2017-18 compared to the previous fiscal year: Cultural and recreation (\$82,988), capital outlay (\$668,075), principal payment (\$1,021,452) and interest and fiscal charges (\$13,498).
- Of the total \$5,593,196 in General Fund operating expenditures, total general government expenditures represented 20.4 percent, public works expenditures represented 26.3 percent, public safety expenditures represented 36.4 percent and project improvement costs represented 5.2 percent. The other 11.7 percent represented expenditures relating to cultural & recreation.

Other major governmental funds include the Street Improvement Fund, the Housing Authority Fund, and the Child Care Center Fund.

The Street Improvement Fund had a net change of (\$949,578) during the fiscal year.

The fund balance of the Housing Authority Fund decreased by \$8,900 during FY 2017-18. This fund accounts for the housing assets as a result of the dissolution of the Community Redevelopment Agency of the City.

The Child Care Center Fund ended the fiscal year with a net change of (\$153,915).

### **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, 2018, the City had invested \$16,631,625, 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.

Additional information on the City's capital assets can be found in the Note 5 of the notes to the accompanying financial statements.

### Capital Assets (Net of depreciation)

	Governmental Activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,262,881	\$ 3,262,881	\$ -	\$ -	\$ 3,262,881	\$ 3,262,881
Buildings	2,746,722	2,902,324	-	-	2,746,722	2,902,324
Improvements	2,912,654	2,533,426	96,926	105,354	3,009,580	2,638,780
Equipment	258,073	218,744	-	-	258,073	218,744
Vehicles	83,431	69,140	-	-	83,431	69,140
Infrastructure	2,131,136	2,359,519	-	-	2,131,136	2,359,519
Sewer mains	-	-	2,506,874	2,551,575	2,506,874	2,551,575
Sewer laterals	-	-	1,265,811	1,286,821	1,265,811	1,286,821
Sewer manholes	-	-	838,657	853,088	838,657	853,088
Construction in progress	528,460	547,059	-	-	528,460	547,059
	<u>\$11,923,357</u>	<u>\$ 11,893,093</u>	<u>\$ 4,708,268</u>	<u>\$4,796,838</u>	<u>\$16,631,625</u>	<u>\$16,689,931</u>

## Long-Term Debt

At the end FY 2017-18, the City had debt outstanding of \$6,396,228. The City's net pension liability increased by \$528,048 from \$4,536,720 in the prior fiscal year to \$5,064,768 at the end of June 30, 2018. The City's other post-employment benefits (OPEB) obligations decreased by \$453,954 from \$1,619,685 at the end of FY 2016-17 to \$1,165,731 at the end of FY 2017-18. The City's liability for compensated absences increased by \$37,802 compared to the prior fiscal year from \$127,927 to \$165,729 at the end of June 30, 2018.

Additional information on the City's long-term debt can be found in the Note 6 of the notes to the accompanying financial statements.

**Outstanding Debt  
Governmental Activities**

	2018	2017	Increase (Decrease)
CJPIA Retrospective Liability	\$ -	\$ 126,785	\$ (126,785)
OPEB obligation	1,165,731	1,619,685	(453,954)
Net Pension Liability	5,064,768	4,536,720	528,048
Compensated Absences	165,729	127,927	37,802
Total Outstanding Debt	<u>\$ 6,396,228</u>	<u>\$ 6,411,117</u>	<u>\$ (14,889)</u>

**Economic Factors and Outlook for Future Years**

While the City’s economic conditions continues to modestly improve with increases to property and sales tax revenues, the growth in revenue is being consumed by increases to core service contracts, which eliminates the City’s ability to increase levels of service. The City of Grand Terrace fiscal position in 2019 should be considered sustainable (revenue exceeds expenses and City maintains funds in a reserve account that is the equivalent of two months of expenses).

The City Council has taken some steps to increase revenue and shield the general fund from being outpaced by expenses. The City entered into a Franchise Agreement with Riverside Highland Water company and replaced streets lights with more energy efficient LED’s street lights. Combined, both programs will yield the City an additional \$80,000 a year in revenue/savings. The Council also combined operational programs to yield an additional \$50,000 in savings from Animal Control and Code Enforcement contracts. In addition, the City sold the former child care facility and used the resources to close out the deficit of the Child Care Fund and paydown some of the Funds Unfunded Accrued Liability.

While the General Fund requires an annual balancing act each year, the City continues to see additional revenues materialize for Restricted/Special Purpose Funds. The City Council filed its last and final Redevelopment Obligations Payment schedule, which allows the City to access \$2,800,000 in bond proceeds. Council is restricted to use the bond proceeds for their original purpose and a significant amount of the funds will be used for infrastructure and economic development. The passage of Prop 68 will yield \$200,000 for park improvements and SB-1 (Road Repair and Accountability Act) will allow the City to accelerate the repair of the City’s aging road infrastructure.

The City will complete liquidation of 90% of housing successor agency properties before the end of the 2<sup>nd</sup> quarter of 2019 and place its largest land asset 4.78 acres on Barton Rd into private developer hands before the close of 2019. The sale of the property should allow the City to receive over \$200,000 in one-time revenues.

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. The success of the 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. There are two distinct commercial retail areas of the City where the retail growth will occur, Barton Rd. and Commerce Way in the Gateway Specific Plan area.

Barton Rd. should see approximately 24,000 sq. ft. of retail space come online in 2019 and generate approximately \$50,000 in sales taxes annually and nominal growth in property tax because most of the retail space will be in existing vacant locations. However, in 2020 approximately 35,000 sq. ft. of new retail space should come online and generate an additional \$55,000 per year in sales tax and \$10,000 in property tax. 2021 will see an additional 50,000 sq. ft. of retail space come online and generate approximately \$100,000 in new sales tax and \$80,000 in property tax.

While the Gateway Specific Plan is all new construction and the City anticipates significant sales and property tax to be generated from this area, unlike the properties on Barton Rd., we don't have a clear definition of business types and revenue trends to be generated by businesses in the commercial area at this time.

Grand Terrace has a current population of approximately 12,285 and is the smallest of the Inland Empire cities in the urban core. The City is geographically located between two of the most populous cities in the Inland Empire (Riverside and San Bernardino); while largely a bedroom community, Grand Terrace is in a position to take advantage of the new commercial and housing renaissance.

Construction of the I-215/Barton Rd. interchange project will be completed in early 2020 and should allow existing and new retail centers to capture the increase in customers from the increase in interchange capacity from 28,000 cars per day to over 40,000 cars per day.

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 Rd. retail space materializes.

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CITY OF GRAND TERRACE

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 5,517,104	\$ 578,024	\$ 6,095,128
Receivables:			
Accounts	149,823	-	149,823
Notes and loans	794,402	-	794,402
Accrued interest	3,656	-	3,656
Internal balances	(875,000)	875,000	-
Prepaid costs	3,851	-	3,851
Due from other governments	3,676,341	-	3,676,341
Land held for resale	463,166	-	463,166
Capital assets not being depreciated	3,791,341	-	3,791,341
Capital assets, net of depreciation	8,132,016	4,708,268	12,840,284
<b>Total Assets</b>	<b>21,656,700</b>	<b>6,161,292</b>	<b>27,817,992</b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	1,244,591	-	1,244,591
<b>Total Deferred Outflows of Resources</b>	<b>1,244,591</b>	<b>-</b>	<b>1,244,591</b>
<b>Liabilities:</b>			
Accounts payable	464,812	-	464,812
Accrued liabilities	57,302	-	57,302
Deposits payable	4,663	6,875	11,538
Due to other governments	946,437	-	946,437
Noncurrent liabilities:			
Due within one year	83,079	-	83,079
Due in more than one year	82,650	-	82,650
OPEB liability	1,165,731	-	1,165,731
Net pension liability	5,064,768	-	5,064,768
<b>Total Liabilities</b>	<b>7,869,442</b>	<b>6,875</b>	<b>7,876,317</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	857,621	-	857,621
Deferred OPEB related items	37,457	-	37,457
<b>Total Deferred Inflows of Resources</b>	<b>895,078</b>	<b>-</b>	<b>895,078</b>
<b>Net Position:</b>			
Invested in capital assets	11,923,357	4,708,268	16,631,625
Restricted for:			
Community development projects	2,798,856	-	2,798,856
Public safety	25,124	-	25,124
Public works	4,475,300	-	4,475,300
Dog part endowment	13,017	-	13,017
Unrestricted	(5,098,883)	1,446,149	(3,652,734)
<b>Total Net Position</b>	<b>\$ 14,136,771</b>	<b>\$ 6,154,417</b>	<b>\$ 20,291,188</b>

