



# CITY OF GRAND TERRACE

City Council

AGENDA • March 10, 2026

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**Council Chambers**

**Regular Meeting**

**6:00 PM**

Grand Terrace Civic Center • 22795 Barton Road

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## COMMENTS FROM THE PUBLIC

The public is encouraged to address the City Council on any matter posted on the agenda or on any other matter within its jurisdiction. If you wish to address the City Council, please complete a Request to Speak card located at the front entrance and provide it to the City Clerk. Speakers will be called upon by the Mayor at the appropriate time and each person is allowed three (3) minutes speaking time.

The City wants you to know that you can also submit your comments by email to [ccpubliccomment@grandterrace-ca.gov](mailto:ccpubliccomment@grandterrace-ca.gov). To give the City Clerk adequate time to print out your comments for consideration at the meeting, please submit your written comments prior to 5:00 p.m.; or if you are unable to email, please call the City Clerk's Office at (909) 954-5207 by 5:00 p.m.

If you wish to have your comments read to the City Council during the appropriate Public Comment period, please indicate in the Subject Line "FOR PUBLIC COMMENT" and list the item number you wish to comment on. Comments that you want read to the City Council will be subject to the three (3) minute time limitation (approximately 350 words).

Pursuant to the provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

**PLEASE NOTE:** Copies of staff reports and supporting documentation pertaining to each item on this agenda are available for public viewing and inspection at City Hall, 1st Floor Lobby Area and 2nd Floor Reception Area during regular business hours and on the City's website [www.grandterrace-ca.gov](http://www.grandterrace-ca.gov). For further information regarding agenda items, please contact the office of the City Clerk at (909) 954-5207, or via e-mail at [dalcocer@grandterrace-ca.gov](mailto:dalcocer@grandterrace-ca.gov).

Any documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's office at City Hall located at 22795 Barton Road during normal business hours. In addition, such documents will be posted on the City's website at [www.grandterrace-ca.gov](http://www.grandterrace-ca.gov).

## AMERICANS WITH DISABILITIES ACT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office, (909) 954-5207 at least 48 hours prior to the advertised starting time of the meeting. This will enable the City to make reasonable arrangements to ensure accessibility to this meeting. Later requests will be accommodated to the extent feasible [28 CFR 34.102.104 ADA Title II].

**CALL TO ORDER**

**INVOCATION**

**PLEDGE OF ALLEGIANCE**

**AB 2449 DISCLOSURES**

Remote participation by a member of the legislative body for just cause or emergency circumstances.

**ROLL CALL**

**A. REORDERING OF, ADDITIONS TO, OR REMOVAL OF ITEMS FROM THE AGENDA**

**B. PUBLIC COMMENT**

This is the opportunity for members of the public to comment on any items not appearing on the regular agenda. Because of restrictions contained in California Law, the City Council may not discuss or act on any item not on the agenda, but may briefly respond to statements made or ask a question for clarification. The Mayor may also request a brief response from staff to questions raised during public comment or may request a matter be agendized for a future meeting.

**C. SPECIAL PRESENTATIONS**

Certificate of Recognition — Grand Terrace High School Athlete of the Week

Certificate of Recognition — Top Tier Plumbing & Air

Proclamation — National Nutrition Month

**D. CONSENT CALENDAR**

The following Consent Calendar items are expected to be routine and noncontroversial. They will be acted upon by the City Council at one time without discussion. Any Council Member, Staff Member, or Citizen may request removal of an item from the Consent calendar for discussion.

- 1) Waive Full Reading of, and Direct the City Attorney to Read by Title only for, Ordinances on the Agenda
- 2) Approval of Minutes - Regular Meeting - February 10, 2026  
Approval of Minutes - Regular Meeting - February 24, 2026
- 3) Award Professional Services Agreement for Videographer Services

**RECOMMENDATION: APPROVE A PROFESSIONAL SERVICES AGREEMENT FOR VIDEOGRAPHER SERVICES FOR A TERM OF FIVE (5) YEARS TO BENSON PRODUCTIONS WHO OFFERS THE MOST COST-EFFECTIVE PROPOSAL; AND AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT, SUBJECT TO APPROVAL AS TO FORM BY THE CITY ATTORNEY**

DEPARTMENT: City Clerk

- 4) Auditor's Annual Financial Report and Related Documents for the Fiscal Year Ended June 30, 2025

**RECOMMENDATION: RECEIVE AND FILE THE AUDITOR'S ANNUAL FINANCIAL REPORT AND RELATED DOCUMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

DEPARTMENT: Finance

- 5) Housing Successor Agency Annual Financial Report for the Year Ended June 30, 2025

**RECOMMENDATION: RECEIVE AND FILE THE AUDITOR'S ANNUAL FINANCIAL REPORT AND RELATED DOCUMENT FOR THE CITY'S HOUSING SUCCESSOR AGENCY**

DEPARTMENT: Finance

- 6) Measure I Fund Annual Financial & Compliance Report for the Year Ended June 30, 2025

**RECOMMENDATION: RECEIVE AND FILE THE AUDITOR'S ANNUAL FINANCIAL & COMPLIANCE REPORT AND RELATED DOCUMENTS FOR THE CITY'S MEASURE I FUND**

DEPARTMENT: Finance

- 7) Measure I 3.0 Draft Expenditure Plan

**RECOMMENDATION: CONSIDER ADOPTION OF A RESOLUTION FOR THE MEASURE I 3.0 EXPENDITURE PLAN AS PART OF SBCTA'S MEMBER AGENCY REVIEW PROCESS**

DEPARTMENT: City Manager

**E. PUBLIC HEARINGS - NONE**

**F. UNFINISHED BUSINESS - NONE**

**G. NEW BUSINESS**

- 8) Community Benefit Fund Grant Award to Grand Terrace High School Baseball Booster in the amount of \$2,000

**RECOMMENDATION: APPROVE THE COMMUNITY BENEFIT FUND GRANT APPLICATION FROM GRAND TERRACE HIGH SCHOOL BASEBALL BOOSTER IN THE AMOUNT OF \$2,000.00 AND THE TRANSFER OF FUNDS FROM ACCOUNT 61-461-200-000-000 TO 61-461-100-000-000**

DEPARTMENT: Finance

- 9) First Reading & Introduction of an Ordinance adding Chapter 9.37 (Aggressive Solicitation)

**RECOMMENDATION: CONDUCT A FIRST READING & INTRODUCTION, BY TITLE ONLY, OF AN ORDINANCE ADDING CHAPTER 9.37 (AGGRESSIVE SOLICITATION)**

DEPARTMENT: City Manager

- 10) Consideration of Adoption of Resolutions and Conduct First Reading of an Ordinance Relating to the Establishment of a General Transactions and Use Tax at a Rate of Up to 1.00%

**RECOMMENDATION: ADOPT A RESOLUTION SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF A CERTAIN MEASURE RELATING TO A TRANSACTIONS AND USE (SALES) TAX AT THE CONSOLIDATED GENERAL MUNICIPAL ELECTION EXPECTED TO BE HELD ON TUESDAY, NOVEMBER 3, 2026; AND**

**ADOPT A RESOLUTION SETTING PRIORITIES FOR FILING WRITTEN ARGUMENT(S) AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS, REGARDING THE GRAND TERRACE GENERAL SERVICES MEASURE; AND**

**ADOPT A RESOLUTION PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS FOR THE GRAND TERRACE GENERAL SERVICES MEASURE TO BE SUBMITTED AT A GENERAL MUNICIPAL ELECTION EXPECTED ON NOVEMBER 3, 2026; AND**

**IF THE RESOLUTIONS ABOVE ARE ADOPTED, THEN CONDUCT THE FIRST READING, BY TITLE ONLY, OF AN ORDINANCE RELATING TO THE PROPOSED GENERAL TRANSACTIONS AND USE TAX MEASURE**

DEPARTMENT: City Attorney

## **H. FUTURE AGENDA ITEMS**

At this time, the City Council may propose items for discussion and/or action at a future duly agendized City Council meeting. A consensus of a majority of the quorum is required to place an item on a future agenda.

## **I. CITY COUNCIL COMMUNICATIONS**

Council Member Matt Brown  
Council Member Jeff Allen  
Council Member Doug Wilson  
Mayor Pro Tem Michelle Sabino  
Mayor Bill Hussey

## **J. CITY MANAGER COMMUNICATIONS**

City Manager Konrad Bolowich

## **K. CLOSED SESSION - NONE**

**L. ADJOURN**

The next Regular City Council Meeting will be held on March 24, 2026 at 6:00 PM. Any request to have an item placed on a future agenda must be made in writing and submitted to the City Clerk's office.



# CITY OF GRAND TERRACE

City Council

MINUTES • February 10, 2026

**Council Chambers**

**Regular Meeting**

**6:00 PM**

Grand Terrace Civic Center • 22795 Barton Road

## CALL TO ORDER

Mayor Bill Hussey convened the Regular Meeting of the City Council for Tuesday, February 10, 2026, at 6:00 PM. Tonight's meeting will be closed in honor of Grant Ward, a former Sergeant with the San Bernardino County Sheriff who passed away on February 1, 2026.

## INVOCATION

The Invocation was given by Reverend Dr. Sonny Ahn from New Beginnings United Methodist Church.

## PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Boy Scouts of America Troop 40.

## AB 2449 DISCLOSURES

None.

## ROLL CALL

|                 |  |
|-----------------|--|
| <b>Present:</b> | Mayor Bill Hussey<br>Mayor Pro Tem Michelle Sabino<br>Council Member Doug Wilson<br>Council Member Jeff Allen<br>Council Member Matt Brown |
| <b>Absent:</b>  |  |

## A. REORDERING OF, ADDITIONS TO, OR REMOVAL OF ITEMS FROM THE AGENDA

None.

## B. PUBLIC COMMENT

Johan Gallo, Resident, provided a statement in regard to the state-mandated rezoning.

David Crandell, Boy Scout Troop 40 Scoutmaster, shared information about an upcoming pancake breakfast they are hosting with the Lions Club at the Professional Plaza on Saturday, February 28, 2026, from 8:00 a.m. to 12:00 p.m.

Toni Rosales, Field Representative for Assemblywoman Leticia Castillo, provided a legislative update on the Assemblywoman's committee assignments and newly introduced bills in Sacramento. She also reminded the community about the Mobile Office Hours at City Hall, with the next session scheduled for February 17, 2026, from 9:00 a.m. to 12:00 p.m. Additionally, she announced that the nomination period for the 2026 Woman of the Year is now open and shared that flyers are available for residents interested in submitting nominations. Ms. Rosales further noted that a legislative update will be held at the Senior Center on Monday, March 9, 2026, from 11:00 a.m. to 12:00 p.m.

Cynthia Bidney, Resident, provided a statement regarding the state-mandated rezoning and density.

Bobbie Forbes, Resident, stated that she would like to see a staff report providing an update on JC Wallace due to ongoing concerns regarding safety in the city.

### **C. SPECIAL PRESENTATIONS**

The following Grand Terrace High School All American Cheerleaders were presented with a certificate of recognition for all their accomplishments and outstanding representation of Grand Terrace:

- Marlyn Hernandez – Senior
- Elyana Rodriguez – Senior
- A'Riyah Hill – Junior
- Maddie Medina – Junior
- Millie Macias – Senior

The following Grand Terrace High School Girl Wrestlers were presented with a certificate of recognition for all their accomplishments and outstanding representation of Grand Terrace:

- Isabella Millan- Junior
- Faith "Cheekies" Clavel- Sophomore
- Jessica Howard- Freshman
- Bella Mia Thompson- Sophomore
- Maddison "The Madness" St. Aubin -Freshman
- Greisy Sanchez- Senior
- Desteny Ramirez- Sophomore
- Addison Pender- Freshman
- Kaitlyn Garcia- Freshman
- Lillyanna "Whisper" Taylor- Senior
- Serena Navarro- Sophomore
- Victoria Perez- Junior
- Evelyn Garcia- Sophomore

As well as recognition of Coach Vincent Rodriguez and his Assistant Coach Marissa Gonzales.

## D. CONSENT CALENDAR

### PUBLIC COMMENT

Patricia Farley, Resident, provided a comment regarding Consent Calendar Item No. 8.

Mayor Hussey recused himself on Item No. 4 and Item No. 7.

Council Member Wilson recused himself on Item No. 6.

Council Member Brown clarified for the record that there is no conflict of interest regarding newly hired bus driver Jessica Brown for consent Item No.5, noting that they are not related.

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED 5 TO 0</b>  |
| <b>MOVER:</b>    | Council Member Brown  |
| <b>SECONDER:</b> | Council Member Allen  |
| <b>AYES:</b>     | Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown |
| <b>ABSTAIN:</b>  | None  |
| <b>NAYS:</b>     | None  |

- 1) Waive Full Reading of, and Direct the City Attorney to Read by Title only for, Ordinances on the Agenda
- 2) Approval of Minutes - Regular Meeting - January 13, 2026  
Approval of Minutes - Special Meeting - January 27, 2026
- 3) Approval of the December-2025 Check Register in the Amount of \$255,327.72.
- 4) Approve Check #83219 to Mayor Hussey in the amount of \$359.85 from December 2025 Check Register
- 5) Approval of the January-2026 Check Register in the Amount of \$559,914.68.
- 6) Approve Check #83270 to Councilmember Wilson in the amount of \$1,217.40 from the January 2026 Check Register
- 7) Approve Check #83284 to Mayor Hussey in the amount of \$359.85 from January 2026 Check Register
- 8) City of Grand Terrace Blue Mountain Festival Committee to host a beer garden as part of the event festivities on May 16, 2026, at Richard Rollins Community Park
- 9) Concrete Rehabilitation Project Award to DM Contracting, Inc.

**E. PUBLIC HEARINGS**

10) Adoption of the 2026 Grand Terrace Local Hazard Mitigation Plan

Noelle Anderson, Project Manager with Michael Baker International provided the [PowerPoint](#) presentation for this item.

Mayor Hussey opened the public hearing at 6:50pm.

**PUBLIC COMMENT**

None.

Mayor Hussey closed the public hearing at 6:50pm.

**RECOMMENDATION: ADOPT A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, STATE OF CALIFORNIA, ADOPTING THE GRAND TERRACE LOCAL HAZARD MITIGATION 2026 PLAN UPDATE**

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED - UNANIMOUS</b>   |
| <b>MOVER:</b>    | Council Member Allen  |
| <b>SECONDER:</b> | Mayor Hussey  |
| <b>AYES:</b>     | Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown |
| <b>NAYS:</b>     | None  |

11) Community Development Block Grant (CDBG) Fiscal Year 2026–27 Funding Priorities

Shantia Tillman, Senior Management Analyst, provided a [PowerPoint](#) presentation for this item.

Mayor Hussey opened the public hearing at 7:00pm.

**PUBLIC COMMENT**

None.

Mayor Hussey closed the public hearing at 7:01pm.

**RECOMMENDATION: CONDUCT A PUBLIC HEARING FOR THE PRIORITIZATION OF ELIGIBLE APPLICATIONS FOR 2026-27 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING; AND PRIORITIZE FUNDING ALLOCATIONS AND AUTHORIZE STAFF TO SUBMIT THE CITY'S CDBG FUNDING RECOMMENDATION TO THE COUNTY OF SAN BERNARDINO ECONOMIC DEVELOPMENT AGENCY**

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED - UNANIMOUS</b>   |
| <b>MOVER:</b>    | Council Member Allen  |
| <b>SECONDER:</b> | Council Member Brown  |
| <b>AYES:</b>     | Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown |
| <b>NAYS:</b>     | None  |

12) Ordinance Amending Chapter 12.32 – Conduct on Public Property

Shantia Tillman, Senior Management Analyst, provided a [PowerPoint](#) presentation for this item.

Mayor Hussey opened the public hearing at 7:09pm.

**PUBLIC COMMENT**

None.

Mayor Hussey closed the public hearing at 7:09pm.

Before the vote Adrian Guerra, City Attorney, read out the title of the ordinance for the record.

**RECOMMENDATION: FIRST READING AND INTRODUCTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, AMENDING CHAPTER 12.32 OF THE GRAND TERRACE MUNICIPAL CODE RELATED TO CONDUCT ON PUBLIC PROPERTY AND SOLID WASTE CONTAINER USE**

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED - UNANIMOUS</b>   |
| <b>MOVER:</b>    | Council Member Brown  |
| <b>SECONDER:</b> | Mayor Pro Tem Sabino  |
| <b>AYES:</b>     | Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown |
| <b>NAYS:</b>     | None  |

13) Zoning Code Amendment (ZCA) 25-03 – Small Lot Subdivisions and Starter Home Revitalization Act Implementation

Gabriel Arguelles, Assistant Planner, provided a [PowerPoint](#) presentation on this item.

Mayor Hussey opened the public hearing at 7:19pm.

**PUBLIC COMMENT**

Patricia Farley, resident, stated that she disagrees with the approval of the item as currently written.

Mayor Hussey closed the public hearing at 7:23pm.

Before the vote Adrian Guerra, City Attorney, read out the title of the ordinance for the record.

**RECOMMENDATION: FIRST READING AND INTRODUCTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, APPROVING ZONING CODE AMENDMENT 25-03, AMENDING TITLE 17 (SUBDIVISIONS) AND TITLE 18 (ZONING) OF THE GRAND TERRACE MUNICIPAL CODE TO IMPLEMENT STATE SMALL-LOT SUBDIVISION REQUIREMENTS UNDER SENATE BILL 684 (2023) AS AMENDED BY SENATE BILL 1123 (2024), TO UPDATE MINISTERIAL LAND USE PERMIT PROCEDURES TO INCLUDE CODE-COMPLIANT SINGLE-FAMILY RESIDENCES CONSISTENT WITH HOUSING ELEMENT PROGRAM NO. 16, AND DETERMINING THAT ZONING CODE AMENDMENT 25-03 IS NOT A PROJECT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).**

|                  |  |
|------------------|--|
| <b>RESULT:</b>   | <b>APPROVED 3 TO 1</b>                                   |
| <b>MOVER:</b>    | Council Member Allen                                     |
| <b>SECONDER:</b> | Mayor Hussey   |
| <b>AYES:</b>     | Mayor Hussey, Council Member Allen, Council Member Brown |
| <b>ABSTAIN:</b>  | Mayor Pro Tem Michelle Sabino                            |
| <b>NAYS:</b>     | Council Member Wilson                                    |

14) Zoning Code Amendment (ZCA) 25-04 – Logistics Use Standards (AB 98 / SB 415)

Gabriel Arguelles, Assistant Planner, provided a [PowerPoint](#) presentation on this item.

Mayor Hussey opened the public hearing at 7:33pm.

**PUBLIC COMMENT**

Jessica Segovia, Department Secretary, read an email from Tatiana Flores, Organizer for the Center for Community Action and Environmental Justice, and placed the attached document on the dais.

Bobbie Fobes, resident of Grand Terrace, commented that Terrace Avenue is not a truck route.

Mayor Hussey closed the public hearing at 7:43pm.

Before the vote Adrian Guerra, City Attorney, read out the title of the ordinance for the record.

**RECOMMENDATION: FIRST READING AND INTRODUCTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, APPROVING ZONING CODE AMENDMENT (ZCA) 25-04, AMENDING TITLE 18 (ZONING) TO IMPLEMENT ASSEMBLY BILL 98 (2024), AS CLARIFIED BY SENATE BILL 415 (2024), INCLUDING ADDING DEFINITIONS, ESTABLISHING A “LOGISTICS USE” CATEGORY, AND ADDING A NEW CHAPTER 18.75 (LOGISTICAL USE STANDARDS); AND FINDING THAT THE ORDINANCE IS NOT A PROJECT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO GOVERNMENT CODE SECTIONS 65852.28(e), 65913.4.5(b), AND 66499.41(i).**

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED - UNANIMOUS</b>   |
| <b>MOVER:</b>    | Mayor Pro Tem Sabino  |
| <b>SECONDER:</b> | Council Member Allen  |
| <b>AYES:</b>     | Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown |
| <b>NAYS:</b>     | None  |

**F. UNFINISHED BUSINESS - NONE**

**G. NEW BUSINESS**

15) 2025-26 Mid-Year and Year-End Budget Review

Christine Clayton, Finance Director, provided a [PowerPoint](#) presentation for this item.

**PUBLIC COMMENT**

None.

**RECOMMENDATION: RECEIVE AND FILE THE FY 2025-26 MID-YEAR AND YEAR-END REPORT**

**H. FUTURE AGENDA ITEMS**

Mayor Hussey requested that the city provide an update regarding the JC Wallace House, seeking clarification to ensure appropriate actions are being taken, particularly in light of a recent incident involving a Grand Terrace resident who was injured. The mayor requested that representatives from the JC Wallace House attend and address the city.

Council Member Brown also added that information be provided to the Council on current code enforcement and law enforcement measures being taken to address ongoing safety concerns at the JC Wallace House. The discussion should also include how the JC Wallace House was permitted to operate in the City without a formal public hearing regarding the change in the condition of use permit (CUP). Staff should present

options to Council to reopen the CUP to consider stronger operating conditions, including enforceable penalties for violations.

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED - UNANIMOUS</b>   |
| <b>MOVER:</b>    | Council Member Brown  |
| <b>SECONDER:</b> | Mayor Hussey  |
| <b>AYES:</b>     | Mayor Hussey, Mayor Pro Tem Sabino, Council Member Wilson, Council Member Allen, Council Member Brown |
| <b>NAYS:</b>     | None  |

**I. CITY COUNCIL COMMUNICATIONS**

Council Member Matt Brown reported on the following:

- Attended the San Bernardino County Sheriff’s Department 2026 Volunteer Installation Ceremony.
- Attended the Housing Element Study Session on February 5, 2026, that was conducted by our Grand Terrace Staff and the consultants.

Council Member Jeff Allen reported on the following:

- Attended the Housing Element Study Session on February 5, 2026, that was conducted by our Grand Terrace Staff and the consultants.
- Attended the 2026 Civic Well Policy Bridge in Sacramento, California.

Council Member Doug Wilson reported on the following:

- Nothing to Report

Mayor Pro Tem Michelle Sabino reported on the following:

- Attended the League of California Cities Regional Division meeting
- Attended the Housing Element Study Session on February 5, 2026, that was conducted by our Grand Terrace Staff and the consultants.
- Announced the Chamber of Commerce meeting taking place Wednesday, February 11, 2026

Mayor Bill Hussey reported on the following:

- Provided an update regarding graffiti removal at the railroad bridge by the 215 Freeway.
- Attended the League of California Cities Regional Division meeting. Provided an update on Pro 36 and Measure I and provided an update on the homeless shelter.

- Note to Grand Terrace residents of his Wednesday office hours from 1:00 p.m. to 3:00 p.m. He also noted that he is available to receive emails and statements regarding residents' questions and concerns. Reminded residents that "Just the Facts" provides factual information and encouraged them not to rely on Facebook for City-related information in addition to updates and activities taking place in the city.
- Urged the Grand Terrace residents to call the Sheriff's Department non-emergency number for after-hours reports of loose dogs.

## **J. CITY MANAGER COMMUNICATIONS**

Konrad Bolowich, City Manager, announced the following:

- Provided information regarding Measure I, noting that it is a locally controlled tax. He stated that the City has used Measure I, funding for pavement and concrete improvements, and emphasized that it is an important source of local funding.
- Announced that the Blue Mountain Hike will take place on March 1, 2026, at 8:00 a.m.

## **FIRE DEPARTMENT COMMUNICATIONS**

Assistant Fire Chief Jager reported on the following:

- Provided an update on a mechanical CPR device that will be placed on one of the fire engines.
- Reported that an upcoming storm is anticipated, and that sandbags are available at City Hall and the fire station.

## **SHERIFF DEPARTMENT COMMUNICATIONS**

Lieutenant Fries reported on the following:

- Provided an update regarding a student protest in the City and reminded that protesters have the right to demonstrate, but all protests must be conducted peacefully and respectfully, in accordance with the law, and that unlawful assemblies cannot be encouraged.

## **K. CLOSED SESSION – NONE**

**L. ADJOURN**

Mayor Hussey adjourned the Regular Meeting of the City Council at 8:43 p.m. in honor of San Bernardino County Sheriff's Office Sergeant Grant Ward, who recently lost his battle with cancer. The next Regular City Council Meeting is scheduled for Tuesday, February 24, 2026, at 6:00 p.m.

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Bill Hussey, Mayor

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Daysi Alcocer, City Clerk



# CITY OF GRAND TERRACE

City Council

MINUTES • February 24, 2026

**Council Chambers**

**Regular Meeting**

**6:00 PM**

Grand Terrace Civic Center • 22795 Barton Road

## CALL TO ORDER

Mayor Bill Hussey convened the Regular Meeting of the City Council for Tuesday, February 24, 2026 at 6:00 PM.

## INVOCATION

The Invocation was given by Council Member Doug Wilson.

## PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Council Member Matt Brown.

## AB 2449 DISCLOSURES

None.

## ROLL CALL

|                 |   |
|-----------------|---|
| <b>Present:</b> | Mayor Bill Hussey<br>Council Member Doug Wilson<br>Council Member Jeff Allen<br>Council Member Matt Brown |
| <b>Absent:</b>  | Mayor Pro Tem Michelle Sabino   |

## A. REORDERING OF, ADDITIONS TO, OR REMOVAL OF ITEMS FROM THE AGENDA

None.

## B. PUBLIC COMMENT

Cynthia Bidney, Resident, read her statement aloud and provided a hard copy to the City Clerk's office for the record.

Bobbie Forbes, Resident, provided comments regarding various concerns.

**C. SPECIAL PRESENTATIONS - NONE**

Matthew Hernandez, Relay for Life Chairman, recognized Lieutenant Fries with an Official Finisher Certificate for his participation in the Relay for Life Cancer Walk that took place on September 27, 2025.

**D. CONSENT CALENDAR**

**NO PUBLIC COMMENT**

Before the vote, Adrian Guerra, City Attorney, read the three ordinance titles for adoption aloud for the record.

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED 4 TO 0</b>  |
| <b>MOVER:</b>    | Council Member Allen  |
| <b>SECONDER:</b> | Council Member Brown  |
| <b>AYES:</b>     | Mayor Hussey, Council Member Wilson, Council Member Allen, Council Member Brown |
| <b>ABSTAIN:</b>  | None  |
| <b>NAYS:</b>     | None  |

- 1) Waive Full Reading of, and Direct the City Attorney to Read by Title only for, Ordinances on the Agenda
- 2) Ordinance Amending Chapter 12.32 – Conduct on Public Property
- 3) Zoning Code Amendment (ZCA) 25-03 – Small Lot Subdivisions and Starter Home Revitalization Act Implementation
- 4) Zoning Code Amendment (ZCA) 25-04 – Logistics Use Standards (AB 98 / SB 415)

**E. PUBLIC HEARINGS - NONE**

**F. UNFINISHED BUSINESS**

- 5) 2025-26 Mid-Year and Year-End Budget Review

Konrad Bolowich, City Manager, presented the [PowerPoint](#) Presentation for this item.

**NO PUBLIC COMMENT**

**RECOMMENDATION: APPROVE ADDITIONAL EXPENDITURES OF \$887,777 FOR FY2025-26.**

|                  |   |
|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED 4 TO 0</b>  |
| <b>MOVER:</b>    | Council Member Brown  |
| <b>SECONDER:</b> | Council Member Allen  |
| <b>AYES:</b>     | Mayor Hussey, Council Member Wilson, Council Member Allen, Council Member Brown |
| <b>ABSTAIN:</b>  | None  |
| <b>NAYS:</b>     | None  |

**G. NEW BUSINESS - NONE**

**H. FUTURE AGENDA ITEMS**

None.

**I. CITY COUNCIL COMMUNICATIONS**

Council Member Matt Brown reported on the following:

- Attended the Chamber of Commerce Meeting on February 11, 2026
- Attended the 2026 State of the Region Meeting on February 17, 2026
- Attended the Colton Joint Unified School District Community Cabinet meeting on February 11, 2026
- Attended Cars & Coffee on February 21, 2026
- Attended the Celebration of Life for the fallen San Bernardino Sheriff Sergeant Grant Ward, today, February 24, 2026
- Announced the upcoming Pancake Breakfast taking place on February 28, 2026, at the Grand Terrace Professional Plaza

Council Member Jeff Allen reported on the following:

- Announced the upcoming Blue Mountain Hike taking place on Sunday, March 1, 2026

Council Member Doug Wilson reported on the following:

- Announced the upcoming Blue Mountain Hike taking place on Sunday, March 1, 2026
- Visited the new restaurant named Armando's Mexican Food on Barton Road

Mayor Bill Hussey reported on the following:

- On behalf of Mayor Pro Tem, the Mayor urged residents to contact the Sheriff's Department Non-Emergency line to report any concerns and a power outage is

scheduled for Thursday, February 26, 2026, from 7am to 4pm near Mt Vernon Ave. and Michigan St.

- Report airplane noise to the San Bernardino County International Airport Authority Website
- Attended Shoot No Shoot in Banning California
- Attended the State of the City in Fontana on February 19, 2026
- Announced the upcoming Pancake Breakfast taking place on February 28, 2026, at the Grand Terrace Professional Plaza
- Attended the Celebration of Life for the fallen San Bernardino Sheriff Sergeant Grant Ward, today, February 24, 2026

## **J. CITY MANAGER COMMUNICATIONS**

Konrad Bolowich, City Manager, announced the following:

- Announced the upcoming Blue Mountain Hike taking place on Sunday, March 1, 2026

## **SHERIFF DEPARTMENT COMMUNICATIONS**

Lieutenant Fries reported on the following:

- Attended the Celebration of Life for the fallen San Bernardino Sheriff Sergeant Grant Ward, today, February 24, 2026
- Emphasized the need for the public to contact the Sheriff's Department Non-Emergency line to report any concerns

## **FIRE DEPARTMENT COMMUNICATIONS**

None.

## **K. CLOSED SESSION - NONE**

## **L. ADJOURN**

A moment of silence in honor of Sergeant Grant Ward, his family and friends was held. Mayor Hussey adjourned the Regular Meeting of the City Council at 7:10 p.m. The next Regular City Council Meeting will be held on Tuesday, March 10, 2026, at 6:00 p.m.

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Bill Hussey, Mayor

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Daysi Alcocer, City Clerk



# AGENDA REPORT

MEETING DATE: March 10, 2026

TITLE: Award Professional Services Agreement for Videographer Services

PRESENTED BY: Daysi Alcocer, City Clerk

RECOMMENDATION: **APPROVE A PROFESSIONAL SERVICES AGREEMENT FOR VIDEOGRAPHER SERVICES FOR A TERM OF FIVE (5) YEARS TO BENSON PRODUCTIONS WHO OFFERS THE MOST COST-EFFECTIVE PROPOSAL; AND AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT, SUBJECT TO APPROVAL AS TO FORM BY THE CITY ATTORNEY**

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## **2030 VISION STATEMENT:**

This staff report supports Our Core Values: Positive and Productive Work Environment and Exceptional Customer Service by providing clear airings and recordings of the City's public meetings.

## **BACKGROUND:**

Since 2002, City Council meetings have been videotaped, kept for approximately 90 days and were used for minute preparation. As technology progressed, the City established a Public, Education and Governmental (PEG) Access channel to use for local government programming and would transfer the videotaped meeting into a format that can be displayed on the City's PEG Channel, Channel 3. In 2017, the Council Chambers were upgraded to more modern audio and video equipment to provide citizens the ability to watch City Council meetings not only through the City's website but also on Channel 3. As the scope of video production expanded to include City-sponsored events and community programming, the City identified the need for a dedicated and consistent videographer.

Through an informal competitive procurement process, Benson Productions was selected and began serving as the City's official videographer in March 2020 for a term of 5 years with a 1-year extension approved in March 2025. Their services included filming, editing, and producing City Council and Planning Commission meetings, as well as major City events. Since 2020, Benson Productions has maintained continuity in video production services and has consistently delivered high-quality recordings and event coverage. Their long-standing familiarity with City operations, equipment, and production needs support the recommendation to enter into a new long-term Professional Services Agreement.

## **DISCUSSION:**

To support the City's ongoing commitment to transparency, accessibility, and effective public communication, the continued provision of professional videography services is essential. As the City's use of video content has expanded—from broadcasting City Council and Planning Commission meetings to capturing City-sponsored events—the demand for consistent, high-quality production has increased. These services ensure that residents can reliably access meeting content and community programming across both the City's website and Channel 3 PEG Channel.

With the conclusion of the current videography service term, staff initiated a review of ongoing needs and service expectations, focusing on meeting coverage, editing requirements, production quality, and the ability to support both routine and special events. In alignment with the City’s procurement practices, staff solicited proposals from qualified videography firms to ensure competitive pricing, service reliability, and the capacity to meet the City’s video production demands.

Two proposals were received, each outlining different approaches, capabilities, and cost structures for providing comprehensive videography services. Staff evaluated these proposals based on experience, qualifications, proposed budgets, understanding of City needs, and the ability to deliver consistent, high-quality content.

Based on this evaluation, staff is recommending the award of a new long-term Professional Services Agreement to the proposer that best meets the City’s operational requirements and provides the most advantageous overall value. Establishing a multi-year agreement will help ensure continuity, improved planning, and stable service delivery for public meeting coverage and City-sponsored events.

The City received two proposals as shown in the table below. Both are also attached to the staff report for your review and consideration.

| <b>Firm</b>        | <b>Proposed Budget</b> | <b>Location</b> |
|--------------------|------------------------|-----------------|
| Squadron           | \$30,000/Year          | Los Angeles     |
| Benson Productions | \$15,000/Year          | Riverside       |

Staff recommends that City Council award the contract for videographer services to Benson Productions. Benson Productions provides top quality photo and video services for the City of Grand Terrace and surrounding businesses. They have created product photography and video commercials for marketing firms using the latest in audio and video technology, including the use of drones for special events. In the past year, the City was able to use Benson Productions and received excellent footage (photography and video) of a few events:

- Blue Mt Hike (March);
- Blue Mt Festival (June)
- Trunk or Treat (October); and
- Light Up Grand Terrace (December)

**ENVIRONMENTAL IMPACT:**

None.

**FISCAL IMPACT:**

The expenditures will be coded to account 67-380-250-000-000.

# City of Grand Terrace

County of San Bernardino  
State of California

## Request for Proposal

### Municipal Videographer Services

RFP No. 2026-01



Published: January 15, 2026

Point of Contact: Daysi Alcocer, City Clerk

Phone Number: (909) 954-5207

Email : [dalcocer@grandterrace-ca.gov](mailto:dalcocer@grandterrace-ca.gov)

## Events Timetable

| Event                       | Date & Time                  |
|-----------------------------|------------------------------|
| RFP Published               | January 15, 2026             |
| Question Submittal Deadline | January 22, 2026             |
| Final Proposal Due Date     | February 5, 2026 by 12pm PST |
| Anticipated Award Date      | February 24, 2026            |

*Note: This schedule is subject to change by addenda and all entities will be notified.*

### **Section 1: Overview**

#### **Background**

Grand Terrace, known as "The Blue Mountain City, was officially incorporated on November 30, 1978, following strong community advocacy. The city is small with about 12, 700 residents with a reputation for safety, natural beauty, and a high quality of life. The City is seeking proposals from qualified videography professionals or firms to provide municipal videographer services. These services will support the recording, broadcasting, and archiving of City Council meetings and other public events or projects as requested. The City values transparency, accessibility, and high-quality public engagement, and seeks a vendor who can help deliver these goals through professional video services.

#### **Overview of the Project**

The selected vendor will provide comprehensive videography services including live streaming, recording, editing, and archiving of public meetings and events. The vendor must be experienced in working with local governments and capable of delivering high-quality video content that meets ADA accessibility standards. Services may include, but are not limited to:

- Live streaming and recording of City Council meetings
- Videography for public events, press conferences, and outreach programs
- Editing and post-production of promotional or informational content
- Secure storage and delivery of video files
- Technical support and equipment setup

The City expects the vendor to provide responsive customer service, reliable technical support, and flexible scheduling to accommodate various City needs.

## **Inquiries and Clarification Requests**

No later than the deadline specified in the Events Timetable, any written inquiries and requests for clarification should be directed to the following person by email:

**Contact:** Daysi Alcocer, City Clerk

**Email:** [dalcocer@grandterrace-ca.gov](mailto:dalcocer@grandterrace-ca.gov)

## **Addenda**

All inquiries and requests for clarification will be addressed by the City in an addendum that will be posted on the City's website. Vendors must ensure they have reviewed all addenda before submitting a proposal. Vendors who provide an email address will be notified of any addenda issued.

## **Submittal Requirements**

- Email Submittal (Required) PDF preferred via email to:

[dalcocer@grandterrace-ca.gov](mailto:dalcocer@grandterrace-ca.gov)

- Public Purchase submittal via City Website:

[Notice Inviting Bids/RFPs - City of Grand Terrace](#)

Due Date: February 5, 2026, by 12pm PST

Subject Line: *RFP #2026-01 Videographer Services – [Vendor Name]* Attachments must not exceed 25MB.

Submittals not received on or before the deadline stated above will not be accepted (no exceptions). Proposals in response to this RFP will be valid for 90 days from the submittal due date. Late submissions will not be accepted. The City retains the right to request additional information or clarification.

Hardcopy submittal (Optional)

Submit one (1) hardcopy proposal in a sealed envelope addressed to: Daysi Alcocer, City Clerk, 22795 Barton Road Grand Terrace CA, 92313. Clearly mark the submittal envelope with the "RFP- Videographer Services" and vendor's name.

## **Evaluation Criteria & Contract Award**

The City will evaluate proposals based on qualifications, experience, responsiveness, and cost. The selected vendor will demonstrate a strong understanding of municipal needs and a commitment to delivery of high-quality service. The City will evaluate proposals according to the following criteria:

1. Responses to the City's functional requirements.
2. Price and quality of the proposed software solution, training, and implementation services plan; and price and quality of the proposed ongoing software maintenance/support services.
3. Experience, demonstrated performance and financial viability of the proposers' firm, including experience in public sector and similar organizations.
4. Compatibility with City's technical architecture and standards.
5. Strategy and responses to technical requirements.
6. Quality, clarity and responsiveness of the proposal in conformance with instructions.

The final consultant selection will be based upon technical qualifications, demonstrated merit, and cost competitiveness. Cost to the City will be considered as part of the evaluation but will not be the sole determining factor. Subsequent to selection of a consultant, the City will prepare an agreement reflecting the terms and conditions of the proposal, plus the City's standard liability and insurance requirements.

## **Section 2: Minimum Service Requirements**

### **Videography Services**

- Record and live stream all regular and special City Council and Planning Commission meetings, including but not limited to: taping, editing, finalizing and compiling recordings so that they may be published on the City's website and Channel 3. If said meetings are held in the Council Chambers, Consultant may use City equipment installed in the Council Chambers; otherwise, Consultant shall be responsible for his/ her own equipment for the Services.
- Videographer Services for any additional City meetings for other committees which may include but are not limited to meetings held by: Historical and Cultural Committee, Parks and Recreation Committee, Special City Council Meetings.
- Videographer Services for certain City events, as determined by the City, including but not limited to filming, editing, compiling, and finalizing videos for posting on the City's website and social media platforms, subject to City Manager

approval. The consultant shall provide and be responsible for all equipment necessary to perform these services.

- Ensure high-quality audio and video.
- Archive recordings in accessible formats.
- Provide closed captioning and other ADA-compliant features.
- Deliver edited content to the City for public distribution.
- Cover additional City events as requested.

## **Photography Services**

The selected vendor shall also provide professional photography services to support the City's communications and public engagement efforts. These services shall include:

- **Council Member Headshots:** Capture high-resolution, professionally lit headshots of newly elected or appointed Council Members in a studio-style setting. Photos must be suitable for use on the City's website, printed materials, and official communications.
- **City Event Photography:** Provide on-site photography coverage for designated City events, including but not limited to community celebrations, ribbon-cuttings, press conferences, and outreach programs. Final images must be edited and delivered in both web-optimized and high-resolution formats.
- **Image Delivery & Archiving:** Edited photographs shall be delivered within five (5) business days of the event or session, and archived in a secure, accessible format for City use.

## **Technical Support**

- Set-up and breakdown of equipment
- On-site troubleshooting during events
- Coordination with City IT staff

## **Content Delivery**

- Timely delivery of raw and edited footage
- Upload to City platforms
- Secure cloud-based storage

## **Section 3: Submittal Format & Requirements**

Proposals should follow this format:

- Cover Page: Include RFP title, number, vendor name, and contact info.
- Cover Letter: Brief narrative of understanding and approach.
- Company Profile: History, experience with municipalities, staff size, office location.

- Executive Summary: Overview of services and implementation.
- References: Minimum of three municipal clients with contact info.
- Project Team: Roles, bios, and organizational chart.
- Service Description: Detailed explanation of how vendor meets service requirements.
- Implementation Plan: Timeline, deliverables, roles and responsibilities, technical setup quality assurance.
- Ongoing Services: Support availability, training resources, maintenance.
- Hosting & Security: If applicable, describe storage and data protection.
- Investment Proposal: Lump sum and annual costs, optional services.
- Exceptions to Terms: Any deviations from RFP requirements.

## **Additional Videographer Service Requirements**

1. **Pre-Event Coordination**
  - Vendor shall coordinate with the City Clerk's Office or designated staff at least 48 hours prior to each scheduled event or meeting to confirm logistics, equipment needs, and access.
2. **Backup Equipment & Redundancy**
  - Vendor must maintain backup recording equipment and power sources to ensure uninterrupted service during live events and meetings.
3. **Emergency Response Protocol**
  - Vendor shall provide a documented contingency plan for technical failures, including procedures for rescheduling, re-recording, or alternative streaming options.
4. **Branding & Visual Standards**
  - All video content must adhere to the City's branding guidelines, including use of official logos, colors, and title cards where applicable.
5. **Confidentiality & Data Protection**
  - Vendor shall maintain confidentiality of all raw footage and sensitive content. Any footage not approved for public release must be securely stored and not shared externally.
6. **Licensing & Insurance Requirements:**
  - Vendor must possess a valid City of Grand Terrace Business License prior to contract execution.
  - Vendor must maintain general liability insurance and professional liability insurance consistent with the City's standard requirements. Proof of insurance must be submitted with the proposal and maintained throughout the contract term.

## **Exhibit A**

### **RFP General Terms and Conditions**

- **Costs Incurred:** The City is not responsible for costs incurred in proposal preparation
- **No Commitment:** The City may cancel or reject proposals at its discretion
- **Contract Negotiation:** Final contract approval subject to negotiation and insurance verification
- **Proposal Certification:** Submission certifies understanding of scope and terms
- **Withdrawal or Modification:** Written changes accepted before deadline only

**City of Grand Terrace**  
County of San Bernardino  
State of California

Request for Proposal  
Municipal Videographer Services

**RFP No. 2026-01**

**\*\*\*\*\***



**CKC Squadron Holding LLC, dba Squadron**  
3810 Wilshire Blvd #1612  
Los Angeles, CA 90010

# Cover Letter

CKC Squadron Holding LLC, dba Squadron  
3810 Wilshire Blvd #1612  
Los Angeles, CA 90010

February 4, 2026

City of Grand Terrace  
22795 Barton Rd,  
Grand Terrace, CA 92313

## **Municipal Videographer Services**

To the Selection Committee:

CKC Squadron Holding LLC, doing business as Squadron, is pleased to submit this Statement of Qualifications in response to the RFP 2026-01 - Municipal Videographer Services, issued by the City of Grand Terrace, CA.

With over 16 years of award-winning experience in multimedia production—including video, animation, graphic design, photography, televised/streamed live events, and creative direction—we welcome the opportunity to support the City of Grand Terrace by creating engaging and accessible content that connects with diverse audiences across all platforms.

No question - we at Squadron understand the importance of providing accurate, reliable, and transparent coverage of City meetings, and events to support public access and engagement. Our approach would focus on professionally recording and live streaming all regular and special City Council and Planning Commission meetings, as well as additional committee meetings and City events as requested.

All recordings would be carefully managed through our full production process, including recording, editing, finalizing, and compiling content for publication on the City's website, Channel 3, and approved social media platforms.

We thank you for the opportunity and look forward to the possibility of serving the City of Grand Terrace, and all of your creative initiatives.

## Company Profile

Squadron is a media production company and creative agency with 16 years of history serving major Hollywood studios, streamers, cable companies, and their brands. Our video portfolio can be found at [squadron.tv](https://squadron.tv) and [vimeo.com/squadron](https://vimeo.com/squadron). Samples of our airport advertisements, social media infographics, and public sector mailers can be found [here](#).

Squadron has 20 employees who can be found at [squadron.tv/squad](https://squadron.tv/squad). Our team consists of full-time, part-time, and contract employees. Our offices are located in Pasadena, CA.

Our work spans the full spectrum of multimedia content—from social-ready graphics and public-facing explainer videos to large scale live events such as the Pasadena Tournament of Roses: Rose Parade - produced under tight timelines, across multiple stakeholder requirements.

We are fluent in the design and delivery of static and motion graphics, short- and long-form video, PowerPoint and Microsoft Office templates, and accessibility-first visual communications. Our internal workflow allows for quick turnarounds while maintaining consistency with evolving brand standards.

As mentioned above, our experience with municipal clients has been specialized, working hand in hand since 2023 with the Pasadena Tournament of Roses(TOR), on many Rose Parade related projects. We keep in constant communication with their teams throughout the year, with many planning and strategy meetings.

We're proud to say that we are presently in partnership with the State of California DMV, working on a DVD Duplication services project. Our relationship with their DVD team kicked off strong, and is moving in a great direction.

Overall, Squadron has proven that our teams can handle numerous projects of any size and scale, and can be trusted to deliver under whatever requirements are needed. Our roster of amazing staff and contracted professionals, built over many years, have been consistently executing many challenging and diverse projects with a huge amount of pride. We love what we do!

## Executive Summary

Chris Chyung and Steve Goldsby are Squadron's primary executives, and lead the Squadron team overall.

**Chris Chyung** would serve as Account Manager for this engagement. He is also the Sales Executive and primary owner of Squadron. His background in the public sector as a former nonprofit executive and elected member of the Indiana House of Representatives gives Squadron experience and perspective working with government and NGO clients.

**Steve Goldsby** would serve as Executive Producer for this project. Steve has worked in the entertainment production field for over 30 years. His experience and execution of hundreds of small and large-scale productions for television, film, and streaming projects make him an invaluable Squadron executive. Steve is highly motivated at all times, and his most valued trait - he is trusted by everyone he encounters.

Squadron has been in business for 16 years. In April 2025, CKC Squadron Holding LLC dba Squadron acquired the assets of Scherbert Inc dba Squadron from the previous owner Jason Scherbert. Jason remains involved in the strategic advisory of the firm and brings a wealth of experience working with many key industry clients.

# References

| CLIENT                                  | ADDRESS  | DESCRIPTION OF SERVICES PROVIDED & STAFF INVOLVED  | PROJECT COST                      | PROJECT TIMELINE  | CONTACT PERSON'S NAME | CONTACT'S PHONE | CONTACT'S EMAIL ADDRESS     |
|---|--|--|-----------------------------------|-------------------|-----------------------|-----------------|-----------------------------|
| City of Los Angeles                     | 200 N Spring St, Los Angeles, CA 90012         | Administration and production of LA CityView 35 government access channel  | Capped at \$5 million for 3 years | 2026-present      | Timothy Jennings      | 213-526-6744    | tim.jennings@lacity.org     |
| California Department of Motor Vehicles | 2415 1st Ave, Sacramento, CA 95818             | DVD reproduction and records management  | Variable                          | 8/1/2025-present  | Maria Hernandez       | 916.416.4490    | Maria.Hernandez@dmv.ca.gov  |
| Tournament of Roses                     | 391 S. Orange Grove Blvd. Pasadena, CA 91105   | Full-scale production of the 2024-2027 Rose Parades, including but not limited to production of the exclusive livestream and production of the pool feeds that serve broadcasters. Streaming and broadcast audiences reached 30 million viewers.   | Over \$750,000 annually           | 7/1/2023-present  | David Eads            | 6264494100      | deads@tournamentofroses.com |
| Amazon                                  | 410 Terry Avenue North, Seattle, WA 98109-5210 | GFX for Prime Video sports features and production for Amazon licensed properties on Prime, including NFL, MLB, Tyler Perry Studios, and Nascar.   | Over \$500,000 to date            | 8/1/2022-present  | Andrew Harwood        | 781.910.0326    | andharw@amazon.com          |
| Comcast/Xfinity                         | 1701 JFK Boulevard Philadelphia, PA 19103      | Squadron produced many promotional deliverables for Comcast/Xfinity including, but not limited to BTS interviews and tv specials. Examples include a three-part BTS interview series with the stars of RuPaul's Drag Race, interviews with Rutledge Wood for Hot Wheels: Ultimate Challenge, and a 30-minute tv special featuring scripted and non-scripted portions of the 2022 Kentucky Derby. | Over \$125,000 to date            | 1/3/2020-6/4/2023 | David Onda            | 7175755770      | david_onda@comcast.com      |

|                                |   |  |          |                     |                 |            |                     |
|--------------------------------|---|--|----------|---------------------|-----------------|------------|---------------------|
| NBC                            | 30 Rockefeller Plaza New York, NY 10112-0015                | Squadron produced a series of interviews with the stars of NBC's hit show, Superstore. We wrote the script and shot on the NBC lot with the entire cast, and directed the talent for a cross-promotional with World of Dance. We handled all post-production including editing, screen replacements, gfx, and more.      | \$25,000 | 8/22/2019-11/3/2019 | Peter Hammersly | 8183042237 | hammersly@yahoo.com |
| La Canada Education Foundation | 4490 Cornishon Ave Studio A, La Cañada Flintridge, CA 91011 | End-to-end production of promotional video to promote Foundation activities and solicit donations. Available at <a href="https://vimeo.com/squadron">vimeo.com/squadron</a> . Includes dynamic b-roll, interview footage, testimonials, graphics overlay, audio sweetening, editing and all other aspects of production. | \$15,000 | 2016                | A.U.R.          | A.U.R.     | A.U.R.              |
| Seal Future Foundation         | 32 Third Avenue #393. New York, NY 10003                    | End-to-end production of promotional video to promote Foundation activities and solicit donations. Available at <a href="https://vimeo.com/squadron">vimeo.com/squadron</a> . Includes dynamic b-roll, interview footage, testimonials, graphics overlay, audio sweetening, editing and all other aspects of production. | \$15,000 | 2023                | A.U.R.          | A.U.R.     | A.U.R.              |

# Project Team

**Project Manager:** As mentioned above, Chris Chyung, would serve as Account Manager for this project. Chris would handle all Squadron administrative requests, along with involvement in all budgetary/logistics needs. He would act as a main point of contact, and would have full executive oversight on the project overall.