CITY OF GRAND TERRACE

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 1,100,629	\$ 218,989	\$ 140,344	\$ -
Public safety	2,152,184	117,624	104,558	-
Economic development	11,472	-	27,611	-
Cultural and recreation	1,373,318	71,922	-	-
Public works	2,191,913	495,867	3,107,846	380,029
Interest on long-term debt	5,140	-	-	-
<b>Total Governmental Activities</b>	<b>6,834,656</b>	<b>904,402</b>	<b>3,380,359</b>	<b>380,029</b>
Business-Type Activities:				
Waste Water Disposal	88,570	-	-	-
<b>Total Business-Type Activities</b>	<b>88,570</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 6,923,226</b>	<b>\$ 904,402</b>	<b>\$ 3,380,359</b>	<b>\$ 380,029</b>

**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

**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**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (741,296)	\$ -	\$ (741,296)
(1,930,002)	-	(1,930,002)
16,139	-	16,139
(1,301,396)	-	(1,301,396)
1,791,829	-	1,791,829
(5,140)	-	(5,140)
<b>(2,169,866)</b>	<b>-</b>	<b>(2,169,866)</b>
-	(88,570)	(88,570)
-	<b>(88,570)</b>	<b>(88,570)</b>
<b>(2,169,866)</b>	<b>(88,570)</b>	<b>(2,258,436)</b>
2,943,736	-	2,943,736
728,893	-	728,893
449,074	-	449,074
84,309	-	84,309
6,546	-	6,546
436,299	17,944	454,243
22,055	-	22,055
<b>4,670,912</b>	<b>17,944</b>	<b>4,688,856</b>
2,501,046	(70,626)	2,430,420
11,311,672	6,225,043	17,536,715
324,053	-	324,053
11,635,725	6,225,043	17,860,768
<b>\$ 14,136,771</b>	<b>\$ 6,154,417</b>	<b>\$ 20,291,188</b>

CITY OF GRAND TERRACE

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Street Improvement</u>	<u>Housing Authority</u>
<b>Assets:</b>			
Cash and investments	\$ 1,897,340	\$ 530,645	\$ 206,732
Receivables:			
Accrued revenue	142,105	-	-
Notes and loans receivable	30,785	-	763,617
Interest receivable	3,656	-	-
Prepaid costs	3,851	-	-
Due from other funds	533,443	9,000	-
Due from other governments	3,026,848	10,197	398,636
Advances to other funds	-	-	168,205
Land held for resale	-	-	463,166
<b>Total Assets</b>	<b><u>\$ 5,638,028</u></b>	<b><u>\$ 549,842</u></b>	<b><u>\$ 2,000,356</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 242,684	\$ -	\$ -
Accrued liabilities	57,302	-	-
Due to other funds	-	-	-
Due to other governments	925,272	-	21,165
Advances from other funds	1,043,205	-	-
Refundable deposits	-	4,663	-
<b>Total Liabilities</b>	<b><u>2,268,463</u></b>	<b><u>4,663</u></b>	<b><u>21,165</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	412	-	59,519
<b>Total Deferred Inflows of Resources</b>	<b><u>412</u></b>	<b><u>-</u></b>	<b><u>59,519</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	3,851	-	-
Notes and loans	30,785	-	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Community development projects	-	-	1,919,672
Public safety	-	-	-
Public works	-	545,179	-
Infrastructure projects	2,000,000	-	-
<b>Committed to:</b>			
Committed to contingencies	433,447	-	-
Committed to equipment replacement	147,917	-	-
Committed to community services	25,417	-	-
Committed to additional public safety	294,833	-	-
<b>Unassigned</b>	<b>432,903</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b><u>3,369,153</u></b>	<b><u>545,179</u></b>	<b><u>1,919,672</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 5,638,028</u></b>	<b><u>\$ 549,842</u></b>	<b><u>\$ 2,000,356</u></b>

CITY OF GRAND TERRACE

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Child Care Center</u>		
<b>Assets:</b>			
Cash and investments	\$ -	\$ 2,882,387	\$ 5,517,104
Receivables:			
Accrued revenue	-	7,718	149,823
Notes and loans receivable	-	-	794,402
Interest receivable	-	-	3,656
Prepaid costs	-	-	3,851
Due from other funds	-	27,000	569,443
Due from other governments	-	240,660	3,676,341
Advances to other funds	-	-	168,205
Land held for resale	-	-	463,166
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 3,157,765</b>	<b>\$ 11,345,991</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 52,890	\$ 169,238	\$ 464,812
Accrued liabilities	-	-	57,302
Due to other funds	408,995	160,448	569,443
Due to other governments	-	-	946,437
Advances from other funds	-	-	1,043,205
Refundable deposits	-	-	4,663
<b>Total Liabilities</b>	<b>461,885</b>	<b>329,686</b>	<b>3,085,862</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	111,624	171,555
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>111,624</b>	<b>171,555</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	3,851
Notes and loans	-	-	30,785
Permanent fund principal	-	13,017	13,017
<b>Restricted for:</b>			
Community development projects	-	879,082	2,798,754
Public safety	-	25,124	25,124
Public works	-	1,930,121	2,475,300
Infrastructure projects	-	-	2,000,000
<b>Committed to:</b>			
Committed to contingencies	-	-	433,447
Committed to equipment replacement	-	-	147,917
Committed to community services	-	-	25,417
Committed to additional public safety	-	-	294,833
<b>Unassigned</b>	<b>(461,885)</b>	<b>(130,889)</b>	<b>(159,871)</b>
<b>Total Fund Balances</b>	<b>(461,885)</b>	<b>2,716,455</b>	<b>8,088,574</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 3,157,765</b>	<b>\$ 11,345,991</b>

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**CITY OF GRAND TERRACE**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

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Fund balances of governmental funds		\$ 8,088,574
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		
Capital assets	\$ 22,157,454	
Accumulated depreciation	<u>(10,234,097)</u>	11,923,357
Deferred outflows of resources reported for the pension plan for government-wide statements are as follows:		
Pension contributions made subsequent to the measurement date	391,538	
Change in assumptions	653,766	
Difference between expected and actual experience	5,269	
Net difference between projected and actual earnings on pension plan investments	147,855	
Adjustment due to difference in proportions	28,663	
Differences in proportionate share	<u>17,500</u>	1,244,591
Compensated absences that have not been included in the governmental activities		(165,729)
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.		(1,165,731)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.		(5,064,768)
Deferred inflows of resources reported for government-wide statements are amortized:		
Pension related items:		
Change in assumptions	(49,850)	
Difference between expected and actual experience	(75,489)	
Adjustment due to difference in proportions	(584,957)	
Differences in proportionate share	(147,325)	
OPEB related items:		
Change in assumptions	<u>(37,457)</u>	(895,078)
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>171,555</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 14,136,771</u></b>

CITY OF GRAND TERRACE

STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Street Improvement</u>	<u>Housing Authority</u>
<b>Revenues:</b>			
Taxes	\$ 3,653,425	\$ -	\$ -
Intergovernmental	42,306	10,197	-
Charges for services	1,107,908	40,283	-
Use of money and property	380,713	11,587	685
Fines and forfeitures	103,674	-	-
Contributions	2,857,416	-	-
Miscellaneous	16,618	-	-
<b>Total Revenues</b>	<b>8,162,060</b>	<b>62,067</b>	<b>685</b>
<b>Expenditures:</b>			
Current:			
General government	1,139,654	-	-
Public safety	2,035,986	-	-
Public works	1,468,238	-	-
Economic development	-	-	9,585
Cultural and recreation	654,253	-	-
Capital outlay:			
Project improvement costs	289,925	-	-
Debt service:			
Interest and fiscal charges	5,140	-	-
<b>Total Expenditures</b>	<b>5,593,196</b>	<b>-</b>	<b>9,585</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,568,864	62,067	(8,900)
<b>Other Financing Sources (Uses):</b>			
Transfers in	50,000	-	-
Transfers out	(167,431)	(1,011,645)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(117,431)</b>	<b>(1,011,645)</b>	<b>-</b>
Net Change in Fund Balances	2,451,433	(949,578)	(8,900)
Fund Balances, Beginning of Year	917,720	1,494,757	1,928,572
<b>Fund Balances, End of Year</b>	<b>\$ 3,369,153</b>	<b>\$ 545,179</b>	<b>\$ 1,919,672</b>