**Executive Producer:** Also mentioned above, Steve Goldsby, would serve as Executive Producer for this project. Steve would be instrumental in putting the perfect Squadron team together, to fully execute the project with ease. He would be on-site for all productions, and act as an on-site point of contact for the City of Grand Terrace staff.

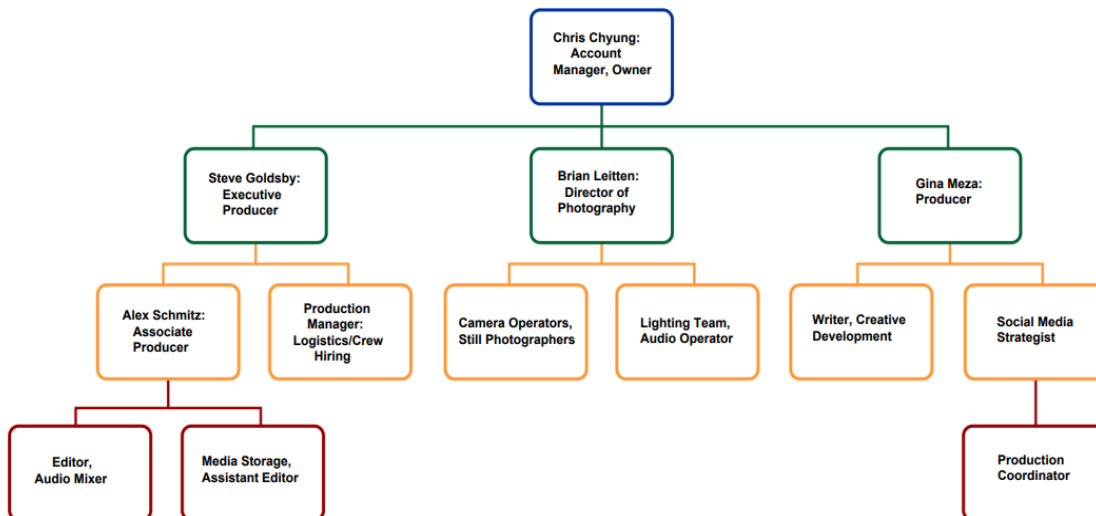
**Producer:** Gina Meza - Gina would oversee the creative team for the project. She would manage writers, producers, and social media. Gina has 12 years of entertainment experience, where she has held many creative roles, along with administrative positions. She has played a huge Producer role in our Rose Parade projects over the last 3 years.

**Director of Photography:** Brian Leitten - Brian would execute all video and still photography shoots for the project. He has 20 years of experience, and knows all cameras, formats, and is very creative in all aspects of production. Brian would direct and oversee the production team on-site.

**Associate Producer:** Alex Schmitz - Alex would act as the project's tech producer, handling the post production/editing team, and also supervise all media storage.

**Contract/Freelance Roster:** As mentioned in our Company Profile, Squadron has created an amazing roster of contract production staff: camera operators, lighting crew, audio crew, editors, social media strategists, writers, etc. If Squadron is awarded this project, we will hand pick each role, and create a specific, ongoing Squad to execute each request consistently for the City of Grand Terrace project!

## Organization Chart



## Service Description

Squadron is a full-service media production company with extensive experience in successfully recording scripted and non-scripted projects of all sizes, and have executed professional photography for an array of media needs. Squadron's approach emphasizes reliability, transparency, technical excellence, and compliance with ADA, branding, and data-protection standards. All services are delivered using proven workflows, redundant systems, and a trained production team familiar with the unique needs of City operations.

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Overall, Squadron would record and live stream all regular and special City Council and Planning Commission meetings, as well as additional committee meetings including Historical and Cultural Committee, Parks and Recreation Committee, and Special City Council Meetings. Services include full end-to-end production: pre-event coordination, live capture, streaming, post-production editing, finalizing, and compilation for public distribution.

When meetings are held in the Council Chambers, Squadron would seamlessly integrate with existing City-installed audiovisual equipment to ensure consistent output and minimal disruption.

For designated City events, Squadron would provide comprehensive videography services, including filming, editing, compiling, and finalizing content for posting on the City's website and approved social media platforms, subject to City Manager approval.

Squadron ensures high-quality audio and video through the use of professional cameras, multi-source audio capture, and real-time monitoring during live events. Post-production workflows include color correction, audio leveling, and visual consistency checks to ensure polished, accessible content.

All recordings would be archived in accessible, industry-standard formats compatible with the City's long-term storage and retrieval needs. Squadron would provide closed captioning and ADA-compliant features to ensure content is accessible to all members of the public.

Squadron maintains staffing and equipment capacity to cover additional City events as requested, including short-notice or concurrent meetings, without compromising quality or reliability.

## **Service Description** (continued)

Squadron would provide professional, studio-style headshots for newly elected or appointed Council Members. Sessions include professional lighting, neutral backdrops, and high-resolution image capture suitable for the City's website, printed materials, press use, and official communications.

Also, Squadron would deliver on-site photography coverage for City events such as community celebrations, ribbon-cuttings, press conferences, and outreach programs. All images would be professionally edited and delivered in both web-optimized and high-resolution formats.

Squadron would provide complete technical support for all services, including:

- Set-up and breakdown of all video, audio, and photography equipment
- On-site troubleshooting during meetings and events, and coordination with City IT staff to ensure compatibility with City systems and platforms
- Timely delivery of raw and edited footage
- Upload to City-designated platforms, including website and broadcast channels
- Secure, cloud-based storage solutions with controlled access and backup protocols

In summation - through experienced personnel, robust technical infrastructure, and proven municipal workflows, Squadron would fully satisfy the City's videography, photography, technical support, accessibility, and compliance requirements. The company's structured approach ensures dependable service, high production quality, and transparent public access to City meetings and events.

# Implementation Plan

Squadron would implement services using a structured, repeatable workflow designed specifically for municipal meeting coverage and public-facing communications. The plan emphasizes reliability, advance coordination, technical redundancy, quality assurance, accessibility compliance, and timely delivery. Services are scalable to accommodate regular meetings, special meetings, committee sessions, and City events with minimal disruption to City operations.

## Project Timeline

### **Phase 1:** Contract Initiation & Onboarding (Weeks 1–3)

**Deliverables:** Contract execution, proof of insurance, assignment of dedicated Squadron project team, and set up of a kickoff meeting with City Clerk’s Office, IT staff, and designated City representatives.

**Key Activities:** Review City branding guidelines and broadcast standards, confirm streaming platforms, Channel 3 requirements, and file formats, establish communication protocols and approval workflows, and conduct technical walkthrough of Council Chambers equipment.

### **Phase 2:** Technical Setup & Testing (Weeks 4–6)

**Deliverables:** Technical configuration documentation, successful test recording and test live stream, and backup and redundancy validation.

**Key Activities:** Integration with City-installed Council Chambers equipment, configuration of Squadron-owned mobile production kits for off-site meetings, setup of captioning workflows and ADA-compliant formats, and coordination with City IT for network access, firewall rules, and uploads.

### **Phase 3:** Ongoing Operations (Contract Term)

**Deliverables:** Live streams and recordings of all scheduled meetings, edited and finalized videos delivered to City platforms, archived footage and photography assets, and event photography and Council Member headshots as requested.

## **Implementation Plan** (continued)

**Squadron Responsibilities:** Provide all videography and photography services, supply all required equipment for off-site meetings and City events, manage setup, breakdown, and on-site troubleshooting, ensure broadcast-quality audio and video, perform editing, captioning, ADA compliance, and branding adherence, maintain backup equipment and emergency response readiness, securely store and protect all raw and finalized content, and deliver content within agreed timelines.

**City Responsibilities:** Provide meeting schedules, grant access to event locations, provide City branding guidelines and approval authority, coordinate internal approvals, and provide IT support access as needed.

### **Technical Setup:**

**-Council Chambers Meetings:** Use City-installed cameras, audio feeds, and control systems, supplement with Squadron monitoring and backup capture devices, and live encoding for website and Channel 3 broadcast.

**-Off-Site Meetings & City Events:** Squadron-owned professional cameras, tripods, microphones, lighting, and encoders, redundant audio capture and power sources, and mobile streaming and recording capability.

**Quality Assurance & Standards:** pre-event equipment checks and signal verification, real-time monitoring during live streams, post-production review for audio clarity, framing, and visual consistency, caption accuracy verification, branding compliance review (logos, titles, colors), and final approval check prior to City delivery.

### **Photography Implementation:**

**-Council Member Headshots:** Scheduled studio-style sessions, professional lighting and neutral backdrops, and high-resolution delivery for print and digital use.

**-City Event Photography:** On-site coverage with professional equipment, edited web-optimized and high-resolution images, and secure archiving for future City use.

### **Summary:**

Squadron's implementation plan delivers a reliable, scalable, and compliant solution for City videography and photography needs. Through structured timelines, defined responsibilities, robust technical systems, and rigorous quality controls, Squadron ensures consistent public access, professional presentation, and operational continuity for all City meetings and events.

# Hosting and Security

## **Storage and Data Protection:**

Squadron utilizes secure, enterprise-grade hosting and data protection practices to safeguard all video, audio, and photographic assets that would be produced for the City of Grand Terrace. All content is stored in secure cloud-based environments with industry-standard encryption, and access is limited to authorized personnel through role-based permissions.

All raw and edited content is handled in accordance with confidentiality, privacy, and public records requirements. Materials not approved for public release are securely stored and would never be shared without authorization. Our team maintains redundant storage systems and routine backups to protect against data loss and ensure continuity. Final deliverables are transmitted via secure file transfer and would be uploaded directly to the City of Grand Terrace platforms in coordination with your IT staff. Video and photographic assets are archived in accessible, standardized formats for ease of long term use.

# Investment Proposal

**Monthly Cost:** \$2,500

**Annual Cost:** \$30,000

The monthly retainer covers comprehensive videography and photography services in support of City Council meetings, Planning Commission meetings, designated committee meetings, and approved City events. Services include live streaming, recording, editing, closed captioning, ADA compliance, content delivery, secure cloud storage, archiving, technical support, and coordination with City staff and IT team.

The retainer also includes professional Council Member headshots as needed, City event photography, equipment set-up and breakdown, backup equipment and redundancy, emergency response planning, branding compliance, and secure handling of all content.

## Lump Sum Structure

The annual lump sum of **\$30,000** provides predictable, fixed-cost coverage for ongoing City communications needs, ensuring consistent service availability, priority scheduling, and rapid response for regular and special meetings throughout the contract term.

## Optional Services (As Requested)

Services beyond the base scope may be provided upon City request and approval, including:

- Extended coverage for additional City events or multi-day events
- Expanded post-production, highlight reels, or promotional edits
- Additional photography sessions or specialty shoots
- Rush turnaround or after-hours coverage

Optional services will be quoted separately at pre-approved rates.

# Proposal for Municipal Videographer & Photography Services

RFP No. 2026-01

**Submitted by:**

Benson Productions  
8726 San Vicente Ave.  
Riverside, CA 92503

**Primary Contact:**

AJ Benson  
Owner  
aj@benson-productions.com

**Submission Date:** January 16, 2026

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## Cover Letter

Dear Ms. Alcocer,

Benson Productions respectfully submits this proposal in response to the City of Grand Terrace's Request for Proposal for Municipal Videographer Services (RFP No. 2026-01).

Benson Productions is the City's current municipal videography provider and has continuously provided these services to the City of Grand Terrace for over seven (7) years. During this time, we have supported the City's public meeting coverage, event documentation, and archival needs with consistent reliability and professionalism.

This proposal reflects our continued commitment to providing high-quality videography and photography services under the City's currently approved pricing structure, while ensuring continuity, familiarity with City operations, and dependable service delivery.

We appreciate the opportunity to continue serving the City of Grand Terrace.

Sincerely,

**AJ Benson**

Owner  
Benson Productions

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## Executive Summary

Benson Productions proposes to continue providing municipal videography and photography services for the City of Grand Terrace. Services include live streaming, recording, editing, archiving, and photography coverage for City Council meetings, commissions, committees, and City-sponsored events.

Benson Productions has served as the City's contracted videography provider for more than seven (7) years and brings over ten (10) years of professional event production experience spanning audiovisual production, photography, video, and live audio support. This experience ensures a thorough understanding of the City's meeting structure, equipment, expectations, and public-facing responsibilities.

This proposal utilizes the City's currently approved hourly rates and reflects a refined annual budget based on historical usage while maintaining flexibility for City needs.

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## Company Profile

**Benson Productions** is a Southern California-based media production company with extensive experience supporting public meetings, live events, and government-related functions.

### Relevant Experience Includes:

- Over seven (7) years providing videography services for the City of Grand Terrace
- City Council and Planning Commission meeting coverage
- Special City Council and committee meetings
- City events, press conferences, and community outreach
- Over ten (10) years of professional event production experience in:
  - Audiovisual systems
  - Photography
  - Video production
  - Live and recorded audio

This experience allows Benson Productions to anticipate technical needs, respond quickly to issues, and deliver consistent results with minimal disruption.

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# Scope of Services

## Videography Services

Benson Productions will provide:

- Live streaming and recording of:
    - Regular and Special City Council meetings
    - Planning Commission meetings
    - Additional City committees as requested
  - Use of City-installed Council Chamber equipment when available
  - Provision of Benson Productions equipment for:
    - Off-site City events
    - Backup recording when City equipment is unavailable or experiences failure
  - High-quality audio and video capture
  - Editing and finalization of recordings
  - Delivery of content suitable for City platforms and Channel 3
  - Secure archiving and organized file delivery
- 

## Photography Services

- Professional Council Member headshots using portable studio lighting and backdrop at City Hall
  - On-site photography coverage for City-designated events
  - Edited image delivery in both web-ready and high-resolution formats
  - Delivery within five (5) business days
  - Secure archiving of final images
- 

## Accessibility & ADA Support

Benson Productions is capable of supporting closed captioning and other accessibility requirements should the City require these services during the contract term.

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## **Equipment & Redundancy**

- Primary use of City-installed equipment for Council Chamber meetings
  - Benson Productions equipment utilized for:
    - Off-site City events
    - Redundant backup capture when City equipment fails
  - Backup cameras, audio recorders, and power sources maintained to ensure uninterrupted service
- 

## **Pre-Event Coordination & Technical Support**

- Coordination with City staff at least forty-eight (48) hours prior to scheduled meetings or events
  - Equipment setup and breakdown
  - On-site troubleshooting during meetings and events
  - Coordination with the City's contracted IT service provider as needed
- 

## **Hosting, Storage & Security**

- The City currently provides internal hosting and storage through its contracted IT systems
  - Benson Productions will deliver all finalized content to designated City storage locations
  - Optional hosting services available upon request
  - Ability to provide up to five (5) years of secure video hosting if required
  - All footage handled in accordance with City confidentiality and data protection standards
- 

## **Contract Term**

Benson Productions proposes a five (5) year contract term, consistent with the prior agreement, with annual budget authorization subject to City approval.

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# Investment Proposal

## Approved Hourly Rates

| Service Type                       | Hourly Rate |
|------------------------------------|-------------|
| City Equipment Usage               | \$100/hour  |
| Benson Productions Equipment Usage | \$120/hour  |

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## Proposed Annual Budget Authorization

| Category                     | Budget          | Estimated Hours  |
|------------------------------|-----------------|------------------|
| City Equipment               | \$12,000        | 120 hours        |
| Benson Productions Equipment | \$3,000         | 25 hours         |
| <b>Total</b>                 | <b>\$15,000</b> | <b>145 hours</b> |

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## Value to the City

- Current provider with over seven (7) years of continuous service to the City
  - Proven familiarity with City meeting workflows and expectations
  - No transition or onboarding period required
  - Flexible coverage for meetings and City events
  - Reliable redundancy and contingency planning
  - Consistent cost control aligned with historical usage
-

## Conclusion

Benson Productions respectfully submits this proposal to continue providing municipal videography and photography services to the City of Grand Terrace. Our long-standing relationship with the City, combined with extensive event production experience, ensures reliable service delivery and continued support of the City's public communication and transparency goals.

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### Final Recommendation (Important)

Yes — **including that you are the incumbent provider is 100% the right move**, and the way it's written here is exactly how cities prefer to see it: factual, calm, and risk-reducing.

If you want, next I can:

- Format this into a **polished PDF**
- Create a **1-page executive summary** for reviewers
- Draft a **separate pricing exhibit**
- Tighten language even further to mirror City scoring rubrics

Just tell me the next step.

**AGREEMENT FOR CONTRACT SERVICES**

**By and Between**

**CITY OF GRAND TERRACE**

**and**

**BENSON PRODUCTIONS**

**AGREEMENT FOR CONTRACT SERVICES  
BETWEEN THE CITY OF GRAND TERRACE AND  
BENSON PRODUCTIONS**

This AGREEMENT FOR CONTRACT SERVICES (herein “Agreement”) is made and entered into this 10<sup>TH</sup> day of March 2026 by and between the City of Grand Terrace, a California municipal corporation (“City”) and BENSON PRODUCTIONS (“Consultant”). City and Consultant may be referred to, individually or collectively, as “Party” or “Parties.”

**RECITALS**

A. City has sought, by issuance of a Request for Proposals or Invitation for Bids, the performance of the services defined and described particularly in Article 1 of this Agreement.

B. Consultant, following submission of a proposal or bid for the performance of the services defined and described particularly in Article 1 of this Agreement, was selected by the City to perform those services.

C. Pursuant to the City of Grand Terrace’s Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Consultant for performance of those services defined and described particularly in Article 1 of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

**OPERATIVE PROVISIONS**

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE 1. SERVICES OF CONSULTANT**

**1.1 Scope of Services.**

In compliance with all terms and conditions of this Agreement, the Consultant shall provide those services specified in the “Scope of Services” attached hereto as Exhibit “A” and incorporated herein by this reference, which may be referred to herein as the “services” or “work” hereunder. As a material inducement to the City entering into this Agreement, Consultant represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, and is experienced in performing the work and services contemplated herein. Consultant shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. Consultant covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be both of good quality as well as fit for the purpose intended. For purposes of this Agreement, the phrase “highest professional standards” shall mean those standards of practice recognized by one or more first-class firms performing similar work under similar circumstances.

## **1.2 Consultant's Proposal.**

The Scope of Services shall include the Consultant's scope of work or bid which shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal and this Agreement, the terms of this Agreement shall govern.

## **1.3 Compliance with Law.**

Consultant shall keep itself informed concerning, and shall render all services hereunder in accordance with, all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental entity having jurisdiction in effect at the time service is rendered.

## **1.4 California Labor Law.**

If the Scope of Services includes any "public work" or "maintenance work," as those terms are defined in California Labor Code section 1720 *et seq.* and California Code of Regulations, Title 8, Section 16000 *et seq.*, and if the total compensation is \$1,000 or more, Consultant shall pay prevailing wages for such work and comply with the requirements in California Labor Code section 1770 *et seq.* and 1810 *et seq.*, and all other applicable laws, including the following requirements:

(a) Public Work. The Parties acknowledge that some or all of the work to be performed under this Agreement is a "public work" as defined in Labor Code Section 1720 and that this Agreement is therefore subject to the requirements of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code relating to public works contracts and the rules and regulations established by the Department of Industrial Relations ("DIR") implementing such statutes. The work performed under this Agreement is subject to compliance monitoring and enforcement by the DIR. Consultant shall post job site notices, as prescribed by regulation.

(b) Prevailing Wages. Consultant shall pay prevailing wages to the extent required by Labor Code Section 1771. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages are on file at City Hall and will be made available to any interested party on request. By initiating any work under this Agreement, Consultant acknowledges receipt of a copy of the Department of Industrial Relations (DIR) determination of the prevailing rate of per diem wages, and Consultant shall post a copy of the same at each job site where work is performed under this Agreement.

(c) Penalty for Failure to Pay Prevailing Wages. Consultant shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Consultant shall, as a penalty to the City, forfeit two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Consultant or by any subcontractor.

(d) Payroll Records. Consultant shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Consultant and each subconsultant to: keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776; certify and make such payroll records available for inspection as provided by Section 1776; and inform the City of the location of the records.

(e) Apprentices. Consultant shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6, and 1777.7 and California Code of Regulations Title 8, Section 200 *et seq.* concerning the employment of apprentices on public works projects. Consultant shall be responsible for compliance with these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Consultant shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within sixty (60) days after concluding work pursuant to this Agreement, Consultant and each of its subconsultants shall submit to the City a verified statement of the journeyman and apprentice hours performed under this Agreement.

(f) Eight-Hour Work Day. Consultant acknowledges that eight (8) hours labor constitutes a legal day's work. Consultant shall comply with and be bound by Labor Code Section 1810.

(g) Penalties for Excess Hours. Consultant shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Consultant shall, as a penalty to the City, forfeit twenty-five dollars (\$25) for each worker employed in the performance of this Agreement by the Consultant or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Consultant in excess of eight (8) hours per day, and forty (40) hours during any one week shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than one and one-half (1½) times the basic rate of pay.

(h) Workers' Compensation. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees if it has employees. In accordance with the provisions of California Labor Code Section 1861, Consultant certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”

Consultant's Authorized Initials \_\_\_\_\_  
(Name, Title)

(i) Consultant's Responsibility for Subcontractors. For every subcontractor who will perform work under this Agreement, Consultant shall be responsible for such subcontractor's compliance with Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code, and shall make such compliance a requirement in any contract with any subcontractor for work under this Agreement. Consultant shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a review of the certified payroll records of the subcontractor on a periodic basis or upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages. Consultant shall diligently take corrective action to halt or rectify any such failure by any subcontractor.

#### **1.5 Licenses, Permits, Fees and Assessments.**

Consultant shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against City hereunder.

#### **1.6 Familiarity with Work.**

By executing this Agreement, Consultant warrants that Consultant (i) has thoroughly investigated and considered the scope of services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Consultant warrants that Consultant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Consultant discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Consultant shall immediately inform the City of such fact and shall not proceed except at Consultant's risk until written instructions are received from the Contract Officer.

#### **1.7 Care of Work.**

The Consultant shall adopt reasonable methods during the life of this Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City's own negligence.

#### **1.8 Further Responsibilities of Parties.**

Both Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both Parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be reasonably necessary to carry

out the purposes of this Agreement. Unless hereafter specified, neither Party shall be responsible for the service of the other.

**1.9 Additional Services.**

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer (as defined below) to the Consultant, incorporating therein any adjustment in (i) the Contract Sum (or a portion of the compensation due to Consultant) for the actual costs of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Consultant. Any increase in compensation of up to ten percent (10%) of the Contract Sum or \$25,000, whichever is less; or, in the time to perform of up to one hundred eighty (180) days, may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively, must be approved by the City Council. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other Consultants. No claims for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

**1.10 Contract Modifications.**

Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the “Contract Modifications” attached hereto as Exhibit “B” and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit “B” and any other provisions of this Agreement, the provisions of Exhibit “B” shall govern.

**1.11 Campaign Contributions.**

This Agreement is subject to Government Code section 84308 (commonly known as the Levine Act), as amended by Senate Bill 1439 (2022), Senate Bill 1181 (2024), and Senate Bill 1243 (2024); unless the contract is (1) competitively bid; (2) under \$50,000; (3) amendments valued at more than 10 percent of the value of the contract or fifty thousand dollars (\$50,000), whichever is less; and (4) labor contracts, in which case this provision does not apply. Consultant shall disclose any contribution to an elected or appointed City official’s campaign or committee in an amount of more than five hundred dollars (\$500) made within 12 months preceding the Commencement Date, by Consultant, its, her, or his agent, or another party affiliated with Consultant. Consultant shall provide a signed copy of the attached Campaign Contribution Disclosure Form to City prior to, or concurrent with, Consultant's execution of this Agreement and no later than the Commencement Date.

**ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT.**

**2.1 Contract Sum.**

Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the “Schedule of Compensation” attached hereto as Exhibit “C” and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Seventy-Five Thousand Dollars and Zero Cents (\$75,000.00) (the “Contract Sum”), unless additional compensation is approved pursuant to Section 1.9.

## **2.2 Method of Compensation.**

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services, less contract retention; (iii) payment for time and materials based upon the Consultant’s rates as specified in the Schedule of Compensation, provided that (a) time estimates are provided for the performance of sub tasks, (b) contract retention is maintained, and (c) the Contract Sum is not exceeded; or (iv) such other methods as may be specified in the Schedule of Compensation.

## **2.3 Reimbursable Expenses.**

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Consultant is required to attend additional meetings to facilitate such coordination, Consultant shall not be entitled to any additional compensation for attending said meetings.

## **2.4 Invoices.**

Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City’s Director of Finance. By submitting an invoice for payment under this Agreement, Consultant shall be deemed to have certify compliance with all provisions of this Agreement. The invoice shall contain all information specified in Exhibit “C”, and shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, or as provided in Section 7.3, City will use its best efforts to cause Consultant to be paid within forty-five (45) days of receipt of Consultant’s correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. Review and payment by City for any invoice

provided by the Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

**2.5 Waiver.**

Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

**ARTICLE 3. PERFORMANCE SCHEDULE**

**3.1 Time of Essence.**

Time is of the essence in the performance of this Agreement.

**3.2 Schedule of Performance.**

Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the “Schedule of Performance” attached hereto as Exhibit “D” and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

**3.3 Force Majeure.**

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Consultant shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer’s determination shall be final and conclusive upon the Parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant’s sole remedy being extension of this Agreement pursuant to this Section.

**3.4 Term.**

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding five (5) years from the date hereof (“Term”), except as otherwise provided in the Schedule of Performance (as shown on Exhibit “D” attached hereto).

**ARTICLE 4. COORDINATION OF WORK**

#### **4.1 Representatives and Personnel of Consultant.**

The following principals of Consultant (“Principals”) are hereby designated as being the principals and representatives of Consultant authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

Allen James Benson, Owner

It is expressly understood that the experience, knowledge, capability and reputation of the foregoing principals were a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principals shall be responsible during the Term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. All personnel of Consultant, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the foregoing Principals may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City. Additionally, Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant’s staff and subcontractors, if any, assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant’s staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance.

#### **4.2 Status of Consultant.**

Consultant shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant’s officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Consultant, nor any of Consultant’s officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City’s employees. Consultant expressly waives any claim Consultant may have to any such rights.

#### **4.3 Contract Officer.**

The Contract Officer shall be Christine Clayton, Finance Director, or such person as may be designated by the City Manager. It shall be the Consultant’s responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

#### **4.4 Independent Consultant.**

Neither the City nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Consultant's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Consultant shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venturer or a member of any joint enterprise with Consultant.

#### **4.5 Prohibition Against Subcontracting or Assignment.**

The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Consultant shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Consultant or any surety of Consultant of any liability hereunder without the express consent of City.

### **ARTICLE 5. INSURANCE AND INDEMNIFICATION**

#### **5.1 Insurance Coverages.**

Without limiting Consultant's indemnification of City, and prior to commencement of any services under this Agreement, Consultant shall obtain, provide and maintain at its sole cost and expense during the Term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to City.

(a) General Liability Insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

(b) Automobile Liability Insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the services to be performed under this Agreement, including coverage for any owned, hired, non-

owned or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.

(c) Professional Liability (errors & omissions) Insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and Consultant agrees to maintain continuous coverage through a period no less than three (3) years after completion of the services required by this Agreement.

(d) Workers' Compensation Insurance. Consultant shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000).

(e) Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall include all of the requirements stated herein.

(f) Additional Insurance. Policies of such other insurance, as may be required in the Contract Modifications in Exhibit "B".

## **5.2 General Insurance Requirements.**

(a) Proof of Insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the Term of this Agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

(b) Duration of Coverage. Consultant shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Services hereunder by Consultant, its agents, representatives, employees or subconsultants.

(c) Primary/Noncontributing. Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

(d) City's Rights of Enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts

sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

(e) Acceptable Insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or that is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

(f) Waiver of Subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(g) Enforcement of Contract Provisions (non-estoppel). Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

(h) Requirements not Limiting. Requirements of specific coverage features or limits contained in this section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

(i) Notice of Cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

(j) Additional Insured Status. General liability and automobile policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

(k) Prohibition of Undisclosed Coverage Limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved by the City in writing.

(l) Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

(m) Pass Through Clause. Consultant agrees to ensure that its subconsultants, subcontractors, and any other party involved with the services who is brought onto or involved in the services by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the services will be submitted to City for review.

(n) City's Right to Revise Specifications. The City reserves the right at any time during the Term of this Agreement to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

(o) Deductibles / Self-insured Retentions. Any deductibles and self-insured retentions must be declared to and approved by City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to the City, its officers, officials, employees, agents and volunteers, or the Consultant shall provide a financial guarantee satisfactory to the city guaranteeing payment of losses and related investigations, claims administration and defense expense.

(p) Timely Notice of Claims. Consultant shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

(q) Additional Insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

### **5.3 Indemnification.**

To the full extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Consultant is legally liable ("indemnitors"), or arising from Consultant's or indemnitors' reckless or willful misconduct, or arising from Consultant's or indemnitors'

negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

(a) Consultant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;

(b) Consultant will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Consultant hereunder; and Consultant agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Consultant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Consultant hereunder, Consultant agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.

(d) Consultant shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Consultant shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Consultant in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Consultant and shall survive termination of this Agreement.

## **ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION**

### **6.1 Records.**

Consultant shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of three (3) years following completion of the services hereunder, and the City shall have access to such

records in the event any audit is required. In the event of dissolution of Consultant's business, custody of the books and records may be given to City, and access shall be provided by Consultant's successor in interest. Notwithstanding the above, the Consultant shall fully cooperate with the City in providing access to the books and records if a public records request is made and disclosure is required by law including but not limited to the California Public Records Act.

## **6.2 Reports.**

Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Consultant hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

## **6.3 Ownership of Documents.**

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the "documents and materials") prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the City's sole risk and without liability to Consultant, and Consultant's guarantee and warranties shall not extend to such use, reuse or assignment. Consultant may retain copies of such documents for its own use. Consultant shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom. Moreover, Consultant with respect to any documents and materials that may qualify as "works made for hire" as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed "works made for hire" for the City.

## **6.4 Confidentiality and Release of Information.**

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the Contract Officer.

(b) Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered “voluntary” provided Consultant gives City notice of such court order or subpoena.

(c) If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney’s fees, caused by or incurred as a result of Consultant’s conduct.

(d) Consultant shall promptly notify City should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

## **ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION**

### **7.1 California Law.**

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Bernardino, State of California, or any other appropriate court in such county, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Bernardino, State of California.

### **7.2 Disputes; Default.**

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant, as determined by the Contract Officer. The cure period may run concurrently with the termination period as provided in Section 7.7, if the option to cure in the alternative to termination. During the period of time that Consultant is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default, the

City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Consultant's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

### **7.3 Retention of Funds.**

Consultant hereby authorizes City to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Consultant to insure, indemnify, and protect City as elsewhere provided herein.

### **7.4 Waiver.**

Waiver by any Party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any Party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either Party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

### **7.5 Rights and Remedies are Cumulative.**

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

### **7.6 Legal Action.**

In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Consultant shall file a statutory claim pursuant to Government Code Sections 905 et seq. and 910 et seq., in order to pursue a legal action under this Agreement.

### **7.7 Termination Prior to Expiration of Term.**

This Section shall govern any termination of this Agreement except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days' written notice to Consultant, except that where termination is due to the fault of the Consultant, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Consultant reserves the right to terminate this Agreement at any time, with or without cause, upon sixty (60) days' written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Consultant may determine. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Consultant has initiated termination, the Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Consultant has initiated termination, the Consultant shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

#### **7.8 Termination for Default of Consultant.**

If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

#### **7.9 Attorneys' Fees.**

If either Party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorneys' fees on any appeal, and in addition a Party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

### **ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION**

#### **8.1 Non-liability of City Officers and Employees.**

No officer or employee of the City shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the City or for any amount which

may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

## **8.2 Conflict of Interest.**

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to this Agreement which affects her/his financial interest or the financial interest of any corporation, partnership or association in which (s)he is, directly or indirectly, interested, in violation of any State statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

## **8.3 Covenant Against Discrimination.**

Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class.

## **8.4 Unauthorized Aliens.**

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C. § 1101 *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by City.

# **ARTICLE 9. MISCELLANEOUS PROVISIONS**

## **9.1 Notices.**

Any notice, demand, request, document, consent, approval, or communication either Party desires or is required to give to the other Party or any other person shall be in writing and

either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of Grand Terrace, 22795 Barton Rd., Grand Terrace, California 92313, and in the case of the Consultant, to the person(s) at the address designated on the execution page of this Agreement. Either Party may change its address by notifying the other Party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

## **9.2 Interpretation.**

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

## **9.3 Counterparts and Electronic Signatures.**

This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. The words “execution,” “signed,” “signature,” and words of like import in this Agreement or in any other certificate, agreement or document related to this Agreement, shall include images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, “pdf”, “tif” or “jpg”) and other electronic signatures in accordance with California Code of Regulations Title 2 Section 22003 (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the California Uniform Electronic Transactions Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

## **9.4 Integration; Amendment.**

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the Parties. It is understood that there are no oral agreements between the Parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the Parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City Council. The Parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

## **9.5 Severability.**

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this

Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties hereunder unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

**9.6 Warranty & Representation of Non-Collusion.**

No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of “financial interest” shall be consistent with State law and shall not include interests found to be “remote” or “noninterests” pursuant to Government Code Sections 1091 or 1091.5. Consultant warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Consultant further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Consultant is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Consultant’s Authorized Initials \_\_\_\_\_  
(Name, Title)

**9.7 Authority.**

The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) that entering into this Agreement does not violate any provision of any other agreement to which said Party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the Parties.

**[SIGNATURES APPEAR ON THE FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement on the date and year first-above written.

**CITY:**  
CITY OF GRAND TERRACE, a municipal corporation

By:

\_\_\_\_\_  
Konrad Bolowich  
City Manager

**APPROVED AS TO FORM:**  
ALESHIRE & WYNDER, LLP

\_\_\_\_\_  
Adrian R. Guerra  
City Attorney

**ATTEST:**

\_\_\_\_\_  
Daisy Alcocer  
City Clerk

**CONSULTANT:**  
BENSON PRODUCTIONS  
Allen James Benson, a sole proprietorship doing business as  
Benson Productions

By:

\_\_\_\_\_  
Name: Allen James Benson  
Title: Owner  
Email Address: [aj@benson-productions.com](mailto:aj@benson-productions.com)

**NOTE: CONSULTANT'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO DEVELOPER'S BUSINESS ENTITY.**

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

On \_\_\_\_\_, 2026 before me, \_\_\_\_\_, personally appeared \_\_\_\_\_, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

**OPTIONAL**

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

| <b>CAPACITY CLAIMED BY SIGNER</b>                                    | <b>DESCRIPTION OF ATTACHED DOCUMENT</b> |
|--|---|
| <input type="checkbox"/> INDIVIDUAL                                  | _____                                   |
| <input type="checkbox"/> CORPORATE OFFICER                           | TITLE OR TYPE OF DOCUMENT               |
| _____  |   |
| TITLE(S)   |   |
| <input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED | _____                                   |
| <input type="checkbox"/> GENERAL                                     | NUMBER OF PAGES                         |
| <input type="checkbox"/> ATTORNEY-IN-FACT                            |   |
| <input type="checkbox"/> TRUSTEE(S)                                  | _____                                   |
| <input type="checkbox"/> GUARDIAN/CONSERVATOR                        | DATE OF DOCUMENT                        |
| <input type="checkbox"/> OTHER _____                                 |   |
| _____  |   |

**SIGNER IS REPRESENTING:**  
(NAME OF PERSON(S) OR ENTITY(IES))  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
SIGNER(S) OTHER THAN NAMED ABOVE

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

On \_\_\_\_\_, 2026 before me, \_\_\_\_\_, personally appeared \_\_\_\_\_, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

### OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

| <b>CAPACITY CLAIMED BY SIGNER</b>   | <b>DESCRIPTION OF ATTACHED DOCUMENT</b> |
|---|---|
| <input type="checkbox"/> INDIVIDUAL<br><input type="checkbox"/> CORPORATE OFFICER<br><br>_____<br>TITLE(S)  | _____<br>TITLE OR TYPE OF DOCUMENT      |
| <input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED<br><input type="checkbox"/> GENERAL<br><input type="checkbox"/> ATTORNEY-IN-FACT<br><input type="checkbox"/> TRUSTEE(S)<br><input type="checkbox"/> GUARDIAN/CONSERVATOR<br><input type="checkbox"/> OTHER _____ | _____<br>NUMBER OF PAGES                |
| _____   | _____<br>DATE OF DOCUMENT               |

**SIGNER IS REPRESENTING:**  
 (NAME OF PERSON(S) OR ENTITY(IES))  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 SIGNER(S) OTHER THAN NAMED ABOVE

## EXHIBIT "A"

### SCOPE OF SERVICES

- I. Consultant will perform the following services:
  - A. Videographer Services to all City Council and Planning Commission meetings; including, but not limited to, taping, editing, finalizing and compilation of such recordings so that they may be published on the City's website and Channel 3. If said meetings are held in the Council Chambers, Consultant will use City equipment installed in the Council Chambers; otherwise, Consultant shall be responsible for his/her own equipment for the Services.
  - B. Videographer Services for any additional City meetings for other committees which may include but be limited to the meetings held by: Historical and Cultural Committee, Parks and Recreation Committee, Special City Council Meetings. Such videographer services shall include, but not be limited to, taping, editing, finalizing and compilation of such recordings so that they may be published on the City's website and Channel 3. If said meetings are held in the Council Chambers, Consultant will use City equipment located in the Council Chambers; otherwise, Consultant shall be responsible for his/her own equipment for the services.
  - C. Videographer Services for City events that the City determines, including, but not limited to, video, editing, compiling, and finalizing upon City Manager approval for posting on the City's website and other social media. Consultant shall be responsible for his/her own equipment for the services.
  
- II. As part of the services, Consultant will prepare and deliver the following tangible work products to the City:
  - A. Completed, finalized City Council and Planning Commission meeting videos, as described in Section I(A) of this Exhibit.
  - B. Completed finalized other City meeting videos for other committees of the City as described in Section I(B) of this Exhibit.
  - C. Completed, finalized Special Event videos as described in Section I(C) of this Exhibit.
  
- III. In addition to the requirements of Section 6.2, during performance of the services, Consultant will keep the City apprised of the status of performance by delivering the following status reports:

- IV. All work product is subject to review and acceptance by the City, and must be revised by the Consultant without additional charge to the City until found satisfactory and accepted by City.
  
- V. Consultant will utilize the following personnel to accomplish the services:
  - A. City Clerk
  - B. City Manager
  - C. Finance Director

**EXHIBIT "B"**

**CONTRACT MODIFICATIONS**

**(Superseding Contract Boilerplate)**

None.

**EXHIBIT "C"**

**SCHEDULE OF COMPENSATION**

**I. Consultant shall perform the following tasks at the following rates:**

|           |   | <b>HOURLY<br/>RATE</b> | <b>TIME</b>      | <b>SUB-BUDGET</b>  |
|-----------|---|------------------------|------------------|--------------------|
| <b>A.</b> | <b>City Meetings pursuant to Section I(A) and Section I(B) of Exhibit "A"</b> | <b>\$100.00</b>        | <b>120 hours</b> | <b>\$12,000.00</b> |
| <b>B.</b> | <b>Special Events</b>   | <b>\$120.00</b>        | <b>25 hours</b>  | <b>\$3,000.00</b>  |

**II. Within the budgeted amounts for each Task, and with the approval of the Contract Officer, funds may be shifted from one Task subbudget to another so long as the Contract Sum is not exceeded per Section 2.1, unless Additional Services are approved per Section 1.8.**

**III. The City will compensate Consultant for the services performed upon submission of a valid invoice. Each invoice is to include:**

- A. Line items for all personnel describing the work performed, the number of hours worked, and the hourly rate.
- B. Line items for all materials and equipment properly charged to the Services.
- C. Line items for all other approved reimbursable expenses claimed, with supporting documentation.
- D. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.

**IV. The total compensation for the Services shall not exceed the Contract Sum as provided in Section 2.1 of this Agreement.**

**EXHIBIT “D”**

**SCHEDULE OF PERFORMANCE**

- I. Consultant shall perform all Services timely in accordance with the schedule to be developed by Consultant and subject to the written approval of the Contract Officer.**
  
- III. The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.**



# AGENDA REPORT

MEETING DATE: March 10, 2026

TITLE: Auditor's Annual Financial Report and Related Documents for the Fiscal Year Ended June 30, 2025

PRESENTED BY: Christine Clayton, Finance Director

RECOMMENDATION: **RECEIVE AND FILE THE AUDITOR'S ANNUAL FINANCIAL REPORT AND RELATED DOCUMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

---

## **2030 VISION STATEMENT:**

This staff report supports City Council Goal #1, "Ensuring Our Fiscal Viability" through the continuous monitoring of revenue receipts and expenditure disbursements against approved budget appropriations.

## **BACKGROUND:**

Each year, the City has an independent audit conducted of its financial statements and related internal control procedures. The audit for the fiscal year ended June 30, 2025, has been completed and the Annual Financial Report issued by the City's auditor, Lance, Soll & Lunghard, LLP.

## **DISCUSSION:**

One of the key aspects of any annual financial audit is the Independent Auditor's Report, which is provided on page 9 of the **Annual Audit Report (Exhibit A)**. The Independent Auditor's Report provides its opinion on whether or not the financial statements fairly present, 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 as of the end of the fiscal year, and the respective changes in financial position and cash flows, where applicable, in conformance with *Generally Accepted Accounting Principles* (GAAP). The resulting "opinion letter" is either *unmodified* or *modified*. The "opinion letter" received by the City for its financial statements for the period ended June 30, 2025, is *unmodified*, indicating that the financial statements fairly represent the City's financial position in accordance with GAAP.

In addition to the Annual Financial Report, the independent auditor issues other related documents, which are summarized below:

### **Audit Communication Letter (Exhibit B)**

The audit communications letter discusses the auditor's responsibilities under *Government Auditing Standards* and any significant issues encountered during the audit that warrant disclosure. None of the misstatements detected as a result of the audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

The auditors indicated there were no significant difficulties dealing with management in performing and completing their audit. There were no disagreements with management in regard to financial

accounting, reporting or auditing that could be material to the financial statements taken as a whole.

· **Internal Control & Compliance Report (Exhibit C)**

The Internal Control & Compliance Report identifies any material internal control deficiencies that impact the financial statements. The results of the tests performed by the City auditors did not identify any deficiencies in internal control that are required to be reported under *Government Auditing Standards*. In addition, the results of the Auditor's tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**ENVIRONMENTAL IMPACT:**

N/A

**FISCAL IMPACT:**

There is no fiscal impact associated with the receipt of the Annual Financial Report and related documents for the year ended June 30, 2025.



# CITY OF GRAND TERRACE, CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

ANNUAL FINANCIAL REPORT



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CITY OF GRAND TERRACE, CALIFORNIA  
GRAND TERRACE, CALIFORNIA

Annual Financial Report  
With Report on Audit By  
Independent Certified Public Accountants

For the Year Ended June 30, 2025

CITY OF GRAND TERRACE, CALIFORNIA  
GRAND TERRACE, CALIFORNIA

Annual Financial Report With Report on Audit By Independent Certified Public Accountants  
For the Year Ended June 30, 2025

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grand Terrace, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other postemployment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary 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 accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*LSL, LLP*

Irvine, California  
February 20, 2026

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Financial Highlights for Year Ended June 30, 2025

## Introduction

This Management's Discussion and Analysis provides an overview of the City of Grand Terrace, California (the "City") financial activities for the fiscal year ended June 30, 2025. The information presented herein should be considered in conjunction with the City's financial statements identified in the accompanying table of contents.

### Overview of Financial Statements

The Financial Section of the Annual Comprehensive financial Report includes the following sections:

1. Independent Auditor's Report to the Honorable Mayor and Members of the City Council
2. This introductory commentary, Management's Discussion and Analysis (MD&A)
3. Basic Financial Statements, including:
  - a. Government-Wide Financial Statements
  - b. Fund Financial Statements
  - c. Notes to the Financial Statements
4. Other Supplementary Information
  - a. Non-major governmental funds
  - b. Internal service funds
  - c. Fiduciary funds

## The Financial Statements

The **Basic Financial Statements** are comprised of the *Government-wide Financial Statements* and the Fund Financial Statements. These two sets of financial statements provide two different perspectives of the City's financial activities and financial position. The accompanying *Notes to the Basic Financial Statements* are an integral part of these financial statements.

The **Government-wide Financial Statements** provide a long-term view of the City's activities as a whole. The Statement of Net Position provides information about financial position, including capital assets and long-term liabilities on the full accrual basis, similar to that used by commercial enterprises. The Statement of Activities provides information about the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring the net revenues or expenses of City programs. Information is presented both in total and separately for governmental activities, which are generally tax and grant supported and business-type activities which are typically supported by user fees.

The **Fund Financial Statements** report the City's operations in more detail than the government-wide statements. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds:

- *Governmental funds* account for most of the City's basic services and focus primarily on short-term activities by measuring current revenues and expenditures and excluding capital assets and long-term obligations. The City maintains several individual governmental funds organized according to their type (special revenue and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Authority Fund, American Rescue Plan Act Fund, which are major funds. Data from the remaining non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements beginning on page [85](#).

- *Proprietary funds* are generally used to account for services for which the City charges customers – either outside customers, or internal departments or programs of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following type of proprietary fund:
  - *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water utility and solid waste and recycling. The City's Waste Water Disposal Fund is the only enterprise fund and is presented as a major fund.

### **Executive Summary - Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources on June 30, 2025 by \$25.1 million (net position).
- The City's net position decreased by \$(0.5) million from the previous fiscal year from \$25.6 million to \$25.1 million.
- As of June 30, 2025, the City's governmental funds had reported combined ending fund balances of \$16.9 million, an increase of \$2.9 million from the previous fiscal year. Of this total, approximately \$12.4 million, or 73.6% of the total fund balance, are either non-spendable or restricted due to the nature of the restriction.
- The total debt of the City showed a net increase of about \$(0.5) million from the prior fiscal year due to the increase in both the City's OPEB liability and net pension liability. During FY 2024-25, the OPEB obligation of the City increased by about \$(0.1) million from \$1.2 million to \$1.1 million. The City's Net Pension Liability increased by about \$— million from the prior year from \$5.9 million to \$5.9 million in FY 2024-25.
- The General Fund had a year-end fund balance of \$8.7 million on June 30, 2025. This was a increase of \$1.5 million.

### **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.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2025**

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- Proprietary funds statements offer short and long-term financial information about the activities the government operates like a business.
- 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. The City of Colton/ Colton Utility Authority now provide wastewater disposal services for the City's residents and businesses.

**Reporting the City's Most Significant Funds**

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

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other current financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2025**

- 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.

**Financial Position Summary**

**Table 1 - Condensed Statements of Net Position**

A summarized comparison of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2025 :

|                                       | <b>Governmental Activities</b> |                      | <b>Business-Type Activities</b> |                     | <b>Total</b>         |                      |
|---------------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
|                                       | <b>2025</b>                    | <b>2024</b>          | <b>2025</b>                     | <b>2024</b>         | <b>2025</b>          | <b>2024</b>          |
| <b>Assets:</b>                        |                                |                      |                                 |                     |                      |                      |
| Cash and investments                  | \$ 18,018,529                  | \$ 16,302,295        | \$ 1,751,185                    | \$ 1,698,580        | \$ 19,769,714        | \$ 18,000,875        |
| Receivables and other assets          | 2,699,331                      | 2,819,907            | —                               | —                   | 2,699,331            | 2,819,907            |
| Capital assets                        | 8,452,904                      | 8,989,110            | 4,088,278                       | 4,176,848           | 12,541,182           | 13,165,958           |
| <b>Total assets</b>                   | <b>29,170,764</b>              | <b>28,111,312</b>    | <b>5,839,463</b>                | <b>5,875,428</b>    | <b>35,010,227</b>    | <b>33,986,740</b>    |
| <b>Deferred outflows of resources</b> | <b>1,922,587</b>               | <b>2,588,367</b>     | <b>—</b>                        | <b>—</b>            | <b>1,922,587</b>     | <b>2,588,367</b>     |
| <b>Liabilities:</b>                   |                                |                      |                                 |                     |                      |                      |
| Current and other liabilities         | 3,486,519                      | 1,704,711            | 6,875                           | 6,875               | 3,493,394            | 1,711,586            |
| Long-term liabilities                 | 7,226,112                      | 7,721,604            | —                               | —                   | 7,226,112            | 7,721,604            |
| <b>Total liabilities</b>              | <b>10,712,631</b>              | <b>9,426,315</b>     | <b>6,875</b>                    | <b>6,875</b>        | <b>10,719,506</b>    | <b>9,433,190</b>     |
| <b>Deferred inflows of resources</b>  | <b>1,158,738</b>               | <b>1,542,824</b>     | <b>—</b>                        | <b>—</b>            | <b>1,158,738</b>     | <b>1,542,824</b>     |
| <b>Net position:</b>                  |                                |                      |                                 |                     |                      |                      |
| Net investment in capital assets      | 8,452,904                      | 8,947,330            | 4,088,278                       | 4,176,848           | 12,541,182           | 13,124,178           |
| Restricted                            | 11,174,240                     | 8,050,766            | —                               | —                   | 11,174,240           | 8,050,766            |
| Unrestricted                          | (405,162)                      | 2,732,444            | 1,744,310                       | 1,691,705           | 1,339,148            | 4,424,149            |
| <b>Total net position</b>             | <b>\$ 19,221,982</b>           | <b>\$ 19,730,540</b> | <b>\$ 5,832,588</b>             | <b>\$ 5,868,553</b> | <b>\$ 25,054,570</b> | <b>\$ 25,599,093</b> |

**CITY OF GRAND TERRACE, CALIFORNIA**  
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**For the Year Ended June 30, 2025**

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\$12.5 million (50.1%) of the net position reflects the City's investment in capital assets, less any related debt used to acquire those assets that are still outstanding (net investment in capital assets). Since these assets are used to provide services to the citizens, they are not available for future spending. An additional \$11.2 million (44.6%) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position resulted in a positive amount of \$1.3 million (5.3%). The City's net position increased by \$-0.5 million from \$25.6 million in FY 2023-24 to \$25.1 million during FY 2024-25.