CITY OF GRAND TERRACE

STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Fund</u>		
	<u>Child Care Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ -	\$ 19,204	\$ 3,672,629
Intergovernmental	-	874,416	926,919
Charges for services	-	99,424	1,247,615
Use of money and property	(926)	30,900	422,959
Fines and forfeitures	-	8,517	112,191
Contributions	-	-	2,857,416
Miscellaneous	4,501	36,436	57,555
<b>Total Revenues</b>	<b>3,575</b>	<b>1,068,897</b>	<b>9,297,284</b>
<b>Expenditures:</b>			
Current:			
General government	-	16,915	1,156,569
Public safety	-	103,644	2,139,630
Public works	-	502,140	1,970,378
Economic development	-	-	9,585
Cultural and recreation	157,490	204,250	1,015,993
Capital outlay:			
Project improvement costs	-	502,275	792,200
Debt service:			
Interest and fiscal charges	-	-	5,140
<b>Total Expenditures</b>	<b>157,490</b>	<b>1,329,224</b>	<b>7,089,495</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(153,915)	(260,327)	2,207,789
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	1,746,294	1,796,294
Transfers out	-	(617,218)	(1,796,294)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,129,076</b>	<b>-</b>
Net Change in Fund Balances	(153,915)	868,749	2,207,789
Fund Balances, Beginning of Year	(307,970)	1,847,706	5,880,785
<b>Fund Balances, End of Year</b>	<b>\$ (461,885)</b>	<b>\$ 2,716,455</b>	<b>\$ 8,088,574</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, 2018**

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Net change in fund balances - total governmental funds \$ 2,207,789

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	\$ 792,199	
Depreciation expense	<u>(761,935)</u>	30,264

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 insurance payable	126,785	
Change in compensated absences payable	<u>(37,802)</u>	88,983

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. 92,444

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. 43,148

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. 38,418

**Change in Net Position of Governmental Activities \$ 2,501,046**

CITY OF GRAND TERRACE

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2018

	<u>Business-Type Activities</u>
	<u>Waste Water Disposal</u>
<b>Assets:</b>	
Current:	
Cash and investments	\$ 578,024
<b>Total Current Assets</b>	<b>578,024</b>
Noncurrent:	
Advances to other funds	875,000
Capital assets - net of accumulated depreciation	4,708,268
<b>Total Noncurrent Assets</b>	<b>5,583,268</b>
<b>Total Assets</b>	<b>\$ 6,161,292</b>
<b>Liabilities and Net Position:</b>	
<b>Liabilities:</b>	
Current:	
Deposits payable	\$ 6,875
<b>Total Current Liabilities</b>	<b>6,875</b>
<b>Total Liabilities</b>	<b>6,875</b>
<b>Net Position:</b>	
Invested in capital assets	4,708,268
Unrestricted	1,446,149
<b>Total Net Position</b>	<b>6,154,417</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,161,292</b>

CITY OF GRAND TERRACE

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities</u>
	<u>Waste Water Disposal</u>
<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	17,944
<b>Total Nonoperating Revenues (Expenses)</b>	<b>17,944</b>
Changes in Net Position	(70,626)
<b>Net Position:</b>	
Beginning of Year	6,225,043
<b>End of Fiscal Year</b>	<b>\$ 6,154,417</b>

CITY OF GRAND TERRACE

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities</u>
	<u>Waste Water Disposal</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Repayment received from other funds	\$ 260,000
Advance to other funds	<u>(875,000)</u>
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u><b>(615,000)</b></u>
<b>Cash Flows from Investing Activities:</b>	
Interest received	<u>17,944</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u><b>17,944</b></u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(597,056)</b>
Cash and Cash Equivalents at Beginning of Year	<u>1,175,080</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><b>\$ 578,024</b></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	<u>\$ (88,570)</u>
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>	
Depreciation	<u>88,570</u>
<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, 2018

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund</u>
		<u>Successor Agency Private Purpose Trust Fund</u>
<b>Assets:</b>		
Cash and investments	\$ 513,395	\$ 19,177,101
Receivables:		
Interest	-	79,376
Due from other governments	-	925,272
Land held for resale	-	768,974
Restricted assets:		
Cash and investments with fiscal agent	-	1,762,755
<b>Total Assets</b>	<b><u>\$ 513,395</u></b>	<b><u>22,713,478</u></b>
<b>Liabilities:</b>		
Accounts payable	\$ 493	5,421
Accrued interest	-	363,452
Due to other governments	-	3,991,032
Due to external parties	512,902	-
Long-term liabilities:		
Due in one year	-	665,000
Due in more than one year	-	16,720,286
<b>Total Liabilities</b>	<b><u>\$ 513,395</u></b>	<b><u>21,745,191</u></b>
<b>Net Position:</b>		
Held in trust for other purposes		968,287
<b>Total Net Position</b>		<b><u>\$ 968,287</u></b>

CITY OF GRAND TERRACE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2018

	<u>Private- Purpose Trust Fund</u>
	<u>Successor Agency Private Purpose Trust Fund</u>
<b>Additions:</b>	
RPTTF distribution	\$ 2,190,786
Investment earnings	229,423
	<u>2,420,209</u>
<b>Total Additions</b>	<b>2,420,209</b>
<b>Deductions:</b>	
Administrative expenses	228,410
Contractual services	36,883
Debt service payments - interest	1,117,551
Payments of enforceable obligations	2,857,416
	<u>4,240,260</u>
<b>Total Deductions</b>	<b>4,240,260</b>
<b>Changes in Net Position</b>	<b>(1,820,051)</b>
Net Position - Beginning of the Year	<u>2,788,338</u>
<b>Net Position - End of the Year</b>	<b><u>\$ 968,287</u></b>

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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.

**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,

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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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 Child Care Center Fund accounts for the remaining assets and liabilities of the fund that formerly accounted for the fully licensed child care program of the City. The program provided a structured environment for the physical, intellectual, and social development of the child. On July 1, 2017, the City's Child Care Program was discontinued and its operations were taken over by Family Services Association (FSA).

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 14).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018**

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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, 2018

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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, 2016  
Measurement date (MD) June 30, 2017  
Measurement Period (MP) July 1, 2016 to June 30, 2017

9. Other Postemployment 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, 2018  
Measurement Period July 1, 2017 to June 30, 2018

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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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 life time.

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, 2018, EARLS were:	5.7 years	OPEB plan
	3.8 years	Pension Miscellaneous – Cost Sharing Plan

**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:

- Nonspendable – 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, 2018

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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, 2018, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

*GASB Statement No. 75 – Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

Deficit Fund Balances

As of June 30, 2018, the following funds have deficit fund balances:

	<u>Amount</u>
Child Care Center Fund	\$ (461,885)
CDBG	(26,178)
Active Transportation Program	(70,622)
Enhanced Infrastructure	(33,564)
Financing District	
Capital Projects	(525)

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

Budget

The following funds did not adopt a budget and therefore budgetary comparison information is not presented: Child Care Center Fund, Cal Recycle Grant Fund, Barton/Colton Bridge Fund, Capital Projects Fund, and the Dog Park Endowment Fund.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 6,095,128
Statement of Fiduciary Net Position:	
Cash and Investments	19,690,496
Cash and Investments with Fiscal Agents	<u>1,762,755</u>
Total Cash and Investments	<u>\$ 27,548,379</u>

Cash and investments as of June 30, 2018, consist of the following:

Cash on Hand	\$ 1,250
Deposits with Financial Institutions	3,167,937
Investments	<u>24,379,192</u>
Total Cash and Investments	<u>\$ 27,548,379</u>

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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, 2018

**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 Investment Maturity 12 Months or Less
Certificates of Deposit	\$ 94,000	\$ 94,000
Local Agency Investment Fund (LAIF)	17,454,489	17,454,489
Local Gov. Invest. Pool (CAMP)	3,988,332	3,988,332
First American Treasury	1,079,616	1,079,616
Held by Trustee:		
Money Market Mutual Funds	1,762,755	1,762,755
Total	\$ 24,379,192	\$ 24,379,192

Disclosures Relating to Credit Risk

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

Authorized Investment Type	Amount	Minimum Legal Rating	Actual Rating
Certificates of Deposit	\$ 94,000	N/A	N/A
Local Agency Investment Fund (LAIF)	17,454,489	N/A	N/A
Local Gov. Invest. Pool (CAMP)	3,988,332	N/A	N/A
First American Treasury	1,079,616	N/A	N/A
Held by Trustee:			
Money Market Mutual Funds	1,762,755	AAAm	N/A
Total	\$ 24,379,192		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018, 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, 2018, the City had deposits with financial institutions in excess of federal depository insurance limits of \$2,819,164.

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, 2018, the carrying amount (at amortized cost) of the Pool was \$88,964,875,827 and the estimated fair value of the Pool was \$88,798,232,977. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2018, was \$17,454,489. 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, 2018**

**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, 2018, the City's share of the Pool (as determined by CAMP) is \$3,988,332. 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, 2018:

Investment Type	Total	Level		
		1	2	3
<b>Investments:</b>				
Local Government Investment Pool	\$ 3,988,332	\$ -	\$ 3,988,332	\$ -
First American Treasury	1,079,616	-	1,079,616	-
Certificates of Deposit	94,000	-	94,000	-
Local Agency Investment Fund	17,454,489	-	17,454,489	-
<b>Total Cash Investments</b>	<b>22,616,437</b>	<b>-</b>	<b>22,616,437</b>	<b>-</b>
<b>Investments with Fiscal Agents:</b>				
Money Market Funds	1,762,755	-	1,762,755	-
<b>Total Investments with Fiscal Agent</b>	<b>1,762,755</b>	<b>-</b>	<b>1,762,755</b>	<b>-</b>
<b>Total Investments</b>	<b>\$ 24,379,192</b>	<b>\$ -</b>	<b>\$ 24,379,192</b>	<b>\$ -</b>

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Child Care Fund (1)	\$ 408,995
	Nonmajor Governmental Funds (2)	124,448
Street Improvement Fund	Nonmajor Governmental Funds (3)	9,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds (4)	27,000
		\$ 569,443

- (1) The General Fund advanced funds to the Child Care Fund to cover deficit cash balances and to cover the Unfunded Accrued Liability pension portion.
- (2) The General Fund advanced funds to the CDBG fund and the Active Transportation Program \$24,951 and \$99,497, respectively, to cover deficit cash balances.
- (3) The Street Improvement Fund advanced funds to the Enhanced Infrastructure Financing District Fund to cover expenditures.
- (4) 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	875,000
		\$ 1,043,205

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. Interest on the advance accrues at an interest rate equal to the Local Agency Investment Fund yield. The advance is to be repaid as funds are available.

The Waste Water Disposal Fund advanced \$875,000 to the General Fund for the acquisition of property. Effective June 30, 2018, interest on the advance accrues at an interest rate equal to the Local Agency Investment Fund yield. The General Fund will make annual payments beginning July 1, 2020 in the amount of \$87,500.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**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)	\$ 50,000
Nonmajor Governmental Funds	General Fund (2)	167,431
Nonmajor Governmental Funds	Nonmajor Governmental Funds (3), (4)	441,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds (5)	126,218
Nonmajor Governmental Funds	Street Improvement Fund (5)	1,011,645
Total Interfund Transfers		<u>\$ 1,796,294</u>

- (1) Transfers to the General Fund from the Capital Project – Parks Fund in the amount of \$50,000 were for additional funding for capital assets.
- (2) Transfers in the amount of \$107,431 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 \$50,000 were made to the Capital Project - Parks Fund for the Dog Park Project.
- (3) Transfers totaling \$436,000 were made from the Park Development Fund to the Capital Project - Parks Fund to provide funding for the Dog Park Project in the amount of \$310,000 and the CJUSD Swimming Pool Project in the amount of \$126,000.
- (4) Transfers totaling \$5,000 were made from the Air Quality Improvement Fund to the Senior Bus Program Fund for additional funding.
- (5) Transfers totaling \$126,218 were made from the Measure I Fund and State Gas Tax Fund to the Capital Improvement - Streets Fund to cover the Slurry Seal Project. Transfers from the Street Improvement Fund totaling \$1,011,645 were made to the Capital Improvement-Streets Fund to cover capital improvement projects.

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 5: Capital Assets**

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

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,262,881	\$ -	\$ -	\$ -	\$ 3,262,881
Construction-in-progress	547,059	(153,202)	134,603	-	528,460
Total Capital Assets, Not Being Depreciated	<u>3,809,940</u>	<u>(153,202)</u>	<u>134,603</u>	<u>-</u>	<u>3,791,341</u>
Capital assets, being depreciated:					
Buildings	6,268,981	-	-	-	6,268,981
Machinery and Equipment	866,438	-	124,127	60,252	930,313
Vehicles	504,754	-	38,800	-	543,554
Improvements other than buildings	5,634,098	153,202	494,669	-	6,281,969
Infrastructure	4,341,296	-	-	-	4,341,296
Total Capital Assets, Being Depreciated	<u>17,615,567</u>	<u>153,202</u>	<u>657,596</u>	<u>60,252</u>	<u>18,366,113</u>
Less accumulated depreciation:					
Buildings	3,366,657	-	155,602	-	3,522,259
Machinery and Equipment	647,694	-	84,798	60,252	672,240
Vehicles	435,614	-	24,509	-	460,123
Improvements other than buildings	3,100,672	-	268,643	-	3,369,315
Infrastructure	1,981,777	-	228,383	-	2,210,160
Total Accumulated Depreciation	<u>9,532,414</u>	<u>-</u>	<u>761,935</u>	<u>60,252</u>	<u>10,234,097</u>
Total Capital Assets, Being Depreciated, Net	<u>8,083,153</u>	<u>153,202</u>	<u>(104,339)</u>	<u>-</u>	<u>8,132,016</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,893,093</u>	<u>\$ -</u>	<u>\$ 30,264</u>	<u>\$ -</u>	<u>\$ 11,923,357</u>

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

Governmental Activities:

General Government	\$ 153,635
Public Safety	12,554
Public Works	254,459
Culture and recreation	<u>341,287</u>
Total Depreciation expense - Governmental Activities	<u>\$ 761,935</u>

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**Note 5: Capital Assets (Continued)**

	Beginning Balance	Additions	Deletions	Ending 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, Being Depreciated	7,415,106	-	-	7,415,106
Less accumulated depreciation:				
Sewer mains	1,471,553	44,701	-	1,516,254
Laterals	604,123	21,010	-	625,133
Manholes	445,672	14,431	-	460,103
Improvements	96,920	8,428	-	105,348
Total Accumulated Depreciation	2,618,268	88,570	-	2,706,838
Business-type Activities Capital Assets, Net	<u>\$ 4,796,838</u>	<u>\$ (88,570)</u>	<u>\$ -</u>	<u>\$ 4,708,268</u>

**Note 6: Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
CJPIA Retrospective Liability	\$ 126,785	\$ -	\$ 126,785	\$ -	\$ -
Compensated Absences	127,927	101,931	64,129	165,729	83,079
Total Long-Term Liabilities	<u>\$ 254,712</u>	<u>\$ 101,931</u>	<u>\$ 190,914</u>	<u>\$ 165,729</u>	<u>\$ 83,079</u>

Compensated Absences

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, 2018

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, 2018, for which the City of Grand Terrace has contracted:

	Miscellaneous Cost-Sharing Plans		
	Tier 1 *	Tier 2	PEPRA
Hire date	Prior to December 13, 2012	December 13, 2012 but prior to January 1, 2013	January 1, 2013 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 % of eligible compensation	2% - 2.7%, 50 yrs - 63+ yrs, respectively	1.092% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.951%	6.900%	6.250%
Required employer contribution rates	11.675%	7.200%	6.533%

\*Closed to new entrants

Employees Covered

At June 30, 2016, 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	20	4	14	38
Transferred members	20	1	2	23
Terminated members	56	1	6	63
Retired members and beneficiaries	37	0	0	37
Total	133	6	22	161

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018, the employer contributions recognized as a reduction to the net pension liability was \$424,915.

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of \$5,064,768.

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, 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, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2016 and 2017 was as follows:

Proportions as a percentage of the CalPERS risk pool:

Proportion - June 30, 2016	0.13060%
Proportion - June 30, 2017	0.12848%
Change - Increase (Decrease)	-0.00212%

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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Note 7: Pension Plan (Continued)

For the year ended June 30, 2018, the City recognized a total pension expense of \$348,388. At June 30, 2018, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contribution subsequent to the measurement date	\$ 391,538	\$ -
Difference between Expected and Actual Experience	5,269	(75,489)
Change in Assumptions	653,766	(49,850)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	147,855	-
Adjustment due to Difference in Proportions	28,663	(584,957)
Differences in proportionate share	17,500	(147,325)
<b>Total</b>	<b><u>\$ 1,244,591</u></b>	<b><u>\$ (857,621)</u></b>

\$391,538 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:

<u>Measurement Period Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2018	\$ (261,852)
2019	106,897
2020	238,172
2021	(87,785)
	<b><u>\$ (4,568)</u></b>

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table *	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

\* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

Change of Assumptions

For the measurement date June 30, 2017, the accounting discount rate was lowered from 7.65 to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2024.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
	<u>100.00%</u>		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.15%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

Plans' Net Pension Liability/(Asset)	Discount Rate - 1% 6.15%	Current Discount 7.15%	Discount Rate +1% 8.15%
Miscellaneous	\$ 7,219,769	\$ 5,064,768	\$ 3,279,958

**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.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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**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, 2018, the City's cash contributions were \$20,043 in total payments, which were recognized as a reduction to the OPEB liability.