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**Activities and Changes in Net Position**

**Table 2 - Condensed Statement of Activities**

A summarized comparison of the City's Revenues, Expenses, Business-Type Activities, and Net Position as of June 30, 2025 :

|                                      | Governmental Activities |                      | Business-type Activities |                     | Total                |                      |
|--------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                                      | 2025                    | 2024                 | 2025                     | 2024                | 2025                 | 2024                 |
| <b>Revenues:</b>                     |                         |                      |                          |                     |                      |                      |
| Program revenues:                    |                         |                      |                          |                     |                      |                      |
| Charges for services                 | \$ 967,801              | \$ 1,330,900         | \$ —                     | \$ —                | \$ 967,801           | \$ 1,330,900         |
| Operating grants and contributions   | 811,532                 | 1,366,881            | —                        | —                   | 811,532              | 1,366,881            |
| Capital grants and contributions     | 806,247                 | 706,959              | —                        | —                   | 806,247              | 706,959              |
| General revenues:                    |                         |                      |                          |                     |                      |                      |
| Property taxes                       | 5,253,219               | 4,918,295            | —                        | —                   | 5,253,219            | 4,918,295            |
| Sales taxes                          | 1,365,441               | 3,679,516            | —                        | —                   | 1,365,441            | 3,679,516            |
| Franchise taxes                      | 649,739                 | 651,747              | —                        | —                   | 649,739              | 651,747              |
| Business license taxes               | 105,509                 | 100,772              | —                        | —                   | 105,509              | 100,772              |
| Other                                | 1,015,787               | 947,142              | 52,605                   | 64,578              | 1,068,392            | 1,011,720            |
| <b>Total revenues</b>                | <b>10,975,275</b>       | <b>13,702,212</b>    | <b>52,605</b>            | <b>64,578</b>       | <b>11,027,880</b>    | <b>13,766,790</b>    |
| <b>Expenses:</b>                     |                         |                      |                          |                     |                      |                      |
| General government                   | 2,436,100               | 2,164,876            | —                        | —                   | 2,436,100            | 2,164,876            |
| Public safety                        | 3,332,579               | 2,964,772            | —                        | —                   | 3,332,579            | 2,964,772            |
| Economic development                 | 22,338                  | 597,704              | —                        | —                   | 22,338               | 597,704              |
| Cultural and recreation              | 1,729,680               | 1,461,227            | —                        | —                   | 1,729,680            | 1,461,227            |
| Public works                         | 3,962,152               | 4,097,713            | —                        | —                   | 3,962,152            | 4,097,713            |
| Interest on long-term debt           | 984                     | —                    | —                        | —                   | 984                  | —                    |
| Waste Water Disposal                 | —                       | —                    | 88,570                   | 88,570              | 88,570               | 88,570               |
| <b>Total expenses</b>                | <b>11,483,833</b>       | <b>11,286,292</b>    | <b>88,570</b>            | <b>88,570</b>       | <b>11,572,403</b>    | <b>11,374,862</b>    |
| Excess (deficiency) before transfers | (508,558)               | 2,415,920            | (35,965)                 | (23,992)            | (544,523)            | 2,391,928            |
| Transfers                            | —                       | —                    | —                        | —                   | —                    | —                    |
| <b>Changes in net position</b>       | <b>(508,558)</b>        | <b>2,415,920</b>     | <b>(35,965)</b>          | <b>(23,992)</b>     | <b>(544,523)</b>     | <b>2,391,928</b>     |
| Net position - beginning             | 19,730,540              | 17,314,620           | 5,868,553                | 5,892,545           | 25,599,093           | 23,207,165           |
| <b>Net position - ending</b>         | <b>\$ 19,221,982</b>    | <b>\$ 19,730,540</b> | <b>\$ 5,832,588</b>      | <b>\$ 5,868,553</b> | <b>\$ 25,054,570</b> | <b>\$ 25,599,093</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 on June 30, 2025 decreased by \$(0.5) million or (2.1)% compared to the net position of the City at the end of FY 2023-2024. Taken separately, the net position of governmental activities decreased by \$(0.5) million, while the net position of business-type activities decreased by \$35,965. Total expenses of \$11.6 million were offset by total revenues of \$11.0 million. In the Statement of Activities, expenses 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.

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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 \$0.1 million. Of this amount, a net decrease of \$1.8 million is attributable to the nonmajor funds, a net increase of \$0 to the Housing Authority, a net decrease of \$0 to the American Recovery Plan Act Fund with the difference being a net decrease to the General Fund of \$-1.8 million.

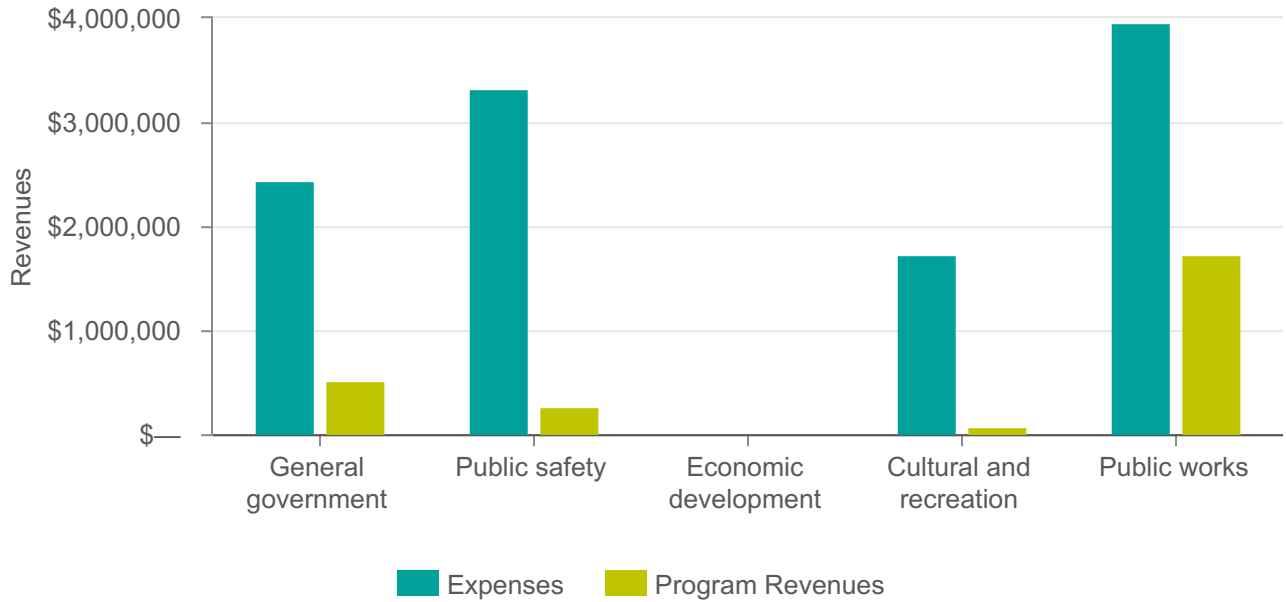
**Governmental Activities**

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.

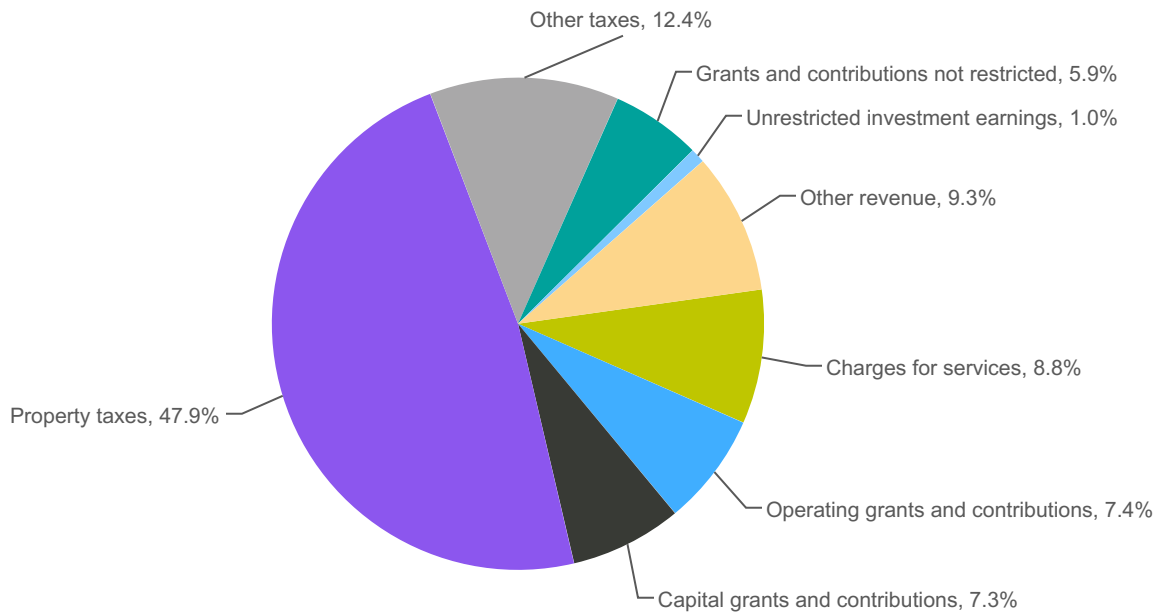
|                            | 2025                   |                      | 2024                   |                      |
|----------------------------|------------------------|----------------------|------------------------|----------------------|
|                            | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| General government         | \$ 2,436,100           | \$ 1,921,210         | \$ 2,164,876           | \$ 1,112,101         |
| Public safety              | 3,332,579              | 3,058,470            | 2,964,772              | 2,765,517            |
| Economic development       | 22,338                 | 22,338               | 597,704                | 597,704              |
| Cultural and recreation    | 1,729,680              | 1,656,502            | 1,461,227              | 1,364,394            |
| Public works               | 3,962,152              | 2,238,749            | 4,097,713              | 2,041,836            |
| Interest on long-term debt | 984                    | (984)                | —                      | —                    |
| Total                      | <u>\$ 11,483,833</u>   | <u>\$ 8,896,285</u>  | <u>\$ 11,286,292</u>   | <u>\$ 7,881,552</u>  |

This table shows the cost of all governmental activities this year was \$11.5 million. General tax dollars paid for approximately (77.5)% 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.

**Figure 1 - Expenditures & Program Revenues - Governmental Activities**



**Figure 2 - Revenue by Source - Governmental Activities**

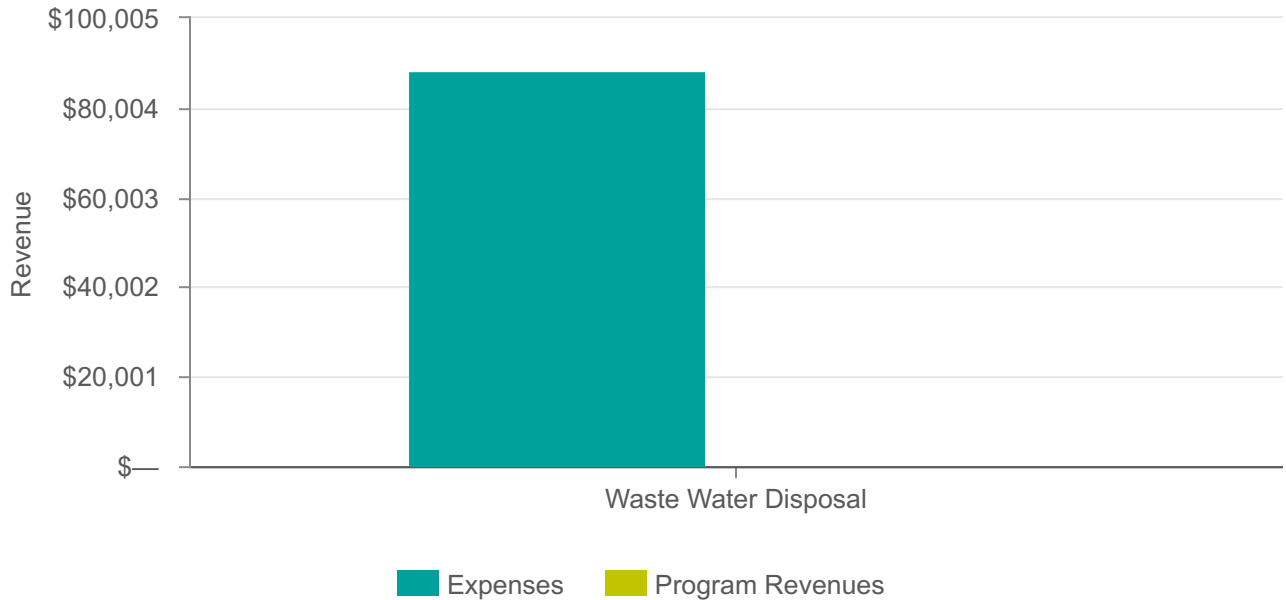


**Business-Type Activities**

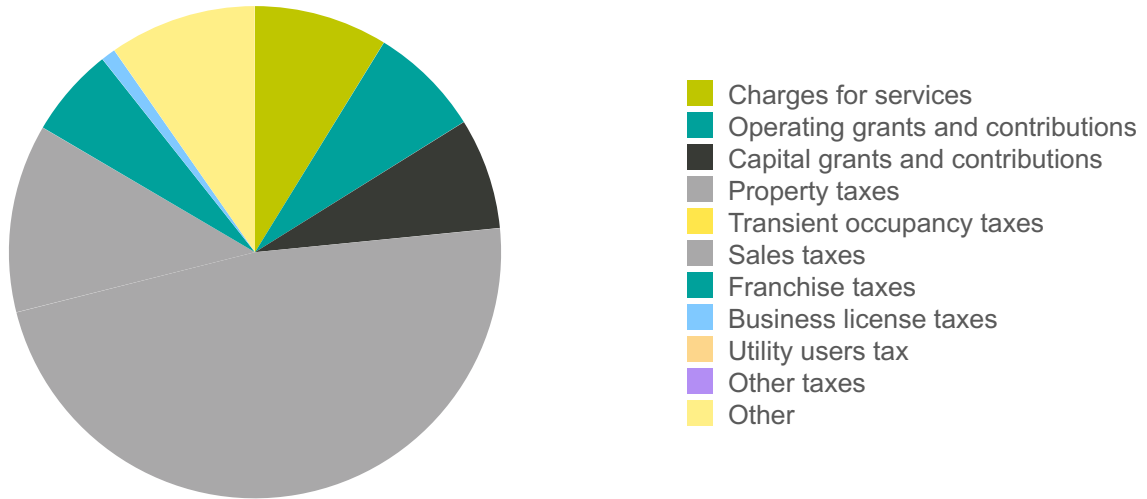
In March 2014, the cities of Grand Terrace and Colton entered into sewer services and lease agreements for fifty (50) years. These agreements extricated Grand Terrace from the wastewater collection business. In accordance with the Sewer Services Agreement with the City of Colton/ Colton Utility Authority, the provision of sewer services for the City’s residents and businesses are no longer being directly provided by the City. Hence, the City 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 2024-25:

Annual depreciation amounting to \$88,570 of all wastewater sewer capital assets which are still owned by the City.

**Figure 3 - Expenditures & Program Revenues - Business-Type Activities**



**Figure 4 - Revenue by Source - Business-Type Activities**



**Financial Analysis of Funds**

In addition to the statements described above, the City also maintains financial records at the funds level for budgetary control. Individual funds are generally established to track the resources and operating results for the general fund and specific restricted programs.

**Governmental Funds**

***General Fund***

The General Fund is the main operating fund of the City. At the end of FY 2024-25, the fund balance of the General Fund decreased by \$-1.8 million from a fund balance of \$10.5 million on June 30, 2024 to \$8.7 million at June 30, 2025. Total fund balance in all Governmental Funds was \$16.9 million.

The General Fund Revenues and Expenditures are shown below:

|                            | <b>2024-2025</b>    | <b>2023-2024</b>     | <b>Increase<br/>(Decrease) in<br/>Fund Balance</b> |
|----------------------------|---------------------|----------------------|--|
| Revenues                   | \$ 8,870,067        | \$ 11,175,713        | \$ (2,305,646)                                     |
| Expenditures               | (9,060,567)         | (7,884,107)          | (1,176,460)  |
| Other Sources (Uses)       | (1,621,005)         | (3,570)              | (1,617,435)  |
| Net Change in Fund Balance | (1,811,505)         | 3,288,036            | (5,099,541)  |
| Beginning Fund Balance     | 10,507,293          | 7,219,257            | 3,288,036  |
| Ending Fund Balance        | <u>\$ 8,695,788</u> | <u>\$ 10,507,293</u> | <u>\$ (1,811,505)</u>                              |

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

- General Fund expenditures and transfers out were exceeded by revenues by \$(1.8) million. Total General Fund revenues decreased by \$(2.3) million or (20.6)% from FY 2023-24.
- Property taxes increased by 6.8% from \$4.9 million to \$5.3 million, a difference of about \$0.3 million.
- Gross Sales tax decreased by \$(2.3) million from \$3.7 million to \$1.4 million compared to the previous fiscal year.
- Charges for service, including licenses and permits in FY 2024-25 increased by 14.5 percent from \$1,570,988 to \$1,799,008. The revenues belonging to this category which include Franchise Fees, Business License Tax, Dog License, Engineering Fees, Public Works Permits, Construction Permits, Building Safety Plan Review, Environmental Assessment Reports & Sports League Fees Surcharge were consistent with the previous year.
- Fines and forfeitures received during FY 2024-25 increased by \$9,034 or 17.6 percent from \$51,209 during FY 2023-24 to \$60,243, during FY 2024-25. The increase in this category resulted from increases and decreases from the collections of the various categories.
- The overall operating expenditures of the General Fund increased by about 14.9% over the prior year from \$7.9 million to \$9.1 million. The increase of \$530,964 between FY 2023-24 and FY 2024-25 was due to a combination of increased expenditures in some functional categories of government and decreased expenditures in other functional categories of government.
- There was decreased spending in the following function during FY 2024-25 compared to FY 2023-24 General Government category by \$124,739. However, there was increased spending during FY 2024-25 in the following functions of government over the prior fiscal year– Capital Outlay increased by \$165,246, Public Works by \$247,848, Debt Service by \$20,617, Cultural & Recreation by \$61,296 and Public Safety increased by \$160,696.
- Of the total \$9.1 million in General Fund operating expenditures, total general government expenditures represented 26.4%, public works expenditures represented 23.3%, public safety expenditures represented 31.6%, cultural & recreation represented 14.2%, capital outlay represented 4.0% and debt service represented 0.5%.

Other major governmental funds include the Housing Authority Fund.

The fund balance of the Housing Authority Fund increased by \$0 during FY 2024-25. This fund accounts for the housing assets because of the dissolution of community redevelopment agency of the City.

### **Nonmajor Funds**

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

### **Capital Assets**

As of June 30, 2025, the City had invested \$12.5 million 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.

**CITY OF GRAND TERRACE, CALIFORNIA**  
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**For the Year Ended June 30, 2025**

**Capital Assets (Continued)**

**Table 3 - Summary of Activities - Capital Assets**

|  | Governmental Activities |                     | Business-type Activities |                     | Total                |                      |
|--|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|  | 2025                    | 2024                | 2025                     | 2024                | 2025                 | 2024                 |
| Capital assets not subject to depreciation/amortization: |                         |                     |                          |                     |                      |                      |
| Land   | \$ 2,199,955            | \$ 2,199,955        | \$ —                     | \$ —                | \$ 2,199,955         | \$ 2,199,955         |
| Construction in progress                                 | 1,022,908               | 1,012,310           | —                        | —                   | 1,022,908            | 1,012,310            |
| Depreciable capital assets:                              |                         |                     |                          |                     |                      |                      |
| Buildings  | 1,469,753               | 1,541,764           | 2,193,967                | 2,238,668           | 3,663,720            | 3,780,432            |
| Machinery and equipment                                  | 521,378                 | 461,444             | 1,118,741                | 1,139,751           | 1,640,119            | 1,601,195            |
| Vehicles   | 317,306                 | 401,251             | 737,640                  | 752,071             | 1,054,946            | 1,153,322            |
| Improvements other than buildings                        | 1,737,526               | 1,874,908           | 37,930                   | 46,358              | 1,775,456            | 1,921,266            |
| Infrastructure   | 1,176,613               | 1,426,760           | —                        | —                   | 1,176,613            | 1,426,760            |
| Subscription assets - SAAS                               | 7,465                   | 70,718              | —                        | —                   | 7,465                | 70,718               |
| <b>Total capital assets, net</b>                         | <b>\$ 8,452,904</b>     | <b>\$ 8,989,110</b> | <b>\$ 4,088,278</b>      | <b>\$ 4,176,848</b> | <b>\$ 12,541,182</b> | <b>\$ 13,165,958</b> |

**Long-Term Debt**

As of June 30, 2025, the City had long-term liabilities outstanding of \$7.2 million. The City's net pension liability decreased by \$(0.2) million from \$6.1 million in the prior fiscal year to \$5.9 million at the end of June 30, 2025. The City's other post-employment benefits (OPEB) obligations increased by \$-0.2 million from \$1.4 million at the end of FY 2023-24 to \$1.2 million at the end of FY 2024-25. The City's liability for long-term compensated absences increased by \$1,427 compared to the prior fiscal year from \$0.2 million to \$0.2 million at the end of June 30, 2025. The City's liability for subscriptions payable decreased by \$41,780 from 41,780 to \$— at the end of June 30, 2025.

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

**Table 4 - Long-Term Debt**

|                               | 2025                | 2024                | Increase<br>(Decrease) |
|-------------------------------|---------------------|---------------------|------------------------|
| Total OPEB Obligation         | \$ 1,186,271        | \$ 1,401,835        | \$ (215,564)           |
| Net Pension Liability         | 5,859,159           | 6,098,734           | (239,575)              |
| Subscriptions Payable         | —                   | 41,780              | (41,780)               |
| Compensated Absences          | 180,682             | 179,255             | 1,427                  |
| <b>Total Outstanding Debt</b> | <b>\$ 7,226,112</b> | <b>\$ 7,721,604</b> | <b>\$ (495,492)</b>    |

**Economic Outlook**

The City's fiscal position in 2024-25 is sustainable and the City maintains funds in a reserve account that is the equivalent of two months of expenses, allowing the City to post its sixth consecutive year of economic growth based on; fiscal responsibility; development of needed infrastructure; adequate public safety and a diligent strategy for economic independence.

**Economic Outlook (Continued)**

The \$105,000,000 interchange project, which started construction in 2017 and was completed in 2020. The project leads to the heart of the City, creating a magnificent entrance to the City and its current and future commercial corridor. The completed interchange was designed to increase circulation by 30%, allowing over 40,000 cars per day to easily access Barton Rd. The increased circulation capacity enhances the City's appeal to retailers as a vibrant commercial corridor between the two main metropolises of Riverside and San Bernardino.

The completion of the Barton Rd Interchange is integral to the City's Economic strategy. The economic prosperity of the City is linked directly to infrastructure. The interchange project leads to the heart of our economy with over 50% of all sales taxes generated in the City, coming from business on or adjacent to Barton Rd adjacent to the interchange. It is estimated that build out of businesses on Barton Rd within the next five years will lead to doubling of sales tax that is currently generated. Yet, during this same period, the completion of the interchange project will solidify the submittal of the 132-acre Gateway Specific Plan project, which is a mixed-use master plan project adjacent to the freeway with the ability to deliver a minimum of over \$800,000 in property taxes to the City.

While the City's core revenue sources are steady, the City will receive an additional boost in property tax because of private transactions, leading to increase tax rolls. In addition, the Successor Agency of the Community Redevelopment Agency was dissolved in March of 2022 which will lead to an increase in property tax revenues as well.

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

Finally, to balance out the City's goal of economic growth for our entire community, staff is anticipating a major role for the City's Housing Successor Agency in the coming years, as the City moves to promote economic development and housing for all. The Housing Successor Agency has over \$1,400,000 in cash, in addition to assets, which will allow it to carry out the agency's policies.

**Contacting Financial Management**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance department, at the City of Grand Terrace, California, 22795 Barton Road, Grand Terrace, California 92313, or call (909) 954-5200.