Employees Covered

At June 30, 2018, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
Inactives currently receiving benefits	8
Inactives entitled to but not yet receiving benefits	-
Active employees	15
Total	<u>23</u>

Covered participant counts were available to the actuary for the June 30, 2017 actuarial valuation but not as of June 30, 2018 measurement date.

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018 for the measurement period July 1, 2017 through June 30, 2018. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2017, 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> <u>Measurement Period</u> <u>2017-18</u>
Total OPEB Liability - June 30, 2017	\$ 1,295,632
Changes in Total OPEB Liability	
Service Cost	169,316
Interest	51,629
Assumption changes	(45,427)
Benefits payments	(45,629)
Change in benefit terms	<u>(259,790)</u>
Net Changes	<u>(129,901)</u>
Total OPEB Liability - June 30, 2018	<u>\$ 1,165,731</u>

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

**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, 2018:

	Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ 1,334,541	\$ 1,165,731	\$ 1,027,756

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	\$ 1,099,572	\$ 1,165,731	\$ 1,229,909

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$(46,640). At June 30, 2018, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	37,457
Employer contribution made subsequent to measurement date	-	-
Total	\$ -	\$ 37,457

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

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

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

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ (7,970)
2020	(7,970)
2021	(7,970)
2022	(7,970)
2023	(5,577)
Total	<u>\$ (37,457)</u>

**Note 9: Risk Management**

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

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

The City of Grand Terrace is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 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. 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.

Liability

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.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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

(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>.

Workers' Compensation

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

For 2017-18 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

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$15,050,666. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

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 2017-18.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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**Note 10: Commitments and Contingencies**

As of June 30, 2018, 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, 2018:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2018</u>	<u>Remaining Commitments</u>
Pavement Rehabilitation Project	\$ 756,000	\$ -	\$ 756,000

**Note 11: Net Position Restatement**

Beginning net position was restated by \$324,053 for the implementation of GASB Statement No. 75 – *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

**Note 12: Subsequent Event**

In September 2018, the City sold the site of the former Grand Terrace Child Care Center for approximately \$850,000.

**Note 13: 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 14: Successor Agency Private-Purpose Trust Fund to the Former Redevelopment Agency**

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

**Note 14: Successor Agency Private-Purpose Trust Fund to the Former Redevelopment Agency (Continued)**

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. 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, 2018, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 19,177,101
Cash and investments with fiscal agent	<u>1,762,755</u>
Total Cash and Investments	<u>\$ 20,939,856</u>

Long-Term Debt

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
2011 Tax Allocation Bonds, Series A	\$ 13,745,000	\$ -	\$ 320,000	\$ 13,425,000	\$ 330,000
2011 Tax Allocation Bonds, Series B	4,380,000	-	310,000	4,070,000	335,000
Discount on Bonds issued	(118,824)	-	(9,110)	(109,714)	-
Total Bonds Payable	<u>\$ 18,006,176</u>	<u>\$ -</u>	<u>\$ 620,890</u>	<u>\$ 17,385,286</u>	<u>\$ 665,000</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. 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, 2018, amounted to \$13,425,000.

CITY OF GRAND TERRACE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2018

**Note 14: Successor Agency Private-Purpose Trust Fund to the Former Redevelopment Agency  
 (Continued)**

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>
2019	\$ 330,000	\$ 776,680
2020	340,000	762,478
2021	360,000	745,860
2022	380,000	726,990
2023	400,000	707,100
2024-2028	2,985,000	3,129,450
2029-2033	6,975,000	1,591,050
2034-2035	1,655,000	49,650
Total	<u>\$ 13,425,000</u>	<u>\$ 8,489,258</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, 2018, amounted to \$4,070,000.

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>
2019	\$ 335,000	\$ 295,018
2020	360,000	270,345
2021	385,000	243,898
2022	410,000	214,445
2023	440,000	181,720
2024-2027	2,140,000	344,960
Total	<u>\$ 4,070,000</u>	<u>\$ 1,550,386</u>

**CITY OF GRAND TERRACE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

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**Note 14: 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 \$2,190,786 and the debt service obligation on the bonds was \$1,737,360.

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>
<b><u>Miscellaneous Plan</u></b>				
Proportion of the Net Pension Liability	0.13066%	0.14106%	0.13060%	0.12848%
Proportionate Share of the Net Pension Liability	\$ 3,229,236	\$ 3,870,057	\$ 4,536,720	\$ 5,064,768
Covered Payroll	\$ 1,413,685	\$ 1,452,613	\$ 1,335,625	\$ 1,540,292
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	228.43%	266.42%	339.67%	328.82%
Plan Fiduciary Net Position	\$ 10,367,574	\$ 9,765,354	\$ 9,548,211	\$ 10,602,618
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.25%	71.66%	67.79%	67.67%

**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.

(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 four years are shown.

CITY OF GRAND TERRACE

**COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>Miscellaneous Plan</u></b>				
Actuarially Determined Contribution	\$ 159,393	\$ 116,663	\$ 424,915	\$ 391,538
Contribution in Relation to the Actuarially Determined Contribution	(159,393)	(116,663)	(424,915)	(391,538)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,452,613	\$ 1,335,625	\$ 1,540,292	\$ 1,352,434
Contributions as a Percentage of Covered Payroll	10.97%	8.73%	27.59%	28.95%

(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 four years are shown.

**Note to Schedule:**

**Miscellaneous Plan and PEPRM Miscellaneous Plan**

Valuation Date:

June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method  
Amortization method  
Assets valuation method  
Inflation  
Salary increases  
Payroll growth  
Investment rate of return  
Individual salary growth

Entry age normal  
Level percentage of payroll  
Market value  
2.75%  
Varies by entry age and service  
3.00%  
7.5% net of pension plan investment and administrative expense, including inflation  
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 NET OPEB LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 169,316
Interest on the total OPEB liability	51,629
Actual and expected experience difference	-
Changes in assumptions	(45,427)
Changes in benefit terms	(259,790)
Benefit payments	(45,629)
<b>Net change in total OPEB liability</b>	<b>(129,901)</b>
Total OPEB liability - beginning	1,295,632
<b>Total OPEB liability - ending</b>	<b>1,165,731</b>
<b>Covered-employee Payroll</b>	<b>\$ 866,196</b>
<b>Total OPEB liability as a percentage of Covered-employee Payroll</b>	<b>135%</b>

(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.

CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 917,720	\$ 917,720	\$ 917,720	\$ -
<b>Resources (Inflows):</b>				
Taxes	3,480,000	3,480,000	3,653,425	173,425
Intergovernmental	25,000	25,000	42,306	17,306
Charges for services	971,620	1,022,447	1,107,908	85,461
Use of money and property	445,000	445,000	380,713	(64,287)
Fines and forfeitures	76,800	76,800	103,674	26,874
Contributions	-	2,857,416	2,857,416	-
Miscellaneous	85,750	93,250	16,618	(76,632)
Transfers in	30,000	755,853	50,000	(705,853)
<b>Amounts Available for Appropriations</b>	<b>6,031,890</b>	<b>9,673,486</b>	<b>9,129,780</b>	<b>(543,706)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	1,283,068	1,108,244	1,139,654	(31,410)
Public safety	2,020,037	2,095,418	2,035,986	59,432
Cultural and recreation	738,476	856,092	654,253	201,839
Public works	1,016,224	1,466,381	1,468,238	(1,857)
Capital outlay	215,000	377,973	289,925	88,048
Debt service:				
Interest and fiscal charges	-	5,150	5,140	10
Transfers out	130,800	873,284	167,431	705,853
<b>Total Charges to Appropriations</b>	<b>5,403,605</b>	<b>6,782,542</b>	<b>5,760,627</b>	<b>1,021,915</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 628,285</b>	<b>\$ 2,890,944</b>	<b>\$ 3,369,153</b>	<b>\$ (1,565,621)</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 STREET IMPROVEMENT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,494,757	\$ 1,494,757	\$ 1,494,757	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	10,197	10,197
Charges for services	89,300	89,300	40,283	(49,017)
Use of money and property	2,600	2,600	11,587	8,987
<b>Amounts Available for Appropriations</b>	<b>1,586,657</b>	<b>1,586,657</b>	<b>1,556,824</b>	<b>(29,833)</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	1,000,000	1,047,604	1,011,645	35,959
<b>Total Charges to Appropriations</b>	<b>1,000,000</b>	<b>1,047,604</b>	<b>1,011,645</b>	<b>35,959</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 586,657</b>	<b>\$ 539,053</b>	<b>\$ 545,179</b>	<b>\$ 6,126</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 HOUSING AUTHORITY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,928,572	\$ 1,928,572	\$ 1,928,572	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	685	685
Miscellaneous	50,000	50,000	-	(50,000)
<b>Amounts Available for Appropriations</b>	<b>1,978,572</b>	<b>1,978,572</b>	<b>1,929,257</b>	<b>(49,315)</b>
<b>Charges to Appropriations (Outflow):</b>				
Economic development	8,200	43,200	9,585	33,615
<b>Total Charges to Appropriations</b>	<b>8,200</b>	<b>43,200</b>	<b>9,585</b>	<b>33,615</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,970,372</b>	<b>\$ 1,935,372</b>	<b>\$ 1,919,672</b>	<b>\$ (15,700)</b>