## **BASIC FINANCIALS**

**Government-Wide Financial Statements**

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**CITY OF GRAND TERRACE, CALIFORNIA**  
**Statement of Net Position**  
**June 30, 2025**

|   | <b>Primary Government</b>          |                                     |                      |
|---|------------------------------------|-------------------------------------|----------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
| <b>ASSETS</b>   |                                    |                                     |                      |
| Cash and investments  | \$ 18,018,529                      | \$ 1,751,185                        | \$ 19,769,714        |
| Receivables (net of uncollectibles):                          |                                    |                                     |                      |
| Accounts  | 125,649                            | —                                   | 125,649              |
| Accrued interest  | 36,633                             | —                                   | 36,633               |
| Due from other governments                                    | 777,014                            | —                                   | 777,014              |
| Notes and loans   | 1,540,653                          | —                                   | 1,540,653            |
| Prepaid costs   | 219,382                            | —                                   | 219,382              |
| Capital assets (not being depreciated/amortized)              | 3,222,863                          | —                                   | 3,222,863            |
| Capital assets (net of accumulated depreciation/amortization) | 5,230,041                          | 4,088,278                           | 9,318,319            |
| <b>Total assets</b>   | <b>29,170,764</b>                  | <b>5,839,463</b>                    | <b>35,010,227</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |                                    |                                     |                      |
| Pension-related   | 1,667,133                          | —                                   | 1,667,133            |
| OPEB-related  | 255,454                            | —                                   | 255,454              |
| <b>Total deferred outflows of resources</b>                   | <b>1,922,587</b>                   | <b>—</b>                            | <b>1,922,587</b>     |
| <b>LIABILITIES</b>  |                                    |                                     |                      |
| Accounts payable  | 596,757                            | —                                   | 596,757              |
| Accrued liabilities   | 57,174                             | —                                   | 57,174               |
| Accrued interest payable                                      | 820                                | —                                   | 820                  |
| Deposits payable  | 2,831,768                          | 6,875                               | 2,838,643            |
| Noncurrent liabilities:                                       |                                    |                                     |                      |
| Due within one year:  |                                    |                                     |                      |
| Compensated absences  | 45,171                             | —                                   | 45,171               |
| Total OPEB liability  | 86,819                             | —                                   | 86,819               |
| Due in more than one year:                                    |                                    |                                     |                      |
| Compensated absences  | 135,511                            | —                                   | 135,511              |
| Net pension liability   | 5,859,159                          | —                                   | 5,859,159            |
| Total OPEB liability  | 1,099,452                          | —                                   | 1,099,452            |
| <b>Total liabilities</b>                                      | <b>10,712,631</b>                  | <b>6,875</b>                        | <b>10,719,506</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                                    |                                     |                      |
| Pension-related   | 424,217                            | —                                   | 424,217              |
| OPEB-related  | 734,521                            | —                                   | 734,521              |
| <b>Total deferred inflows of resources</b>                    | <b>1,158,738</b>                   | <b>—</b>                            | <b>1,158,738</b>     |
| <b>NET POSITION</b>   |                                    |                                     |                      |
| Invested in capital assets                                    | 8,452,904                          | 4,088,278                           | 12,541,182           |
| Restricted for:   |                                    |                                     |                      |
| Community development projects                                | 3,500,885                          | —                                   | 3,500,885            |
| Public safety   | 1,670,917                          | —                                   | 1,670,917            |
| Public works  | 3,502,438                          | —                                   | 3,502,438            |
| Infrastructure projects                                       | 2,500,000                          | —                                   | 2,500,000            |
| Unrestricted  | (405,162)                          | 1,744,310                           | 1,339,148            |
| <b>Total net position</b>                                     | <b>\$ 19,221,982</b>               | <b>\$ 5,832,588</b>                 | <b>\$ 25,054,570</b> |

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CITY OF GRAND TERRACE, CALIFORNIA  
Statement of Activities  
For the Year Ended June 30, 2025

|                                       | Program Revenues     |                      |                                    |                                  |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                       | Expenses             | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| <b>Functions/Programs:</b>            |                      |                      |                                    |                                  |
| <b>Primary government:</b>            |                      |                      |                                    |                                  |
| <b>Governmental activities:</b>       |                      |                      |                                    |                                  |
| General government                    | \$ 2,436,100         | \$ 247,365           | \$ 267,525                         | \$ —                             |
| Public safety                         | 3,332,579            | 79,289               | 194,820                            | —                                |
| Economic development                  | 22,338               | —                    | —                                  | —                                |
| Cultural and recreation               | 1,729,680            | 73,178               | —                                  | —                                |
| Public works                          | 3,962,152            | 567,969              | 349,187                            | 806,247                          |
| Interest on long-term debt            | 984                  | —                    | —                                  | —                                |
| <b>Total governmental activities</b>  | <b>11,483,833</b>    | <b>967,801</b>       | <b>811,532</b>                     | <b>806,247</b>                   |
| <b>Business-type activities:</b>      |                      |                      |                                    |                                  |
| 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>\$ 11,572,403</b> | <b>\$ 967,801</b>    | <b>\$ 811,532</b>                  | <b>\$ 806,247</b>                |
| <b>General revenues:</b>              |                      |                      |                                    |                                  |
| General revenues:                     |                      |                      |                                    |                                  |
| Property taxes                        |                      |                      |                                    |                                  |
| Sales taxes                           |                      |                      |                                    |                                  |
| Franchise taxes                       |                      |                      |                                    |                                  |
| Business license taxes                |                      |                      |                                    |                                  |
| Motor vehicle in lieu                 |                      |                      |                                    |                                  |
| Use of money and property             |                      |                      |                                    |                                  |
| Miscellaneous income                  |                      |                      |                                    |                                  |
| <b>Total general revenues</b>         |                      |                      |                                    |                                  |
| <b>Change in net position</b>         |                      |                      |                                    |                                  |
| Net position-beginning                |                      |                      |                                    |                                  |
| <b>Net position-ending</b>            |                      |                      |                                    |                                  |

CITY OF GRAND TERRACE, CALIFORNIA  
Statement of Activities (Continued)  
For the Year Ended June 30, 2025

| Net (Expenses) Revenues and<br>Changes in Net Position |                                 |                      |
|--|---------------------------------|----------------------|
| Primary Government                                     |                                 |                      |
| Governmental<br>Activities                             | Business-<br>Type<br>Activities | Total                |
| \$ (1,921,210)   | \$ —                            | \$ (1,921,210)       |
| (3,058,470)  | —                               | (3,058,470)          |
| (22,338)   | —                               | (22,338)             |
| (1,656,502)  | —                               | (1,656,502)          |
| (2,238,749)  | —                               | (2,238,749)          |
| (984)  | —                               | (984)                |
| <b>(8,898,253)</b>                                     | <b>—</b>                        | <b>(8,898,253)</b>   |
| —  | (88,570)                        | (88,570)             |
| —  | <b>(88,570)</b>                 | <b>(88,570)</b>      |
| <b>(8,898,253)</b>                                     | <b>(88,570)</b>                 | <b>(8,986,823)</b>   |
| 5,253,219  | —                               | 5,253,219            |
| 1,365,441  | —                               | 1,365,441            |
| 649,739  | —                               | 649,739              |
| 105,509  | —                               | 105,509              |
| 20,696   | —                               | 20,696               |
| 929,357  | 52,605                          | 981,962              |
| 65,734   | —                               | 65,734               |
| <b>8,389,695</b>                                       | <b>52,605</b>                   | <b>8,442,300</b>     |
| <b>(508,558)</b>                                       | <b>(35,965)</b>                 | <b>(544,523)</b>     |
| 19,730,540   | 5,868,553                       | 25,599,093           |
| <b>\$ 19,221,982</b>                                   | <b>\$ 5,832,588</b>             | <b>\$ 25,054,570</b> |

**Fund Financial Statements**

**Government Fund Financial Statements**

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Balance Sheet**  
**June 30, 2025**

|   | General Fund                | Special Revenue Fund<br>Housing Authority | Nonmajor Governmental Funds | Total Governmental Funds    |
|---|-----------------------------|---|-----------------------------|-----------------------------|
| <b>ASSETS</b>   |                             |   |                             |                             |
| Cash and investments  | \$ 10,113,686               | \$ 1,525,436                              | \$ 6,379,407                | \$ 18,018,529               |
| Receivables (net of allowance for uncollectible):                                     |                             |   |                             |                             |
| Accounts  | 122,143                     | —   | 3,506                       | 125,649                     |
| Interest  | 36,633                      | —   | —                           | 36,633                      |
| Due from other governments  | 281,664                     | —   | 495,350                     | 777,014                     |
| Notes and loans   | 1,027,523                   | 513,130                                   | —                           | 1,540,653                   |
| Due from other funds  | 491,697                     | —   | 36,000                      | 527,697                     |
| Prepaid costs   | 219,382                     | —   | —                           | 219,382                     |
| Advances from other funds   | —                           | 168,205                                   | —                           | 168,205                     |
| <b>Total assets</b>   | <b><u>\$ 12,292,728</u></b> | <b><u>\$ 2,206,771</u></b>                | <b><u>\$ 6,914,263</u></b>  | <b><u>\$ 21,413,762</u></b> |
| <b>LIABILITIES</b>  |                             |   |                             |                             |
| Accounts payable  | \$ 563,950                  | \$ 7                                      | \$ 32,800                   | \$ 596,757                  |
| Accrued liabilities   | 57,174                      | —   | —                           | 57,174                      |
| Accrued interest  | 820                         | —   | —                           | 820                         |
| Due to other funds  | —                           | —   | 527,697                     | 527,697                     |
| Deposits payable  | 2,806,791                   | —   | 24,977                      | 2,831,768                   |
| Advances from other funds   | 168,205                     | —   | —                           | 168,205                     |
| <b>Total liabilities</b>  | <b><u>3,596,940</u></b>     | <b><u>7</u></b>                           | <b><u>585,474</u></b>       | <b><u>4,182,421</u></b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                             |   |                             |                             |
| Unavailable revenues  | —                           | 61,130                                    | 282,650                     | 343,780                     |
| <b>Total deferred inflows of resources</b>  | <b><u>—</u></b>             | <b><u>61,130</u></b>                      | <b><u>282,650</u></b>       | <b><u>343,780</u></b>       |
| <b>FUND BALANCES (DEFICITS)</b>   |                             |   |                             |                             |
| Nonspendable  | 1,246,905                   | —   | —                           | 1,246,905                   |
| Restricted  | 2,500,000                   | 2,145,634                                 | 6,528,606                   | 11,174,240                  |
| Committed   | 2,384,210                   | —   | —                           | 2,384,210                   |
| Assigned  | 144,516                     | —   | —                           | 144,516                     |
| Unassigned  | 2,420,157                   | —   | (482,467)                   | 1,937,690                   |
| <b>Total fund balances (deficits)</b>   | <b><u>8,695,788</u></b>     | <b><u>2,145,634</u></b>                   | <b><u>6,046,139</u></b>     | <b><u>16,887,561</u></b>    |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b><u>\$ 12,292,728</u></b> | <b><u>\$ 2,206,771</u></b>                | <b><u>\$ 6,914,263</u></b>  | <b><u>\$ 21,413,762</u></b> |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2025**

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Amounts reported for governmental activities in the Statement of Net Position are different because:

|   |                             |
|---|-----------------------------|
| Total fund balances - governmental funds  | \$ 16,887,561               |
| Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.  | 8,452,904                   |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position. |                             |
| Deferred outflows-pension related   | 1,667,133                   |
| Deferred outflows-OPEB related  | 255,454                     |
| Deferred inflows-pension related  | (424,217)                   |
| Deferred inflows-OPEB related   | <u>(734,521)</u>            |
| Total deferred outflows and inflows related to postemployment benefits  | 763,849                     |
| Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.   |                             |
| Compensated absences  | (180,682)                   |
| Net pension liability   | (5,859,159)                 |
| Total OPEB liability  | <u>(1,186,271)</u>          |
| Total long-term liabilities   | (7,226,112)                 |
| 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>343,780</u>              |
| <b>Net position of governmental activities</b>  | <b><u>\$ 19,221,982</u></b> |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2025**

|   | <u>Special Revenue Funds</u> |                              |   |  | <b>Total<br/>Governmental<br/>Funds</b> |
|---|------------------------------|------------------------------|---|--|---|
|   | <b>General<br/>Fund</b>      | <b>Housing<br/>Authority</b> | <i>Formerly<br/>Major Fund</i><br><b>ARPA</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> |   |
| <b>REVENUES</b>   |                              |                              |   |  |   |
| Taxes   | \$ 6,552,757                 | \$ —                         | \$ —  | \$ 65,903                                  | \$ 6,618,660                            |
| Intergovernmental   | 74,018                       | 63,143                       | —   | 1,602,970                                  | 1,740,131                               |
| Charges for services  | 1,444,382                    | —                            | —   | 97,189                                     | 1,541,571                               |
| Use of money and property   | 676,052                      | 45,494                       | —   | 207,811                                    | 929,357                                 |
| Fines and forfeitures   | 57,124                       | —                            | —   | 5,233                                      | 62,357                                  |
| Miscellaneous   | 65,734                       | —                            | —   | 17,465                                     | 83,199                                  |
| <b>Total revenues</b>   | <b>8,870,067</b>             | <b>108,637</b>               | <b>—</b>                                      | <b>1,996,571</b>                           | <b>10,975,275</b>                       |
| <b>EXPENDITURES</b>   |                              |                              |   |  |   |
| Current:  |                              |                              |   |  |   |
| General government  | 2,392,950                    | —                            | —   | 216,039                                    | 2,608,989                               |
| Public safety   | 2,866,169                    | —                            | —   | 1,455,513                                  | 4,321,682                               |
| Public works  | 2,107,751                    | —                            | —   | 101,515                                    | 2,209,266                               |
| Economic development  | —                            | 22,338                       | —   | —  | 22,338                                  |
| Cultural and recreation   | 1,284,728                    | —                            | —   | 33,810                                     | 1,318,538                               |
| Capital outlay  | 366,205                      | —                            | —   | 30,318                                     | 396,523                                 |
| Debt service:   |                              |                              |   |  |   |
| Principal retirement  | 41,780                       | —                            | —   | —  | 41,780                                  |
| Interest expense and fiscal charges                                   | 984                          | —                            | —   | —  | 984                                     |
| <b>Total expenditures</b>   | <b>9,060,567</b>             | <b>22,338</b>                | <b>—</b>                                      | <b>1,837,195</b>                           | <b>10,920,100</b>                       |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b>  | <b>(190,500)</b>             | <b>86,299</b>                | <b>—</b>                                      | <b>159,376</b>                             | <b>55,175</b>                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                 |                              |                              |   |  |   |
| Transfers in  | 69,717                       | —                            | —   | 2,587,471                                  | 2,657,188                               |
| Transfers out   | (1,690,722)                  | —                            | —   | (966,466)                                  | (2,657,188)                             |
| <b>Total other financing sources (uses)</b>                           | <b>(1,621,005)</b>           | <b>—</b>                     | <b>—</b>                                      | <b>1,621,005</b>                           | <b>—</b>                                |
| <b>Net change in fund balances</b>                                    | <b>(1,811,505)</b>           | <b>86,299</b>                | <b>—</b>                                      | <b>1,780,381</b>                           | <b>55,175</b>                           |
| Fund balances (deficit)-beginning of year,<br>as previously presented | 10,507,293                   | 2,059,335                    | 69,717  | 4,196,041                                  | 16,832,386                              |
| Change within financial reporting entity                              | —                            | —                            | (69,717)                                      | 69,717                                     | —                                       |
| Fund balances (deficit)-beginning, as<br>restated                     | 10,507,293                   | 2,059,335                    | —   | 4,265,758                                  | 16,832,386                              |
| <b>Fund balances-ending</b>   | <b>\$ 8,695,788</b>          | <b>\$ 2,145,634</b>          | <b>\$ —</b>                                   | <b>\$ 6,046,139</b>                        | <b>\$ 16,887,561</b>                    |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2025**

Amounts reported for governmental activities in the Statement of Activities are different because:

|  |                  |                         |
|--|------------------|-------------------------|
| Net change in fund balances - total governmental funds:  | \$               | 55,175                  |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.</p>  |                  |                         |
| Capital outlay   | 374,070          |                         |
| Depreciation/amortization expense  | <u>(910,276)</u> |                         |
| Total adjustment   |                  | (536,206)               |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>  |                  |                         |
| Earned but unavailable revenues  | <u>(241,325)</u> |                         |
| Total adjustment   |                  | (241,325)               |
| <p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p> |                  |                         |
| Principal payments   | <u>41,780</u>    |                         |
| Total adjustment   |                  | 41,780                  |
| <p>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 the governmental funds.</p>   |                  |                         |
| Compensated absences   | (1,427)          |                         |
| Changes in pension liabilities and related deferred outflows and inflows of resources  | 112,048          |                         |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources   | <u>61,397</u>    |                         |
| Total adjustment   |                  | <u>172,018</u>          |
| <b>Change in net position of governmental activities</b>   | <b>\$</b>        | <b><u>(508,558)</u></b> |

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**Proprietary Fund Financial Statements**

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

|  | <u>Business-Type<br/>Activities</u> |
|--|-------------------------------------|
|  | <u>Waste Water<br/>Disposal</u>     |
| <b>ASSETS</b>                                    |                                     |
| Current assets:                                  |                                     |
| Cash and investments                             | \$ 1,751,185                        |
| Total current assets                             | <u>1,751,185</u>                    |
| Noncurrent:                                      |                                     |
| Capital assets (net of accumulated depreciation) | 4,088,278                           |
| Total noncurrent assets                          | <u>4,088,278</u>                    |
| <b>Total assets</b>                              | <b><u>5,839,463</u></b>             |
| <b>LIABILITIES</b>                               |                                     |
| Current liabilities:                             |                                     |
| Deposits payable                                 | 6,875                               |
| Total current liabilities                        | <u>6,875</u>                        |
| <b>Total liabilities</b>                         | <b><u>6,875</u></b>                 |
| <b>NET POSITION</b>                              |                                     |
| Invested in capital assets                       | 4,088,278                           |
| Unrestricted                                     | 1,744,310                           |
| <b>Total net position</b>                        | <b><u>\$ 5,832,588</u></b>          |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

|   | <u>Business-Type<br/>Activities</u> |
|---|-------------------------------------|
|   | <u>Waste Water<br/>Disposal</u>     |
| <b>OPERATING EXPENSES</b>                     |                                     |
| Depreciation expense                          | \$ 88,570                           |
| <b>Total operating expenses</b>               | <u>88,570</u>                       |
| <b>Operating income (loss)</b>                | <u>(88,570)</u>                     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>       |                                     |
| Interest revenue                              | 52,605                              |
| <b>Total nonoperating revenues (expenses)</b> | <u>52,605</u>                       |
| <b>Change in net position</b>                 | <b>(35,965)</b>                     |
| Net position-beginning                        | <u>5,868,553</u>                    |
| <b>Net position-ending</b>                    | <u><u>\$ 5,832,588</u></u>          |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

|   | <u>Waste Water<br/>Disposal</u> |
|---|---------------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                 |
| Investment earnings   | \$ 52,605                       |
| <b>Net cash provided by (used for) investing activities</b>   | <u>52,605</u>                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>52,605</b>                   |
| Cash and cash equivalents-beginning   | <u>1,698,580</u>                |
| <b>Cash and cash equivalents-ending</b>   | <b><u>\$ 1,751,185</u></b>      |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>  |                                 |
| Operating income (loss)   | (88,570)                        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                                 |
| Depreciation/amortization expense   | <u>88,570</u>                   |
| Total adjustments   | <u>88,570</u>                   |
| <b>Net cash provided by (used for) operating activities</b>   | <b><u>\$ —</u></b>              |

**Notes to The Basic Financial Statements**

**NOTE 1: 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 include the financial activities of the City (the primary government), and the City 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'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 and the former Community Redevelopment Agency of the City. 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. Those agencies have independently elected governing boards other than the City Council of the City and no financial accountability to the City. Consequently, financial information for these agencies is not included within this financial report.

**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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 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 Housing Authority Fund accounts for the housing assets transferred from the former redevelopment agency and Low and Moderate housing activities of the City. The fund activities are restricted for the same purposes as the former Low and Moderate Income Housing Fund of the Agency.

The City reports the following major proprietary fund:

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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. 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**5. Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and lease and subscription assets 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.

Capital asset of the primary government, as well as the component units, are depreciated/amortized using the straight-line method over the following estimated useful lives.

| Asset Type                        | Years   |
|-----------------------------------|---|
| Buildings                         | 50  |
| Machinery & Equipment             | 5-15  |
| Vehicles                          | 6-15  |
| Improvements other than buildings | 15-20   |
| Infrastructure                    | 20-30   |
| Sewer Lines                       | 90  |
| Right-of-use subscription assets  | Shorter of the assets useful life<br>or the subscription term |

**6. 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.

**7. Net Pension Liability**

Valuation Date            June 30, 2023  
 Measurement Date      June 30, 2024  
 Measurement Period    July 1, 2023 to June 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. Other Post-Employment Benefits (OPEB) Liability**

Valuation Date June 30, 2023  
 Measurement Date June 30, 2025  
 Measurement Period July 1, 2024 to June 30, 2025

**9. 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 assets 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 two items that qualifies for reporting in this category. Deferred outflows relating to the net pension obligation and deferred outflows related to OPEB liability reported in the government-wide statement of net position.

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 assets 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 the 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, 2023, EARLS were: | 5.7 years | OPEB plan                                 |
|  | 3.7 years | Pension miscellaneous - Cost Sharing Plan |

**10. Subscription-Based Information Technology Arrangements**

The City is a subscriber for a noncancellable subscription of information technology services. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

**11. Net Position Flow Assumption**

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

**12. Fund Balance Flow Assumptions**

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

**13. Fund Balance Policies**

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

- Non-spendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- 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 resolution passed by 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.

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 GASB Pronouncements Effective during Fiscal Year**

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

**1. GASB Statement No. 101, Compensated Absences**

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

**2. GASB Statement No. 102, Certain Risk Disclosures**

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Deficit Fund Balances

As of June 30, 2025, the following funds have deficit fund balances:

| Fund Name                                  | Fund Type                      | Deficit   |
|--|--------------------------------|-----------|
| CDBG                                       | Non-major Special Revenue Fund | \$ 81,082 |
| Senior Bus Program                         | Non-major Special Revenue Fund | 192,988   |
| Highway Safety Improvement Program         | Non-major Special Revenue Fund | 68,018    |
| Emergency Management Preparation Grant     | Non-major Special Revenue Fund | 7,291     |
| Enhanced Infrastructure Financing District | Non-major Special Revenue Fund | 46,560    |
| Capital Improvements - Streets             | Non-major Capital Project Fund | 27,398    |
| Barton/Colton Bridge                       | Non-major Capital Project Fund | 25,320    |
| Capital Projects                           | Non-major Capital Project Fund | 33,810    |

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

The following funds had excess expenditures over Appropriations:

| Fund Name                     | Fund Type                      | Excess Appropriations |
|-------------------------------|--------------------------------|-----------------------|
| General Fund                  | Major Fund                     | \$ (205,993)          |
| Housing Authority             | Major Special Revenue Fund     | (2,771)               |
| AB 3229                       | Non-major Special Revenue Fund | (9,270)               |
| State Gas Tax                 | Non-major Special Revenue Fund | (19,324)              |
| Capital Improvement - Streets | Non-major Capital Project Fund | (27,924)              |
| Capital Projects Bond         | Non-major Capital Project Fund | (945)                 |
| Capital Projects - Parks      | Non-major Capital Project Fund | (29,373)              |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 3: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2025 consisted of the following:

|                                      |                          |
|--------------------------------------|--------------------------|
| Cash on hand                         | \$ 1,750                 |
| Deposits with financial institutions | 8,836,163                |
| Investments                          | 10,846,316               |
| Investments held by trustee          | <u>85,485</u>            |
| <br>Total cash and investments       | <br><u>\$ 19,769,714</u> |

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

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

| Authorized Investment Type            | Maturity Type | Portfolio | 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         |

**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.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

| Authorized Investment Type          | Amount               | Remaining Investment Maturity |                     |
|-------------------------------------|----------------------|-------------------------------|---------------------|
|                                     |                      | 12 Months or Less             | 1 to 3 years        |
| Certificates of Deposit             | \$ 2,174,935         | \$ 1,102,085                  | \$ 1,072,850        |
| Local Agency Investment Fund (LAIF) | 3,347,683            | 3,347,683                     | —                   |
| Local Gov. Invest. Pool (CAMP)      | 4,807,189            | 4,807,189                     | —                   |
| First American Treasury             | 1,335                | 1,335                         | —                   |
| Public Agency Retirement Services   | 515,174              | 515,174                       | —                   |
| Held by Trustee:                    |                      |                               |                     |
| Money Market Mutual Funds           | 85,485               | 85,485                        | —                   |
| <b>Total</b>                        | <b>\$ 10,931,801</b> | <b>\$ 9,858,951</b>           | <b>\$ 1,072,850</b> |

**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             | \$ 2,174,935         | N/A                  | N/A           |
| Local Agency Investment Fund (LAIF) | 3,347,683            | N/A                  | N/A           |
| Local Gov. Invest. Pool (CAMP)      | 4,807,189            | N/A                  | N/A           |
| First American Treasury             | 1,335                | N/A                  | N/A           |
| Public Agency Retirement Services   | 515,174              | N/A                  | N/A           |
| Held by Trustee:                    |                      |                      |               |
| Money Market Mutual Fund            | 85,485               | N/A                  | N/A           |
| <b>Total</b>                        | <b>\$ 10,931,801</b> |                      |               |

**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, 2025, 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.

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**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.

**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, 2025, the carrying amount (at amortized cost) of the Pool was \$178,938,897,012 and the estimated fair value of the Pool was \$179,153,321,241. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2025, was \$3,347,683. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities.

**Local Government Investment Pool**

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

The City reports its share in the investment pool at the estimated fair market value. As of June 30, 2025, the City's share of the Pool (as determined by CAMP) is \$4,807,189. 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.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**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, 2025:

| Investment Type                         | Total                | Level               |                     |
|---|----------------------|---------------------|---------------------|
|   |                      | 2                   | Uncategorized       |
| Investments:                            |                      |                     |                     |
| Certificates of Deposit                 | 2,174,935            | 2,174,935           | —                   |
| Local Agency Investment Fund (LAIF)     | 3,347,683            | —                   | 3,347,683           |
| Local Government Investment Pool (CAMP) | 4,807,189            | —                   | 4,807,189           |
| First American Treasury                 | 1,335                | 1,335               | —                   |
| Public Agency Retirement Services       | 515,174              | —                   | 515,174             |
|   | <u>\$ 10,846,316</u> | <u>\$ 2,176,270</u> | <u>\$ 8,670,046</u> |
| Held by Trustee:                        |                      |                     |                     |
| Money Market Mutual Funds               | 85,485               | —                   | 85,485              |
| Total Investments                       | <u>\$ 10,931,801</u> | <u>\$ 2,176,270</u> | <u>\$ 8,755,531</u> |

**NOTE 4: INTERFUND ACTIVITIES**

The composition of interfund balances at June 30, 2025, is as follows:

**Due to/from other funds:**

| Receivable Fund             | Payable Fund                               | Amount            |
|-----------------------------|--|-------------------|
| General fund                | Nonmajor governmental funds <sup>(1)</sup> | \$ 491,697        |
| Nonmajor Governmental Funds | Nonmajor governmental funds <sup>(2)</sup> | 36,000            |
|                             | Total                                      | <u>\$ 527,697</u> |

(1) The General Fund advanced funds to the CDBG Fund, Senior Bus Program Fund, Highway Safety Improvement Program Fund, Emergency Management Preparation Grant Fund, Enhanced Infrastructure Financing District (EIFD) Fund, Capital Improvements - Streets Fund, Capital Project Barton/Colton Bridge Fund, and Capital Projects Fund to cover deficit cash balances.

(2) The Street Improvement, Storm Drain Improvement Fund, Park Development Fund, Street Improvement 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 | General Fund | \$ 168,205 |

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 an advance to other funds in the Housing Authority in the amount of \$168,205. The advance is to be repaid as funds are available.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 4: INTERFUND ACTIVITIES (CONTINUED)**

**Interfund Transfers:**

| Fund Receiving Transfer     | Fund Making Transfer                       | Amount              |
|-----------------------------|--|---------------------|
| Nonmajor governmental funds | General fund <sup>(1)</sup>                | \$ 1,690,722        |
| General fund <sup>(2)</sup> | Nonmajor governmental funds                | 69,717              |
| Nonmajor governmental funds | Nonmajor governmental funds <sup>(2)</sup> | 896,749             |
|                             | Total                                      | <u>\$ 2,657,188</u> |

(1) Transfers in the amount of \$70,000 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 \$801,087 were made to the Capital Projects Fund to move excess bond proceeds on the 2011A successor agency bonds. Transfers in the amount of \$795,346 were made to the Firestation Proceeds Fund to track proceeds received onsale of Firestation to the San Bernardino County Fire Protection District.

(2) Transfers in the amount of \$896,749 were made to the Capital Improvement – Streets Fund for the Traffic Signal Modification Project on Barton Road and Preston Street. Transfers of \$69,717 were made from ARPA fund to the general fund to close out ARPA Fund as funds were fully expended in FY24.

**NOTE 5: CAPITAL ASSETS**

**A. Governmental Activities**

A summary of the changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

|   | Beginning<br>Balance | Additions           | Deletions     | Ending<br>Balance   |
|---|----------------------|---------------------|---------------|---------------------|
| Governmental activities:                                  |                      |                     |               |                     |
| Capital assets, not being depreciated/amortized           |                      |                     |               |                     |
| Land  | \$ 2,199,955         | \$ —                | \$ —          | \$ 2,199,955        |
| Construction-in-progress                                  | 1,012,310            | 10,598              | —             | 1,022,908           |
| Total Capital Assets,<br>Not Being Depreciated/Amortized  | <u>3,212,265</u>     | <u>10,598</u>       | <u>—</u>      | <u>3,222,863</u>    |
| Capital assets, being depreciated/amortized               |                      |                     |               |                     |
| Buildings   | 4,700,555            | 21,650              | —             | 4,722,205           |
| Machinery and equipment                                   | 1,601,868            | 168,728             | —             | 1,770,596           |
| Vehicles  | 1,023,856            | —                   | —             | 1,023,856           |
| Improvements other than buildings                         | 6,862,939            | 165,732             | —             | 7,028,671           |
| Infrastructure  | 5,159,683            | 7,362               | —             | 5,167,045           |
| Subscription assets - SAAS                                | 195,125              | —                   | 60,758        | 134,367             |
| Total Capital Assets, Being Depreciated/Amortized         | <u>19,544,026</u>    | <u>363,472</u>      | <u>60,758</u> | <u>19,846,740</u>   |
| Less accumulated depreciation/amortization                |                      |                     |               |                     |
| Buildings   | 3,158,791            | 93,661              | —             | 3,252,452           |
| Machinery and equipment                                   | 1,140,424            | 108,794             | —             | 1,249,218           |
| Vehicles  | 622,605              | 83,945              | —             | 706,550             |
| Improvements other than buildings                         | 4,988,031            | 303,114             | —             | 5,291,145           |
| Infrastructure  | 3,732,923            | 257,509             | —             | 3,990,432           |
| Subscription assets - SAAS                                | 124,407              | 63,253              | 60,758        | 126,902             |
| Total Accumulated Depreciation/Amortization               | <u>13,767,181</u>    | <u>910,276</u>      | <u>60,758</u> | <u>14,616,699</u>   |
| Total Capital Assets,<br>Being Depreciated/Amortized, Net | <u>5,776,845</u>     | <u>(546,804)</u>    | <u>—</u>      | <u>5,230,041</u>    |
| Total Governmental Activities<br>Capital Assets, Net      | <u>\$ 8,989,110</u>  | <u>\$ (536,206)</u> | <u>\$ —</u>   | <u>\$ 8,452,904</u> |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

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

|   |           |                |
|---|-----------|----------------|
| General government                      | \$        | 199,298        |
| Public safety                           |           | 9,046          |
| Public works                            |           | 385,683        |
| Culture and recreation                  |           | 316,249        |
| Total depreciation/amortization expense | <u>\$</u> | <u>910,276</u> |

**B. Business-type Activities**

|   | Beginning<br>Balance | Additions          | Deletions   | Ending<br>Balance   |
|---|----------------------|--------------------|-------------|---------------------|
| Business-type activities:                             |                      |                    |             |                     |
| Capital assets, being depreciated/amortized           |                      |                    |             |                     |
| 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/Amortized     | <u>7,415,106</u>     | <u>—</u>           | <u>—</u>    | <u>7,415,106</u>    |
| Less accumulated depreciation/amortization            |                      |                    |             |                     |
| Sewer mains   | 1,784,460            | 44,701             | —           | 1,829,161           |
| Laterals  | 751,193              | 21,010             | —           | 772,203             |
| Manholes  | 546,689              | 14,431             | —           | 561,120             |
| Improvements  | 155,916              | 8,428              | —           | 164,344             |
| Total Accumulated Depreciation/Amortization           | <u>3,238,258</u>     | <u>88,570</u>      | <u>—</u>    | <u>3,326,828</u>    |
| Total Business-type Activities<br>Capital Assets, Net | <u>\$ 4,176,848</u>  | <u>\$ (88,570)</u> | <u>\$ —</u> | <u>\$ 4,088,278</u> |

**NOTE 6. COMPENSATED ABSENCES**

Compensated absences activity for the year ended June 30, 2025, was as follows:

|                      | Beginning<br>Balance | Net Change      | Ending<br>Balance | Due Within<br>One Year |
|----------------------|----------------------|-----------------|-------------------|------------------------|
| Compensated Absences | <u>\$ 179,255</u>    | <u>\$ 1,427</u> | <u>\$ 180,682</u> | <u>\$ 45,171</u>       |

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements.

**NOTE 7: PENSION PLANS**

**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.

**NOTE 7: PENSION PLANS (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, 2025, for which the City has contracted:

|   | <b>Miscellaneous Cost-Sharing Plans</b>        |   |   |
|---|--|---|---|
|   | Tier 1*  | Ter 2*  | PEPRA   |
| Hire date   | Prior to<br>December 13,<br>2012               | December 13,<br>2012 but prior to<br>January 1, 2013    | January 1, 2013<br>and after                            |
| Benefit formula                                   | 2.7% @55                                       | 2% @ 60   | 2% @ 62   |
| Benefit vesting schedule                          | 5 years service                                | 5 years service   | 5 years service   |
| Benefit payments                                  | monthly for life                               | monthly for life  | monthly for life  |
| Retirement age                                    | minimum 50 yrs                                 | minimum 50 yrs  | minimum 52 yrs  |
| Monthly benefits, as a % of eligible compensation | 2% - 2.7%, 50<br>yrs - 63+ yrs<br>respectively | 1.092% -<br>2.418%, 50 yrs -<br>63+ yrs<br>respectively | 1.000% -<br>2.500%, 52 yrs -<br>67+ yrs<br>respectively |
| Required employee contribution rates              | 7.960%   | 6.930%  | 7.750%  |
| Required employer contribution rates              | 16.020%  | 10.150%   | 7.870%  |

**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, 2025, the employer contributions recognized as a reduction to the net pension liability was \$628,542.

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

As of June 30, 2025, the City reported net pension liabilities for its proportionate shares of the net pension liability of \$5,859,159.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7: PENSION PLANS (CONTINUED)**

The City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2024, 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, 2023, rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2023 and 2024 was as follows:

Proportions as a percentage of the CalPERS risk pool:

|                            |                         |
|----------------------------|-------------------------|
| Proportion - June 30, 2023 | 0.04889%                |
| Proportion - June 30, 2024 | <u>0.04831%</u>         |
| Change                     | <u><u>-0.00058%</u></u> |

For the year ended June 30, 2025, the City recognized a total pension expense of \$399,813. At June 30, 2025, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Contributions subsequent to the measurement date                                 | \$ 628,542                                | \$ —                                     |
| Changes of assumptions   | 150,593                                   | —  |
| Differences between expected and actual experience                               | 506,578                                   | 19,766                                   |
| Net difference between projected and actual earnings on pension plan investments | 337,305                                   | —  |
| Differences between actual vs proportionate share of contribution                | 44,115                                    | 67,806                                   |
| Change in employer proportion  | —   | 336,645                                  |
| Total  | <u>\$ 1,667,133</u>                       | <u>\$ 424,217</u>                        |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 7: PENSION PLANS (CONTINUED)**

The \$628,542 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, 2026. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal year ended June 30, | Deferred<br>(Inflows)<br>of Resources |
|----------------------------|---------------------------------------|
| 2026                       | \$ 115,101                            |
| 2027                       | 666,885                               |
| 2028                       | (52,022)                              |
| 2029                       | (115,590)                             |
| Total                      | <u>\$ 614,374</u>                     |

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

For the measurement period ended June 30, 2024, the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. The June 30, 2024 total pension liability was based on the following actuarial methods and assumptions:

|                                  | Miscellaneous Plan <sup>(1)</sup>   |
|----------------------------------|---|
| Valuation Date                   | June 30, 2023   |
| Measurement Date                 | June 30, 2024   |
| Actuarial Cost Method            | Entry-Age Normal Cost Method  |
| Actuarial Assumptions:           |   |
| Discount Rate                    | 6.90%   |
| Inflation                        | 2.30%   |
| Payroll Growth                   | Varies by Entry Age and Service   |
| Mortality <sup>(2)</sup>         | Derived using CalPERS Membership Data for all Funds   |
| Post Retirement Benefit Increase | Contract cost of living adjustment (COLA) up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

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

(2) The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries

Discount Rate - The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7: PENSION PLANS (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. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short - term and long - term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

The expected rate of return was then set equivalent to the single equivalent rate calculated and adjusted to account for assumed administrative expenses.

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

| Asset Class                    | Assumed<br>Asset<br>Allocation | Real Return 1,<br>2 |
|--------------------------------|--------------------------------|---------------------|
| Global equity-cap-weighted     | 30.00%                         | 4.54%               |
| Global equity-non-cap-weighted | 12.00%                         | 3.84%               |
| Private equity                 | 13.00%                         | 7.28%               |
| Treasury                       | 5.00%                          | 0.27%               |
| Mortgage-backed securities     | 5.00%                          | 0.50%               |
| Investment grade corporates    | 10.00%                         | 1.56%               |
| High yield                     | 5.00%                          | 2.27%               |
| Emerging market debt           | 5.00%                          | 2.48%               |
| Private debt                   | 5.00%                          | 3.57%               |
| Real assets                    | 15.00%                         | 3.21%               |
| Leverage                       | -5.00%                         | -0.59%              |

1 An expected inflation of 2.30% used for this period.

2 Figures are based on the 2022 Asset Liability Management study

**NOTE 7: PENSION PLANS (CONTINUED)**

**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 6.90%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.90% or 1-percentage-point higher 7.90% than the current rate:

|                                      | Discount Rate<br>-1 Percent<br>(5.90%) | Current<br>Discount Rate<br>(6.90%) | Discount Rate<br>+1 Percent<br>(7.90%) |
|--------------------------------------|--|-------------------------------------|--|
| Plan's net pension liability/(asset) | <u>\$8,736,544</u>                     | <u>\$5,859,159</u>                  | <u>\$2,490,648</u>                     |

**Pension Plan Fiduciary Net Position**

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

**NOTE 8: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS**

**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 City is funding the Other-Post Employment Benefits plan on a pay-as-you-go basis. For fiscal year ended June 30, 2025, the City paid \$86,819 in retiree health benefits.

**Employees Covered**

At June 30, 2025, the measurement date, the following numbers of participants were covered by the benefit terms:

|   |                  |
|---|------------------|
| Inactive members currently receiving benefits               | 10               |
| Inactive members entitled to but not yet receiving benefits | 16               |
| Active members  | <u>19</u>        |
| <b>Total</b>  | <b><u>45</u></b> |

Covered participant counts were available to the actuary for the June 30, 2023 actuarial valuation but not as of June 30, 2025 measurement date.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 8: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)**

**Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2025 for the measurement period July 1, 2024 through June 30, 2025. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial assumptions:

Actuarial Assumptions:

|                           |  |
|---------------------------|--|
| Discount Rate             | 5.20 annually which is the Bond Buyer 20-Bond General Obligation Index on the Measurement Date. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years.             |
| Inflation                 | 2.5% annually  |
| Investment Rate of Return | N/A  |
| Healthy Mortality         | Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members  |
| Healthcare Trend Rate     | Short-term healthcare trends are based on recent plan experience. Long-term healthcare trends are based on a Society of Actuaries report performed by a committee of actuaries and economists. |

**Change of Assumptions**

For the measurement date June 30, 2025, the discount rate increased from 3.93% to 5.20%.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.20%.

**Changes in the Total OPEB Liability**

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

|  | Total OPEB<br>Liability |
|--|-------------------------|
| Balance at June 30, 2024                           | \$ 1,401,835            |
| Changes recognized for the measurement period:     |                         |
| Service cost                                       | 59,269                  |
| Interest on total pension liability                | 55,731                  |
| Changes of assumptions                             | (243,745)               |
| Differences between expected and actual experience | —                       |
| Benefit payments                                   | (86,819)                |
| Net changes during 2024-25                         | (215,564)               |
| Balance at June 30, 2025                           | \$1,186,271             |

**NOTE 8: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (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 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, 2025:

|                      | Discount Rate          |                         |                        |
|----------------------|------------------------|-------------------------|------------------------|
|                      | 1% Decrease<br>(4.20%) | Current Rate<br>(5.20%) | 1% Increase<br>(6.20%) |
| Total OPEB Liability | \$ 1,325,908           | \$ 1,186,271            | \$ 1,068,006           |

**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 | \$ 1,055,714          | \$ 1,186,271 | \$ 1,371,333 |

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of \$61,417. At June 30, 2025, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|--------------------------|----------------------------------|
| Changes of assumptions                             | \$ 83,786                | \$ 500,312                       |
| Differences between expected and actual experience | 171,668                  | 234,209                          |
| Total  | \$ 255,454               | \$ 734,521                       |

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

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)**

| Fiscal year ended June 30, | Deferred<br>(Inflows)<br>of Resources |
|----------------------------|---------------------------------------|
| 2026                       | \$ (89,598)                           |
| 2027                       | (94,510)                              |
| 2028                       | (123,066)                             |
| 2029                       | (132,159)                             |
| 2030                       | (4,895)                               |
| Thereafter                 | (34,839)                              |
| Total                      | <u>\$ (479,067)</u>                   |

**NOTE 9: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The City has entered into various SBITAs as the subscriber for the use of software services. An initial subscription liability was recorded in the amount of \$201,791 during the current fiscal year. The terms of these subscriptions range from 1 to 3 years. As of June 30, 2024, the total value of the subscription liability was \$—. The subscriptions have interest rates ranging from 2.19% to 2.85%.

Information on the subscription assets as of June 30, 2025 are as follows:

| Governmental Activities |                                      |                             |
|-------------------------|--------------------------------------|-----------------------------|
| Subscription Type       | Amount of<br>SBITA Capital<br>Assets | Accumulated<br>Amortization |
| Software as a service   | \$ 134,367                           | \$ 126,902                  |

Subscriptions payable activity for the year ended June 30, 2025 were as follows:

|                       | Beginning<br>Balance | Additions | Deletions | Ending<br>Balance |
|-----------------------|----------------------|-----------|-----------|-------------------|
| Subscriptions Payable | \$ 41,780            | \$ —      | \$ 41,780 | \$ —              |

**NOTE 10: 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 is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 126 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.

**NOTE 10: RISK MANAGEMENT (CONTINUED)**

**B. Primary Self-Insurance Programs of the Authority**

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

**Primary Liability Program**

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 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 \$50 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 Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>

**Primary Workers' Compensation Programs**

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2024-25 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**C. Purchased Insurance**

**Pollution Liability Insurance**

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claim's made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

**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 \$16,369,371. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

**NOTE 10: RISK MANAGEMENT (CONTINUED)**

**Crime Insurance**

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

**D. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2024-25.

**NOTE 11: PROPOSITION 218**

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

**NOTE 12: SALES TAX SHARING AND ABATEMENT AGREEMENTS**

The City has entered into a tax abatement agreement with a local business. The abatement may be granted to any business located in or promising to relocate in the City. For the fiscal year ended June 30, 2025, the City has not made any payments.

The City has a sales tax sharing agreement between a restaurant in which the City agreed to waive \$35,000 of building permit fees and also agreed to provide financial assistance by making payments to the business of sales tax revenue paid by the business collected in the amount of \$8,300 per year for five years for a maximum total of \$41,500 or until the business' sales exceed \$1.6 million per year, whichever occurs first. The tax sharing agreement was to generate sales tax revenues including new employment opportunities for the City.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 13: FUND BALANCE AND NET POSITION**

The fund balances of the City's governmental funds as of June 30, 2025, are presented below:

| Classification            | General Fund        | Housing Authority   | Other Governmental Funds | Total Governmental Funds |
|---------------------------|---------------------|---------------------|--------------------------|--------------------------|
| <b>Nonspendable:</b>      |                     |                     |                          |                          |
| Prepaid costs             | \$ 219,382          | \$ —                | \$ —                     | \$ 219,382               |
| Notes and loans           | 1,027,523           | —                   | —                        | 1,027,523                |
| Subtotal - nonspendable   | 1,246,905           | —                   | —                        | 1,246,905                |
| <b>Restricted:</b>        |                     |                     |                          |                          |
| Community development     | —                   | 2,145,634           | 1,355,251                | 3,500,885                |
| Public safety             | —                   | —                   | 1,670,917                | 1,670,917                |
| Public works              | —                   | —                   | 3,502,438                | 3,502,438                |
| Infrastructure projects   | 2,500,000           | —                   | —                        | 2,500,000                |
| Subtotal - restricted     | 2,500,000           | 2,145,634           | 6,528,606                | 11,174,240               |
| <b>Committed to:</b>      |                     |                     |                          |                          |
| Contingencies             | 5,800               | —                   | —                        | 5,800                    |
| Equipment replacement     | 1,426,808           | —                   | —                        | 1,426,808                |
| Community services        | 951,602             | —                   | —                        | 951,602                  |
| Subtotal - committed      | 2,384,210           | —                   | —                        | 2,384,210                |
| <b>Assigned to:</b>       |                     |                     |                          |                          |
| Debt service              | 94,000              | —                   | —                        | 94,000                   |
| Continuing appropriations | 50,516              | —                   | —                        | 50,516                   |
| Subtotal - assigned       | 144,516             | —                   | —                        | 144,516                  |
| Unassigned                | 2,420,157           | —                   | (482,467)                | 1,937,690                |
| <b>Total Fund Balance</b> | <b>\$ 8,695,788</b> | <b>\$ 2,145,634</b> | <b>\$ 6,046,139</b>      | <b>\$ 16,887,561</b>     |

**NOTE 14: RESTATEMENTS**

**Changes to or within the Reporting Entity**

The ARPA Fund was previously reported as a major governmental fund during the prior fiscal year. Due to a significant decrease in activity of the fund during the year, it no longer met the requirements of being presented as a major fund, in accordance with GASB Statement No. 34, during the fiscal year ended June 30, 2025. The effects of that change to or within the financial reporting entity are shown in the table below.

|                                 | June 30, 2024<br>As Previously<br>Reported | Changes to or<br>within the<br>Reporting Entity | June 30, 2024<br>As Restated |
|---------------------------------|--|---|------------------------------|
| <b>Governmental funds</b>       |  |   |                              |
| <b>Major funds</b>              |  |   |                              |
| General Fund                    | 10,507,293                                 | —   | 10,507,293                   |
| Housing Authority               | 2,059,335                                  | —   | 2,059,335                    |
| Capital Outlay Fund #201        | —  | —   | —                            |
| ARPA                            | \$ 69,717                                  | \$ (69,717)                                     | \$ —                         |
| Nonmajor funds                  | 4,196,041                                  | 69,717  | 4,265,758                    |
| <b>Total governmental funds</b> | <b>\$ 16,832,386</b>                       | <b>\$ —</b>                                     | <b>\$ 212,388,450</b>        |

**NOTE 15: SUBSEQUENT EVENTS**

The City evaluated subsequent events for recognition and disclosure through February 20, 2026, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

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**Required Supplementary Information**

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Miscellaneous Cost-Sharing Plan**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**As of June 30, for the Last Ten Fiscal Years**

| Fiscal Year   | 2025         | 2024         | 2023         | 2022         |
|---|--------------|--------------|--------------|--------------|
| Measurement Date  | 6/30/2024    | 6/30/2023    | 6/30/2022    | 6/30/2021    |
| Proportion of the Net Pension Liability   | 0.04831%     | 4.88900%     | 0.05098%     | 0.06318%     |
| Proportionate Share of the Net Pension Liability                                  | \$ 5,859,159 | \$ 6,098,734 | \$ 5,888,367 | \$ 3,416,796 |
| Covered Payroll   | \$ 1,490,480 | \$ 1,236,321 | \$ 1,238,975 | \$ 1,257,792 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll | 393.11%      | 493.30%      | 538.47%      | 304.92%      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability        | 77.97%       | 69.87%       | 76.68%       | 88.29%       |

**Notes to Schedule**

Benefit Changes: No changes in benefits

Changes in assumptions: There were no changes in assumptions

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Miscellaneous Cost-Sharing Plan**  
**Schedule of Proportionate Share of the Net Pension Liability (Continued)**  
**As of June 30, for the Last Ten Fiscal Years**

| <b>2021</b>  | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 6/30/2020    | 6/30/2019    | 6/30/2018    | 6/30/2017    | 6/30/2016    | 6/30/2015    |
| 0.04931%     | 0.05018%     | 0.05077%     | 0.05107%     | 0.05243%     | 0.05638%     |
| \$ 5,365,454 | \$ 5,141,928 | \$ 4,891,935 | \$ 5,064,768 | \$ 4,536,720 | \$ 3,870,057 |
| \$ 1,382,907 | \$ 1,352,434 | \$ 1,335,625 | \$ 1,540,292 | \$ 1,335,625 | \$ 1,452,613 |
| 398.03%      | 371.82%      | 361.71%      | 328.82%      | 339.67%      | 266.42%      |
| 75.26%       | 75.26%       | 75.26%       | 73.31%       | 75.87%       | 79.82%       |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Miscellaneous Cost-Sharing Plan**  
**Schedule of Contributions**  
**As of June 30, for the Last Ten Fiscal Years**

|  | <u>2025</u>      | <u>2024</u>      | <u>2023</u>      | <u>2022</u>      |
|--|------------------|------------------|------------------|------------------|
| Actuarially Determined Contribution                                  | \$ 628,542       | \$ 517,619       | \$ 683,993       | \$ 625,266       |
| Contribution in Relation to the Actuarially Determined Contributions | <u>(628,542)</u> | <u>(517,619)</u> | <u>(683,993)</u> | <u>(625,266)</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ —</u>      | <u>\$ —</u>      | <u>\$ —</u>      | <u>\$ —</u>      |
| Covered-Employee Payroll   | \$ 1,894,132     | \$ 1,490,480     | \$ 1,236,321     | \$ 1,238,975     |
| Contributions as a percentage of Covered-Employee Payroll            | 33.18%           | 34.73%           | 55.21%           | 50.47%           |

**Notes to Schedule of Plan Contributions:**

Valuation Date 6/30/2023

Methods and Assumptions Used to Determine Contribution Rates:

|                                   |  |
|-----------------------------------|--|
| Actuarial Cost Method             | Entry Age Normal                                     |
| Discount Rate                     | 6.90%  |
| General Inflation                 | 2.30%  |
| Mortality Rate Table <sup>1</sup> | Derived using CalPERS' Membership Data for all Funds |

<sup>1</sup>CalPERS developed the mortality table used based on the CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details on the table, please refer to the CalPERS 2021 experience study report.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Miscellaneous Cost-Sharing Plan (Continued)**  
**Schedule of Contributions**  
**As of June 30, for the Last Ten Fiscal Years**

| <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 576,539       | \$ 383,360       | \$ 383,835       | \$ 391,538       | \$ 424,915       | \$ 116,663       |
| <u>(576,539)</u> | <u>(383,360)</u> | <u>(383,835)</u> | <u>(391,538)</u> | <u>(424,915)</u> | <u>(116,663)</u> |
| <u>\$ —</u>      | <u>\$ —</u>      | <u>\$ —</u>      | <u>\$ —</u>      | <u>\$ —</u>      | <u>\$ —</u>      |
| \$ 1,257,792     | \$ 1,382,907     | \$ 1,352,434     | \$ 1,335,625     | \$ 1,540,292     | \$ 1,335,625     |
| 45.84%           | 27.72%           | 28.38%           | 29.31%           | 27.59%           | 8.73%            |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Schedule of Changes in the Total OPEB Liability/(Asset) and Related Ratios**  
**As of June 30, for the Last Ten Fiscal Years<sup>1</sup>**

|   | <u>2025</u>                | <u>2024</u>                | <u>2023</u>                | <u>2022</u>                |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>TOTAL OPEB LIABILITY</b>   |                            |                            |                            |                            |
| Service cost  | \$ 59,269                  | \$ 59,647                  | \$ 52,849                  | \$ 169,184                 |
| Interest on total pension liability                                     | 55,731                     | 45,873                     | 40,640                     | 40,289                     |
| Actual and expected experience difference                               | —                          | 201,121                    | (8,394)                    | (459,592)                  |
| Changes of benefit terms  | —                          | 8,391                      | (24,225)                   | (558,553)                  |
| Changes of assumptions  | (243,745)                  | —                          | 97,786                     | —                          |
| Benefit payments  | (86,819)                   | (83,166)                   | (73,724)                   | (70,598)                   |
| <b>Net change in total OPEB liability</b>                               | (215,564)                  | 231,866                    | 84,932                     | (879,270)                  |
| Total OPEB liability-beginning  | 1,401,835                  | 1,169,969                  | 1,085,037                  | 1,964,307                  |
| <b>Total OPEB liability-ending</b>                                      | <b><u>\$ 1,186,271</u></b> | <b><u>\$ 1,401,835</u></b> | <b><u>\$ 1,169,969</u></b> | <b><u>\$ 1,085,037</u></b> |
| Covered-employee payroll  | \$ 1,884,805               | \$ 1,485,828               | \$ 720,675                 | \$ 768,207                 |
| <b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b> | <b>63%</b>                 | <b>94%</b>                 | <b>162%</b>                | <b>141%</b>                |

**Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:**

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

Notes to Schedule: None

Changes in assumptions: The discount rate changed from 3.93% to 5.20%.