**CITY OF GRAND TERRACE**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018

	<u>Special Revenue Funds</u>			
	<u>Storm Drain Improvement</u>	<u>Park Development</u>	<u>AB 3229 COPS Fund</u>	<u>Air Quality Improvement</u>
<b>Assets:</b>				
Cash and investments	\$ 193,871	\$ 53,416	\$ 25,124	\$ 80,929
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	-	-	-	4,094
Due from other funds	9,000	9,000	-	-
<b>Total Assets</b>	<b><u>\$ 202,871</u></b>	<b><u>\$ 62,416</u></b>	<b><u>\$ 25,124</u></b>	<b><u>\$ 85,023</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	-	-
<b>Restricted for:</b>				
Community development projects	-	62,416	-	-
Public safety	-	-	25,124	-
Public works	202,871	-	-	85,023
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>202,871</u></b>	<b><u>62,416</u></b>	<b><u>25,124</u></b>	<b><u>85,023</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 202,871</u></b>	<b><u>\$ 62,416</u></b>	<b><u>\$ 25,124</u></b>	<b><u>\$ 85,023</u></b>

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	State Gas Tax	Traffic Safety	Facilities Development	Measure I
<b>Assets:</b>				
Cash and investments	\$ 128,519	\$ 22,733	\$ 306,048	\$ 402,611
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	26,356	3,780	-	53,544
Due from other funds	-	-	9,000	-
<b>Total Assets</b>	<b>\$ 154,875</b>	<b>\$ 26,513</b>	<b>\$ 315,048</b>	<b>\$ 456,155</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 10,633	\$ 22,240	\$ -	\$ 858
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>10,633</b>	<b>22,240</b>	<b>-</b>	<b>858</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	561	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>561</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	-	-
<b>Restricted for:</b>				
Community development projects	-	-	315,048	-
Public safety	-	-	-	-
Public works	144,242	3,712	-	455,297
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>144,242</b>	<b>3,712</b>	<b>315,048</b>	<b>455,297</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 154,875</b>	<b>\$ 26,513</b>	<b>\$ 315,048</b>	<b>\$ 456,155</b>

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special Revenue Funds			
	CDBG	Special Districts Landscape & Lighting	Spring Mountain Ranch	Cal Recycle Grant
<b>Assets:</b>				
Cash and investments	\$ -	\$ 5,497	\$ 419,136	\$ 34
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	32,809	-	-	5,000
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 32,809</b>	<b>\$ 5,497</b>	<b>\$ 419,136</b>	<b>\$ 5,034</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,227	\$ 189	\$ -	\$ -
Due to other funds	24,951	-	-	-
<b>Total Liabilities</b>	<b>26,178</b>	<b>189</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	32,809	-	-	5,000
<b>Total Deferred Inflows of Resources</b>	<b>32,809</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	-	-
<b>Restricted for:</b>				
Community development projects	-	-	419,136	34
Public safety	-	-	-	-
Public works	-	5,308	-	-
<b>Unassigned</b>	(26,178)	-	-	-
<b>Total Fund Balances</b>	<b>(26,178)</b>	<b>5,308</b>	<b>419,136</b>	<b>34</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 32,809</b>	<b>\$ 5,497</b>	<b>\$ 419,136</b>	<b>\$ 5,034</b>

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	Senior Bus Program Fund	Public, Educational & Government Access	Active Transportation Program	Enhanced Infrastructure Financing District
<b>Assets:</b>				
Cash and investments	\$ 33,057	\$ 42,014	\$ -	\$ 2,436
Receivables:				
Accounts Receivable	2,303	5,415	-	-
Due from other governments	-	-	115,077	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 35,360</b>	<b>\$ 47,429</b>	<b>\$ 115,077</b>	<b>\$ 2,436</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 443	\$ -	\$ 15,580	\$ -
Due to other funds	-	-	99,497	36,000
<b>Total Liabilities</b>	<b>443</b>	<b>-</b>	<b>115,077</b>	<b>36,000</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	-	70,622	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>70,622</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	-	-
<b>Restricted for:</b>				
Community development projects	34,917	47,429	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>(70,622)</b>	<b>(33,564)</b>
<b>Total Fund Balances</b>	<b>34,917</b>	<b>47,429</b>	<b>(70,622)</b>	<b>(33,564)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 35,360</b>	<b>\$ 47,429</b>	<b>\$ 115,077</b>	<b>\$ 2,436</b>

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Capital Projects Funds</u>			
	<u>Capital Improvement- Streets</u>	<u>Barton / Colton Bridge</u>	<u>Capital Projects</u>	<u>Capital Project - Parks</u>
<b>Assets:</b>				
Cash and investments	\$ 1,029,762	\$ 2,379	\$ 2,107	\$ 119,595
Receivables:				
Accounts Receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,029,762</u></b>	<b><u>\$ 2,379</u></b>	<b><u>\$ 2,107</u></b>	<b><u>\$ 119,595</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 110,449	\$ -	\$ -	\$ 7,619
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>110,449</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,619</u></b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	-	2,632	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,632</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	-	-
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	919,313	2,379	-	111,976
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(525)</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>919,313</u></b>	<b><u>2,379</u></b>	<b><u>(525)</u></b>	<b><u>111,976</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 1,029,762</u></b>	<b><u>\$ 2,379</u></b>	<b><u>\$ 2,107</u></b>	<b><u>\$ 119,595</u></b>

CITY OF GRAND TERRACE

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Permanent Fund</u>	
	<u>Dog Park Endowment fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>		
Cash and investments	\$ 13,119	\$ 2,882,387
Receivables:		
Accounts Receivable	-	7,718
Due from other governments	-	240,660
Due from other funds	-	27,000
<b>Total Assets</b>	<b><u>\$ 13,119</u></b>	<b><u>\$ 3,157,765</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 169,238
Due to other funds	-	160,448
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>329,686</u></b>
<b>Deferred inflows of resources:</b>		
Unavailable revenues	-	111,624
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>111,624</u></b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Permanent fund principal	13,017	13,017
<b>Restricted for:</b>		
Community development projects	102	879,082
Public safety	-	25,124
Public works	-	1,930,121
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>(130,889)</u></b>
<b>Total Fund Balances</b>	<b><u>13,119</u></b>	<b><u>2,716,455</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 13,119</u></b>	<b><u>\$ 3,157,765</u></b>

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	<b>Special Revenue Funds</b>			
	<b>Storm Drain Improvement</b>	<b>Park Development</b>	<b>AB 3229 COPS Fund</b>	<b>Air Quality Improvement</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	104,558	14,665
Charges for services	20,106	65,170	-	-
Use of money and property	2,193	1,486	314	833
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>22,299</b>	<b>66,656</b>	<b>104,872</b>	<b>15,498</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	100,550	-
Cultural and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>100,550</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,299	66,656	4,322	15,498
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(436,000)	-	(5,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(436,000)</b>	<b>-</b>	<b>(5,000)</b>
Net Change in Fund Balances	22,299	(369,344)	4,322	10,498
Fund Balances, Beginning of Year	180,572	431,760	20,802	74,525
<b>Fund Balances, End of Year</b>	<b>\$ 202,871</b>	<b>\$ 62,416</b>	<b>\$ 25,124</b>	<b>\$ 85,023</b>

## CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	State Gas Tax	Traffic Safety	Facilities Development	Measure I
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	340,794	-	-	217,689
Charges for services	-	-	13,714	-
Use of money and property	435	294	5,736	4,214
Fines and forfeitures	-	8,517	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>341,229</b>	<b>8,811</b>	<b>19,450</b>	<b>221,903</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	3,094	-	-
Cultural and recreation	-	-	7,600	-
Public works	301,882	-	-	44,732
Capital outlay	-	20,000	-	29,480
<b>Total Expenditures</b>	<b>301,882</b>	<b>23,094</b>	<b>7,600</b>	<b>74,212</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,347	(14,283)	11,850	147,691
<b>Other Financing Sources (Uses):</b>				
Transfers in	107,431	-	-	-
Transfers out	(113,485)	-	-	(12,733)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,054)</b>	<b>-</b>	<b>-</b>	<b>(12,733)</b>
Net Change in Fund Balances	33,293	(14,283)	11,850	134,958
Fund Balances, Beginning of Year	110,949	17,995	303,198	320,339
<b>Fund Balances, End of Year</b>	<b>\$ 144,242</b>	<b>\$ 3,712</b>	<b>\$ 315,048</b>	<b>\$ 455,297</b>

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	CDBG	Special Districts Landscape & Lighting	Spring Mountain Ranch	Cal Recycle Grant
<b>Revenues:</b>				
Taxes	\$ -	\$ 19,204	\$ -	\$ -
Intergovernmental	18,926	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	21	4,856	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>18,926</b>	<b>19,225</b>	<b>4,856</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and recreation	-	-	-	-
Public works	46,536	12,727	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>46,536</b>	<b>12,727</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,610)	6,498	4,856	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(27,610)	6,498	4,856	-
Fund Balances, Beginning of Year	1,432	(1,190)	414,280	34
<b>Fund Balances, End of Year</b>	<b>\$ (26,178)</b>	<b>\$ 5,308</b>	<b>\$ 419,136</b>	<b>\$ 34</b>

## CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	Senior Bus Program Fund	Public, Educational & Government Access	Active Transportation Program	Enhanced Infrastructure Financing District
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	37,440	-	140,344	-
Charges for services	434	-	-	-
Use of money and property	235	385	-	109
Fines and forfeitures	-	-	-	-
Miscellaneous	-	22,483	-	-
<b>Total Revenues</b>	<b>38,109</b>	<b>22,868</b>	<b>140,344</b>	<b>109</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	16,915
Public safety	-	-	-	-
Cultural and recreation	38,230	-	158,420	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>38,230</b>	<b>-</b>	<b>158,420</b>	<b>16,915</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121)	22,868	(18,076)	(16,806)
<b>Other Financing Sources (Uses):</b>				
Transfers in	15,000	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	14,879	22,868	(18,076)	(16,806)
Fund Balances, Beginning of Year	20,038	24,561	(52,546)	(16,758)
<b>Fund Balances, End of Year</b>	<b>\$ 34,917</b>	<b>\$ 47,429</b>	<b>\$ (70,622)</b>	<b>\$ (33,564)</b>

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	<b>Capital Projects Funds</b>			
	<b>Capital Improvement- Streets</b>	<b>Barton / Colton Bridge</b>	<b>Capital Projects</b>	<b>Capital Project - Parks</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	6,741	27	-	2,919
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	936	-
<b>Total Revenues</b>	<b>6,741</b>	<b>27</b>	<b>936</b>	<b>2,919</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and recreation	-	-	-	-
Public works	95,327	-	936	-
Capital outlay	116,676	-	-	336,119
<b>Total Expenditures</b>	<b>212,003</b>	<b>-</b>	<b>936</b>	<b>336,119</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(205,262)	27	-	(333,200)
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,137,863	-	-	486,000
Transfers out	-	-	-	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,137,863</b>	<b>-</b>	<b>-</b>	<b>436,000</b>
Net Change in Fund Balances	932,601	27	-	102,800
Fund Balances, Beginning of Year	(13,288)	2,352	(525)	9,176
<b>Fund Balances, End of Year</b>	<b>\$ 919,313</b>	<b>\$ 2,379</b>	<b>\$ (525)</b>	<b>\$ 111,976</b>

CITY OF GRAND TERRACE

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	Permanent Fund	
	Dog Park Endowment fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>		
Taxes	\$ -	\$ 19,204
Intergovernmental	-	874,416
Charges for services	-	99,424
Use of money and property	102	30,900
Fines and forfeitures	-	8,517
Miscellaneous	13,017	36,436
<b>Total Revenues</b>	<b>13,119</b>	<b>1,068,897</b>
<b>Expenditures:</b>		
Current:		
General government	-	16,915
Public safety	-	103,644
Cultural and recreation	-	204,250
Public works	-	502,140
Capital outlay	-	502,275
<b>Total Expenditures</b>	<b>-</b>	<b>1,329,224</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,119	(260,327)
<b>Other Financing Sources (Uses):</b>		
Transfers in	-	1,746,294
Transfers out	-	(617,218)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,129,076</b>
Net Change in Fund Balances	13,119	868,749
Fund Balances, Beginning of Year	-	1,847,706
<b>Fund Balances, End of Year</b>	<b>\$ 13,119</b>	<b>\$ 2,716,455</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 STORM DRAIN IMPROVEMENT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 180,572	\$ 180,572	\$ 180,572	\$ -
<b>Resources (Inflows):</b>				
Charges for services	15,000	15,000	20,106	5,106
Use of money and property	900	900	2,193	1,293
<b>Amounts Available for Appropriations</b>	<b>196,472</b>	<b>196,472</b>	<b>202,871</b>	<b>6,399</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 196,472</b>	<b>\$ 196,472</b>	<b>\$ 202,871</b>	<b>\$ 6,399</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 PARK DEVELOPMENT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 431,760	\$ 431,760	\$ 431,760	\$ -
<b>Resources (Inflows):</b>				
Charges for services	50,000	50,000	65,170	15,170
Use of money and property	2,000	2,000	1,486	(514)
<b>Amounts Available for Appropriations</b>	<b>483,760</b>	<b>483,760</b>	<b>498,416</b>	<b>14,656</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	310,000	436,000	436,000	-
<b>Total Charges to Appropriations</b>	<b>310,000</b>	<b>436,000</b>	<b>436,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 173,760</b>	<b>\$ 47,760</b>	<b>\$ 62,416</b>	<b>\$ 14,656</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 AB 3229 COPS FUND  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,802	\$ 20,802	\$ 20,802	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	100,000	100,000	104,558	4,558
Use of money and property	100	100	314	214
<b>Amounts Available for Appropriations</b>	<b>120,902</b>	<b>120,902</b>	<b>125,674</b>	<b>4,772</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	100,100	100,100	100,550	(450)
<b>Total Charges to Appropriations</b>	<b>100,100</b>	<b>100,100</b>	<b>100,550</b>	<b>(450)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 20,802</b>	<b>\$ 20,802</b>	<b>\$ 25,124</b>	<b>\$ 4,322</b>

CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY IMPROVEMENT  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 74,525	\$ 74,525	\$ 74,525	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	14,000	14,000	14,665	665
Use of money and property	100	100	833	733
<b>Amounts Available for Appropriations</b>	<b>88,625</b>	<b>88,625</b>	<b>90,023</b>	<b>1,398</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	5,500	5,500	-	5,500
Capital outlay	-	55,075	-	55,075
Transfers out	5,000	5,000	5,000	-
<b>Total Charges to Appropriations</b>	<b>10,500</b>	<b>65,575</b>	<b>5,000</b>	<b>60,575</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 78,125</b>	<b>\$ 23,050</b>	<b>\$ 85,023</b>	<b>\$ 61,973</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 STATE GAS TAX  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 110,949	\$ 110,949	\$ 110,949	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	343,982	343,982	340,794	(3,188)
Use of money and property	14,591	14,591	435	(14,156)
Transfers in	90,800	107,431	107,431	-
<b>Amounts Available for Appropriations</b>	<b>560,322</b>	<b>576,953</b>	<b>559,609</b>	<b>(17,344)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	447,401	301,900	301,882	18
Transfers out	-	230,890	113,485	117,405
<b>Total Charges to Appropriations</b>	<b>447,401</b>	<b>532,790</b>	<b>415,367</b>	<b>117,423</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 112,921</b>	<b>\$ 44,163</b>	<b>\$ 144,242</b>	<b>\$ 100,079</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC SAFETY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,995	\$ 17,995	\$ 17,995	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	175	175	294	119
Fines and forfeitures	10,000	10,000	8,517	(1,483)
<b>Amounts Available for Appropriations</b>	<b>28,170</b>	<b>28,170</b>	<b>26,806</b>	<b>(1,364)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	20,000	20,000	3,094	16,906
Capital outlay	-	20,000	20,000	-
<b>Total Charges to Appropriations</b>	<b>20,000</b>	<b>40,000</b>	<b>23,094</b>	<b>16,906</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 8,170</b>	<b>\$ (11,830)</b>	<b>\$ 3,712</b>	<b>\$ 15,542</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 FACILITIES DEVELOPMENT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 303,198	\$ 303,198	\$ 303,198	\$ -
<b>Resources (Inflows):</b>				
Charges for services	15,000	15,000	13,714	(1,286)
Use of money and property	150	150	5,736	5,586
<b>Amounts Available for Appropriations</b>	<b>318,348</b>	<b>318,348</b>	<b>322,648</b>	<b>4,300</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	50,000	50,000	7,600	42,400
<b>Total Charges to Appropriations</b>	<b>50,000</b>	<b>50,000</b>	<b>7,600</b>	<b>42,400</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 268,348</b>	<b>\$ 268,348</b>	<b>\$ 315,048</b>	<b>\$ 46,700</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE

MEASURE I

YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 320,339	\$ 320,339	\$ 320,339	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	190,000	190,000	217,689	27,689
Use of money and property	3,500	3,500	4,214	714
<b>Amounts Available for Appropriations</b>	<b>513,839</b>	<b>513,839</b>	<b>542,242</b>	<b>28,403</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	233,000	303,000	44,732	258,268
Capital outlay	100,000	30,000	29,480	520
Transfers out	-	12,733	12,733	-
<b>Total Charges to Appropriations</b>	<b>333,000</b>	<b>345,733</b>	<b>86,945</b>	<b>258,788</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 180,839</b>	<b>\$ 168,106</b>	<b>\$ 455,297</b>	<b>\$ 287,191</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 CDBG  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,432	\$ 1,432	\$ 1,432	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	46,537	56,537	18,926	(37,611)
<b>Amounts Available for Appropriations</b>	<b>47,969</b>	<b>57,969</b>	<b>20,358</b>	<b>(37,611)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	46,537	56,537	46,536	10,001
<b>Total Charges to Appropriations</b>	<b>46,537</b>	<b>56,537</b>	<b>46,536</b>	<b>10,001</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,432</b>	<b>\$ 1,432</b>	<b>\$ (26,178)</b>	<b>\$ (27,610)</b>

CITY OF GRAND TERRACE

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL DISTRICTS LANDSCAPE & LIGHTING  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (1,190)	\$ (1,190)	\$ (1,190)	\$ -
<b>Resources (Inflows):</b>				
Taxes	12,000	12,000	19,204	7,204
Use of money and property	-	-	21	21
Fines and forfeitures	850	850	-	(850)
<b>Amounts Available for Appropriations</b>	<b>11,660</b>	<b>11,660</b>	<b>18,035</b>	<b>6,375</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	12,850	12,850	12,727	123
<b>Total Charges to Appropriations</b>	<b>12,850</b>	<b>12,850</b>	<b>12,727</b>	<b>123</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,190)</b>	<b>\$ (1,190)</b>	<b>\$ 5,308</b>	<b>\$ 6,498</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 SPRING MOUNTAIN RANCH  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 414,280	\$ 414,280	\$ 414,280	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,000	1,000	4,856	3,856
<b>Amounts Available for Appropriations</b>	<b>415,280</b>	<b>415,280</b>	<b>419,136</b>	<b>3,856</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 415,280</b>	<b>\$ 415,280</b>	<b>\$ 419,136</b>	<b>\$ 3,856</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 SENIOR BUS PROGRAM FUND  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,038	\$ 20,038	\$ 20,038	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	42,778	42,778	37,440	(5,338)
Charges for services	2,400	2,400	434	(1,966)
Use of money and property	-	-	235	235
Transfers in	15,000	15,000	15,000	-
<b>Amounts Available for Appropriations</b>	<b>80,216</b>	<b>80,216</b>	<b>73,147</b>	<b>(7,069)</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	34,984	34,984	38,230	(3,246)
<b>Total Charges to Appropriations</b>	<b>34,984</b>	<b>34,984</b>	<b>38,230</b>	<b>(3,246)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 45,232</b>	<b>\$ 45,232</b>	<b>\$ 34,917</b>	<b>\$ (10,315)</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC, EDUCATIONAL & GOVERNMENT ACCESS  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,561	\$ 24,561	\$ 24,561	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	385	385
Miscellaneous	22,800	22,800	22,483	(317)
<b>Amounts Available for Appropriations</b>	<b>47,361</b>	<b>47,361</b>	<b>47,429</b>	<b>68</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 47,361</b>	<b>\$ 47,361</b>	<b>\$ 47,429</b>	<b>\$ 68</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 ACTIVE TRANSPORTATION PROGRAM  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (52,546)	\$ (52,546)	\$ (52,546)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	280,000	280,000	140,344	(139,656)
<b>Amounts Available for Appropriations</b>	<b>227,454</b>	<b>227,454</b>	<b>87,798</b>	<b>(139,656)</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	280,000	280,000	158,420	121,580
<b>Total Charges to Appropriations</b>	<b>280,000</b>	<b>280,000</b>	<b>158,420</b>	<b>121,580</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (52,546)</b>	<b>\$ (52,546)</b>	<b>\$ (70,622)</b>	<b>\$ (18,076)</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 ENHANCED INFRASTRUCTURE FINANCING DISTRICT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (16,758)	\$ (16,758)	\$ (16,758)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	109	109
<b>Amounts Available for Appropriations</b>	<b>(16,758)</b>	<b>(16,758)</b>	<b>(16,649)</b>	<b>109</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	28,000	28,000	16,915	11,085
<b>Total Charges to Appropriations</b>	<b>28,000</b>	<b>28,000</b>	<b>16,915</b>	<b>11,085</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (44,758)</b>	<b>\$ (44,758)</b>	<b>\$ (33,564)</b>	<b>\$ 11,194</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT- STREETS  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (13,288)	\$ (13,288)	\$ (13,288)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	6,741	6,741
Transfers in	1,000,000	1,210,337	1,137,863	(72,474)
<b>Amounts Available for Appropriations</b>	<b>986,712</b>	<b>1,197,049</b>	<b>1,131,316</b>	<b>(65,733)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	-	212,733	95,327	117,406
Capital outlay	1,000,000	1,047,604	116,676	930,928
<b>Total Charges to Appropriations</b>	<b>1,000,000</b>	<b>1,260,337</b>	<b>212,003</b>	<b>1,048,334</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (13,288)</b>	<b>\$ (63,288)</b>	<b>\$ 919,313</b>	<b>\$ 982,601</b>

CITY OF GRAND TERRACE

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECT - PARKS  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,176	\$ 9,176	\$ 9,176	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	2,919	2,919
Transfers in	360,000	486,000	486,000	-
<b>Amounts Available for Appropriations</b>	<b>369,176</b>	<b>495,176</b>	<b>498,095</b>	<b>2,919</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	360,000	444,824	336,119	108,705
Transfers out	-	50,000	50,000	-
<b>Total Charges to Appropriations</b>	<b>360,000</b>	<b>494,824</b>	<b>386,119</b>	<b>108,705</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 9,176</b>	<b>\$ 352</b>	<b>\$ 111,976</b>	<b>\$ 111,624</b>

CITY OF GRAND TERRACE

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 JUNE 30, 2018

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	<u>Refundable Deposits Trust Fund</u>	<u>Employees Deferred Comp Trust Fund</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and investments	\$ 427,513	\$ 85,882	\$ 513,395
<b>Total Assets</b>	<b><u>\$ 427,513</u></b>	<b><u>\$ 85,882</u></b>	<b><u>\$ 513,395</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ 493	\$ -	\$ 493
Deposits payable	427,020	85,882	512,902
<b>Total Liabilities</b>	<b><u>\$ 427,513</u></b>	<b><u>\$ 85,882</u></b>	<b><u>\$ 513,395</u></b>

CITY OF GRAND TERRACE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2018

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2018</u>
<b><u>Refundable Deposits Trust Fund</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 301,919	\$ 357,505	\$ 231,911	\$ 427,513
<b>Total Assets</b>	<b><u>\$ 301,919</u></b>	<b><u>\$ 357,505</u></b>	<b><u>\$ 231,911</u></b>	<b><u>\$ 427,513</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,535	\$ 91,153	\$ 92,195	\$ 493
Deposits payable	300,384	354,891	228,255	427,020
<b>Total Liabilities</b>	<b><u>\$ 301,919</u></b>	<b><u>\$ 446,044</u></b>	<b><u>\$ 320,450</u></b>	<b><u>\$ 427,513</u></b>
<b><u>Employees Deferred Comp Trust Fund</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 88,367	\$ -	\$ 2,485	\$ 85,882
<b>Total Assets</b>	<b><u>\$ 88,367</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,485</u></b>	<b><u>\$ 85,882</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ 88,367	\$ -	\$ 2,485	\$ 85,882
<b>Total Liabilities</b>	<b><u>\$ 88,367</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,485</u></b>	<b><u>\$ 85,882</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 390,286	\$ 357,505	\$ 234,396	\$ 513,395
<b>Total Assets</b>	<b><u>\$ 390,286</u></b>	<b><u>\$ 357,505</u></b>	<b><u>\$ 234,396</u></b>	<b><u>\$ 513,395</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,535	\$ 91,153	\$ 92,195	\$ 493
Deposits payable	388,751	354,891	230,740	512,902
<b>Total Liabilities</b>	<b><u>\$ 390,286</u></b>	<b><u>\$ 446,044</u></b>	<b><u>\$ 322,935</u></b>	<b><u>\$ 513,395</u></b>