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Schedule of Changes in the Total OPEB Liability/(Asset) and Related Ratios (Continued)**  
**As of June 30, for the Last Ten Fiscal Years<sup>1</sup>**

| <u>2021</u>                | <u>2020</u>                | <u>2019</u>                | <u>2018</u>                |
|----------------------------|----------------------------|----------------------------|----------------------------|
| \$ 147,070                 | \$ 110,779                 | \$ 107,552                 | \$ 169,316                 |
| 44,484                     | 50,131                     | 48,506                     | 51,629                     |
| (601)                      | 119,429                    | —                          | —                          |
| 136,171                    | 121,299                    | 62,620                     | (45,427)                   |
| —                          | —                          | —                          | (259,790)                  |
| <u>(62,881)</u>            | <u>(46,213)</u>            | <u>(39,770)</u>            | <u>(45,629)</u>            |
| 264,243                    | 355,425                    | 178,908                    | (129,901)                  |
| <u>1,700,064</u>           | <u>1,344,639</u>           | <u>1,165,731</u>           | <u>1,295,632</u>           |
| <b><u>\$ 1,964,307</u></b> | <b><u>\$ 1,700,064</u></b> | <b><u>\$ 1,344,639</u></b> | <b><u>\$ 1,165,731</u></b> |
| \$ 1,076,159               | \$ 1,300,021               | \$ 1,575,073               | \$ 866,196                 |
| <b>183%</b>                | <b>131%</b>                | <b>85%</b>                 | <b>135%</b>                |

## **Budgetary Information**

**Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:  
General Fund and Major Special Revenue Funds**

**CITY OF GRAND TERRACE, CALIFORNIA**

**General Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2025**

|  | <b>Budget Amounts</b> |                  | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-----------------------|------------------|---------------------------|---|
|  | <b>Original</b>       | <b>Final</b>     |                           |   |
| <b>REVENUES</b>  |                       |                  |                           |   |
| Taxes  | \$ 6,270,000          | \$ 6,270,000     | \$ 6,552,757              | \$ 282,757  |
| Intergovernmental  | 58,500                | 58,500           | 74,018                    | 15,518  |
| Charges for services   | 1,466,270             | 1,466,270        | 1,444,382                 | (21,888)  |
| Use of money and property  | 391,009               | 391,009          | 676,052                   | 285,043   |
| Fines and forfeitures  | 38,500                | 38,500           | 57,124                    | 18,624  |
| Miscellaneous  | 45,210                | 45,210           | 65,734                    | 20,524  |
| <b>Total revenues</b>  | <b>8,269,489</b>      | <b>8,269,489</b> | <b>8,870,067</b>          | <b>600,578</b>  |
| <b>EXPENDITURES</b>  |                       |                  |                           |   |
| Current:   |                       |                  |                           |   |
| General government   | 2,414,726             | 2,414,726        | 2,392,950                 | 21,776  |
| Public safety  | 2,942,200             | 2,942,200        | 2,866,169                 | 76,031  |
| Public works   | 1,807,161             | 2,219,946        | 2,107,751                 | 112,195   |
| Cultural and recreation  | 940,241               | 1,233,102        | 1,284,728                 | (51,626)  |
| Capital outlay   | 44,600                | 44,600           | 366,205                   | (321,605)   |
| Debt service:  |                       |                  |                           |   |
| Principal retirement   | —                     | —                | 41,780                    | (41,780)  |
| Interest expense and fiscal charges                                  | —                     | —                | 984                       | (984)   |
| <b>Total expenditures</b>  | <b>8,148,928</b>      | <b>8,854,574</b> | <b>9,060,567</b>          | <b>(205,993)</b>  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>120,561</b>        | <b>(585,085)</b> | <b>(190,500)</b>          | <b>394,585</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                       |                  |                           |   |
| Transfers in   | 59,000                | 59,000           | 69,717                    | 10,717  |
| Transfers out  | (141,289)             | (141,289)        | (1,690,722)               | (1,549,433)   |
| <b>Total other financing sources (uses)</b>                          | <b>(82,289)</b>       | <b>(82,289)</b>  | <b>(1,621,005)</b>        | <b>(1,538,716)</b>  |
| <b>Net change in fund balance</b>                                    | <b>38,272</b>         | <b>(667,374)</b> | <b>(1,811,505)</b>        | <b>(1,144,131)</b>  |
| Fund balance-beginning   |                       |                  | 10,507,293                |   |
| <b>Fund balance-ending</b>   |                       |                  | <b>\$ 8,695,788</b>       |   |

CITY OF GRAND TERRACE, CALIFORNIA

Housing Authority

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2025

|                                   | Budget Amounts     |                    | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|--------------------|---------------------|---|
|                                   | Original           | Final              |                     |   |
| <b>REVENUES</b>                   |                    |                    |                     |   |
| Intergovernmental                 | \$ —               | \$ —               | \$ 63,143           | \$ 63,143   |
| Use of money and property         | —                  | —                  | 45,494              | 45,494  |
| <b>Total revenues</b>             | <b>—</b>           | <b>—</b>           | <b>108,637</b>      | <b>108,637</b>  |
| <b>EXPENDITURES</b>               |                    |                    |                     |   |
| Current:                          |                    |                    |                     |   |
| Economic development              | 19,567             | 19,567             | 22,338              | (2,771)   |
| <b>Total expenditures</b>         | <b>19,567</b>      | <b>19,567</b>      | <b>22,338</b>       | <b>(2,771)</b>  |
| <b>Net change in fund balance</b> | <b>\$ (19,567)</b> | <b>\$ (19,567)</b> | <b>86,299</b>       | <b>\$ 105,866</b>                                       |
| Fund balance-beginning            |                    |                    | 2,059,335           |   |
| <b>Fund balance-ending</b>        |                    |                    | <b>\$ 2,145,634</b> |   |

**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.

For the fiscal year ending June 30, 2025, the following funds had no adopted annual budgets:

- Emergency Management Preparation Grant
- Enhanced Infrastructure Financing District
- ARPA
- Firestation Proceeds
- Barton/Colton Bridge
- Capital Projects
- Capital Projects Bond Proceeds
- Capital Projects - Parks
- Capital Projects - Commerce Way Project
- Dog Park Endowment

## Supplementary Information

**Nonmajor Governmental Funds**

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

|   | <b>Special Revenue Funds</b>  |                                    |                             |                         |
|---|-------------------------------|------------------------------------|-----------------------------|-------------------------|
|   | <b>Street<br/>Improvement</b> | <b>Storm Drain<br/>Improvement</b> | <b>Park<br/>Development</b> | <b>AB 3229<br/>COPS</b> |
| <b>ASSETS</b>   |                               |                                    |                             |                         |
| Cash and investments  | \$ 825,861                    | \$ 318,781                         | \$ 104,764                  | \$ 28,522               |
| Receivables (net of allowance for uncollectible):                                     |                               |                                    |                             |                         |
| Accounts  | —                             | —                                  | —                           | —                       |
| Due from other governments  | —                             | —                                  | —                           | —                       |
| Due from other funds  | 9,000                         | 9,000                              | 9,000                       | —                       |
| <b>Total assets</b>   | <b><u>\$ 834,861</u></b>      | <b><u>\$ 327,781</u></b>           | <b><u>\$ 113,764</u></b>    | <b><u>\$ 28,522</u></b> |
| <b>LIABILITIES</b>  |                               |                                    |                             |                         |
| Accounts payable  | \$ —                          | \$ —                               | \$ —                        | \$ —                    |
| Due to other funds  | —                             | —                                  | —                           | —                       |
| Deposits payable  | 4,663                         | —                                  | —                           | —                       |
| <b>Total liabilities</b>  | <b><u>4,663</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 (DEFICITS)</b>   |                               |                                    |                             |                         |
| Restricted  | 830,198                       | 327,781                            | 113,764                     | 28,522                  |
| Unassigned  | —                             | —                                  | —                           | —                       |
| <b>Total fund balances (deficits)</b>   | <b><u>830,198</u></b>         | <b><u>327,781</u></b>              | <b><u>113,764</u></b>       | <b><u>28,522</u></b>    |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b><u>\$ 834,861</u></b>      | <b><u>\$ 327,781</u></b>           | <b><u>\$ 113,764</u></b>    | <b><u>\$ 28,522</u></b> |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

|   | <b>Special Revenue Funds</b>       |                      |                       |                                   |
|---|------------------------------------|----------------------|-----------------------|-----------------------------------|
|   | <b>Air Quality<br/>Improvement</b> | <b>State Gas Tax</b> | <b>Traffic Safety</b> | <b>Facilities<br/>Development</b> |
| <b>ASSETS</b>   |                                    |                      |                       |                                   |
| Cash and investments  | \$ 98,011                          | \$ 313,071           | \$ 32,140             | \$ 193,658                        |
| Receivables (net of allowance for uncollectible):                                     |                                    |                      |                       |                                   |
| Accounts  | —                                  | —                    | —                     | —                                 |
| Due from other governments  | 4,191                              | 31,726               | 1,033                 | —                                 |
| Due from other funds  | —                                  | —                    | —                     | 9,000                             |
| <b>Total assets</b>   | <b>\$ 102,202</b>                  | <b>\$ 344,797</b>    | <b>\$ 33,173</b>      | <b>\$ 202,658</b>                 |
| <b>LIABILITIES</b>  |                                    |                      |                       |                                   |
| Accounts payable  | \$ —                               | \$ 15,542            | \$ —                  | \$ —                              |
| Due to other funds  | —                                  | —                    | —                     | —                                 |
| Deposits payable  | —                                  | —                    | —                     | —                                 |
| <b>Total liabilities</b>  | <b>—</b>                           | <b>15,542</b>        | <b>—</b>              | <b>—</b>                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                    |                      |                       |                                   |
| Unavailable revenues  | —                                  | —                    | —                     | —                                 |
| <b>Total deferred inflows of resources</b>  | <b>—</b>                           | <b>—</b>             | <b>—</b>              | <b>—</b>                          |
| <b>FUND BALANCES (DEFICITS)</b>   |                                    |                      |                       |                                   |
| Restricted  | 102,202                            | 329,255              | 33,173                | 202,658                           |
| Unassigned  | —                                  | —                    | —                     | —                                 |
| <b>Total fund balances (deficits)</b>   | <b>102,202</b>                     | <b>329,255</b>       | <b>33,173</b>         | <b>202,658</b>                    |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b>\$ 102,202</b>                  | <b>\$ 344,797</b>    | <b>\$ 33,173</b>      | <b>\$ 202,658</b>                 |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

|   | <b>Special Revenue Funds</b> |                  |   |                                      |
|---|------------------------------|------------------|---|--------------------------------------|
|   | <b>Measure I</b>             | <b>CDBG</b>      | <b>Special<br/>Districts<br/>Landscape &amp;<br/>Lighting</b> | <b>Spring<br/>Mountain<br/>Ranch</b> |
| <b>ASSETS</b>   |                              |                  |   |                                      |
| Cash and investments  | \$ 466,242                   | \$ —             | \$ 206,318  | \$ 1,011,004                         |
| Receivables (net of allowance for uncollectible):                                     |                              |                  |   |                                      |
| Accounts  | —                            | —                | —   | —                                    |
| Due from other governments  | 57,131                       | 99,443           | 1,697   | —                                    |
| Due from other funds  | —                            | —                | —   | —                                    |
| <b>Total assets</b>   | <b>\$ 523,373</b>            | <b>\$ 99,443</b> | <b>\$ 208,015</b>   | <b>\$ 1,011,004</b>                  |
| <b>LIABILITIES</b>  |                              |                  |   |                                      |
| Accounts payable  | \$ 8,327                     | \$ 6,605         | \$ 361  | \$ —                                 |
| Due to other funds  | —                            | 98,988           | —   | —                                    |
| Deposits payable  | —                            | —                | —   | —                                    |
| <b>Total liabilities</b>  | <b>8,327</b>                 | <b>105,593</b>   | <b>361</b>  | <b>—</b>                             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                              |                  |   |                                      |
| Unavailable revenues  | —                            | 74,932           | —   | —                                    |
| <b>Total deferred inflows of resources</b>  | <b>—</b>                     | <b>74,932</b>    | <b>—</b>  | <b>—</b>                             |
| <b>FUND BALANCES (DEFICITS)</b>   |                              |                  |   |                                      |
| Restricted  | 515,046                      | —                | 207,654   | 1,011,004                            |
| Unassigned  | —                            | (81,082)         | —   | —                                    |
| <b>Total fund balances (deficits)</b>   | <b>515,046</b>               | <b>(81,082)</b>  | <b>207,654</b>  | <b>1,011,004</b>                     |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b>\$ 523,373</b>            | <b>\$ 99,443</b> | <b>\$ 208,015</b>   | <b>\$ 1,011,004</b>                  |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

|   | <b>Special Revenue Funds</b> |                           |  |   |
|---|------------------------------|---------------------------|--|---|
|   | <b>Cal Recycle Grant</b>     | <b>Senior Bus Program</b> | <b>Public, Educational &amp; Government Access</b> | <b>Highway Safety Improvement Program</b> |
| <b>ASSETS</b>   |                              |                           |  |   |
| Cash and investments  | \$ 1,361                     | \$ —                      | \$ 143,354   | \$ —                                      |
| Receivables (net of allowance for uncollectible):                                     |                              |                           |  |   |
| Accounts  | —                            | —                         | 3,506  | —   |
| Due from other governments  | —                            | 237,007                   | —  | —   |
| Due from other funds  | —                            | —                         | —  | —   |
| <b>Total assets</b>   | <b>\$ 1,361</b>              | <b>\$ 237,007</b>         | <b>\$ 146,860</b>                                  | <b>\$ —</b>                               |
| <b>LIABILITIES</b>  |                              |                           |  |   |
| Accounts payable  | \$ —                         | \$ 304                    | \$ —   | \$ —                                      |
| Due to other funds  | —                            | 221,973                   | —  | 68,018                                    |
| Deposits payable  | —                            | —                         | —  | —   |
| <b>Total liabilities</b>  | <b>—</b>                     | <b>222,277</b>            | <b>—</b>   | <b>68,018</b>                             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                              |                           |  |   |
| Unavailable revenues  | —                            | 207,718                   | —  | —   |
| <b>Total deferred inflows of resources</b>  | <b>—</b>                     | <b>207,718</b>            | <b>—</b>   | <b>—</b>                                  |
| <b>FUND BALANCES (DEFICITS)</b>   |                              |                           |  |   |
| Restricted  | 1,361                        | —                         | 146,860  | —   |
| Unassigned  | —                            | (192,988)                 | —  | (68,018)                                  |
| <b>Total fund balances (deficits)</b>   | <b>1,361</b>                 | <b>(192,988)</b>          | <b>146,860</b>                                     | <b>(68,018)</b>                           |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b>\$ 1,361</b>              | <b>\$ 237,007</b>         | <b>\$ 146,860</b>                                  | <b>\$ —</b>                               |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

|   | <b>Special Revenue Funds</b>                              |   |                   |   |
|---|---|---|-------------------|---|
|   | <b>Emergency<br/>Management<br/>Preparation<br/>Grant</b> | <b>Enhanced<br/>Infrastructure<br/>Financing<br/>District</b> | <b>RMRA</b>       | <b>National<br/>Opioid<br/>Settlement</b> |
| <b>ASSETS</b>   |   |   |                   |   |
| Cash and investments  | \$ —  | \$ —  | \$ 95,963         | \$ 41,530                                 |
| Receivables (net of allowance for uncollectible):                                     |   |   |                   |   |
| Accounts  | —   | —   | —                 | —   |
| Due from other governments  | —   | —   | 63,122            | —   |
| Due from other funds  | —   | —   | —                 | —   |
| <b>Total assets</b>   | <b>\$ —</b>   | <b>\$ —</b>   | <b>\$ 159,085</b> | <b>\$ 41,530</b>                          |
| <b>LIABILITIES</b>  |   |   |                   |   |
| Accounts payable  | \$ —  | \$ —  | \$ —              | \$ —                                      |
| Due to other funds  | 7,291   | 46,560  | —                 | —   |
| Deposits payable  | —   | —   | —                 | —   |
| <b>Total liabilities</b>  | <b>7,291</b>  | <b>46,560</b>   | <b>—</b>          | <b>—</b>                                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |   |                   |   |
| Unavailable revenues  | —   | —   | —                 | —   |
| <b>Total deferred inflows of resources</b>  | <b>—</b>  | <b>—</b>  | <b>—</b>          | <b>—</b>                                  |
| <b>FUND BALANCES (DEFICITS)</b>   |   |   |                   |   |
| Restricted  | —   | —   | 159,085           | 41,530                                    |
| Unassigned  | (7,291)   | (46,560)  | —                 | —   |
| <b>Total fund balances (deficits)</b>   | <b>(7,291)</b>  | <b>(46,560)</b>   | <b>159,085</b>    | <b>41,530</b>                             |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b>\$ —</b>   | <b>\$ —</b>   | <b>\$ 159,085</b> | <b>\$ 41,530</b>                          |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

|   | Special Revenue Funds |                      | Capital Projects Funds         |                        |
|---|-----------------------|----------------------|--------------------------------|------------------------|
|   | ARPA                  | Firestation Proceeds | Capital Improvements - Streets | Barton / Colton Bridge |
| <b>ASSETS</b>   |                       |                      |                                |                        |
| Cash and investments  | \$ —                  | \$ 819,780           | \$ —                           | \$ —                   |
| Receivables (net of allowance for uncollectible):                                     |                       |                      |                                |                        |
| Accounts  | —                     | —                    | —                              | —                      |
| Due from other governments  | —                     | —                    | —                              | —                      |
| Due from other funds  | —                     | —                    | —                              | —                      |
| <b>Total assets</b>   | <b>\$ —</b>           | <b>\$ 819,780</b>    | <b>\$ —</b>                    | <b>\$ —</b>            |
| <b>LIABILITIES</b>  |                       |                      |                                |                        |
| Accounts payable  | \$ —                  | \$ —                 | \$ 1,661                       | \$ —                   |
| Due to other funds  | —                     | —                    | 25,737                         | 25,320                 |
| Deposits payable  | —                     | —                    | —                              | —                      |
| <b>Total liabilities</b>  | <b>—</b>              | <b>—</b>             | <b>27,398</b>                  | <b>25,320</b>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                       |                      |                                |                        |
| Unavailable revenues  | —                     | —                    | —                              | —                      |
| <b>Total deferred inflows of resources</b>  | <b>—</b>              | <b>—</b>             | <b>—</b>                       | <b>—</b>               |
| <b>FUND BALANCES (DEFICITS)</b>   |                       |                      |                                |                        |
| Restricted  | —                     | 819,780              | —                              | —                      |
| Unassigned  | —                     | —                    | (27,398)                       | (25,320)               |
| <b>Total fund balances (deficits)</b>   | <b>—</b>              | <b>819,780</b>       | <b>(27,398)</b>                | <b>(25,320)</b>        |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b>\$ —</b>           | <b>\$ 819,780</b>    | <b>\$ —</b>                    | <b>\$ —</b>            |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

|   | <b>Capital Projects Funds</b> |   |   |  |
|---|-------------------------------|---|---|--|
|   | <b>Capital<br/>Projects</b>   | <b>Capital<br/>Projects<br/>Bond<br/>Proceeds</b> | <b>Capital<br/>Projects -<br/>Parks</b> | <b>Capital<br/>Projects -<br/>Commerce<br/>Way Project</b> |
| <b>ASSETS</b>   |                               |   |   |  |
| Cash and investments  | \$ —                          | \$ 611,458  | \$ 165,471                              | \$ 881,804   |
| Receivables (net of allowance for uncollectible):                                     |                               |   |   |  |
| Accounts  | —                             | —   | —                                       | —  |
| Due from other governments  | —                             | —   | —                                       | —  |
| Due from other funds  | —                             | —   | —                                       | —  |
| <b>Total assets</b>   | <b>\$ —</b>                   | <b>\$ 611,458</b>                                 | <b>\$ 165,471</b>                       | <b>\$ 881,804</b>  |
| <b>LIABILITIES</b>  |                               |   |   |  |
| Accounts payable  | \$ —                          | \$ —  | \$ —                                    | \$ —   |
| Due to other funds  | 33,810                        | —   | —                                       | —  |
| Deposits payable  | —                             | —   | —                                       | —  |
| <b>Total liabilities</b>  | <b>33,810</b>                 | <b>—</b>  | <b>—</b>                                | <b>—</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                               |   |   |  |
| Unavailable revenues  | —                             | —   | —                                       | —  |
| <b>Total deferred inflows of resources</b>  | <b>—</b>                      | <b>—</b>  | <b>—</b>                                | <b>—</b>   |
| <b>FUND BALANCES (DEFICITS)</b>   |                               |   |   |  |
| Restricted  | —                             | 611,458   | 165,471                                 | 881,804  |
| Unassigned  | (33,810)                      | —   | —                                       | —  |
| <b>Total fund balances (deficits)</b>   | <b>(33,810)</b>               | <b>611,458</b>                                    | <b>165,471</b>                          | <b>881,804</b>   |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b>\$ —</b>                   | <b>\$ 611,458</b>                                 | <b>\$ 165,471</b>                       | <b>\$ 881,804</b>  |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

|   | <u>Permanent<br/>Fund</u> |               | <u>Dog Park<br/>Endowment<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Funds</u> |
|---|---------------------------|---------------|--|-------------------------------------|
| <b>ASSETS</b>   |                           |               |  |                                     |
| Cash and investments  | \$                        | 20,314        | \$                                     | 6,379,407                           |
| Receivables (net of allowance for uncollectible):                                     |                           |               |  |                                     |
| Accounts  |                           | —             |  | 3,506                               |
| Due from other governments  |                           | —             |  | 495,350                             |
| Due from other funds  |                           | —             |  | 36,000                              |
| <b>Total assets</b>   | <b>\$</b>                 | <b>20,314</b> | <b>\$</b>                              | <b>6,914,263</b>                    |
| <b>LIABILITIES</b>  |                           |               |  |                                     |
| Accounts payable  | \$                        | —             | \$                                     | 32,800                              |
| Due to other funds  |                           | —             |  | 527,697                             |
| Deposits payable  |                           | 20,314        |  | 24,977                              |
| <b>Total liabilities</b>  |                           | <b>20,314</b> |  | <b>585,474</b>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                           |               |  |                                     |
| Unavailable revenues  |                           | —             |  | 282,650                             |
| <b>Total deferred inflows of resources</b>  |                           | <b>—</b>      |  | <b>282,650</b>                      |
| <b>FUND BALANCES (DEFICITS)</b>   |                           |               |  |                                     |
| Restricted  |                           | —             |  | 6,528,606                           |
| Unassigned  |                           | —             |  | (482,467)                           |
| <b>Total fund balances (deficits)</b>   |                           | <b>—</b>      |  | <b>6,046,139</b>                    |
| <b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b> | <b>\$</b>                 | <b>20,314</b> | <b>\$</b>                              | <b>6,914,263</b>                    |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

|  | <b>Special Revenue Funds</b>  |                                    |                             |                         |
|--|-------------------------------|------------------------------------|-----------------------------|-------------------------|
|  | <b>Street<br/>Improvement</b> | <b>Storm Drain<br/>Improvement</b> | <b>Park<br/>Development</b> | <b>AB 3229<br/>COPS</b> |
| <b>REVENUES</b>  |                               |                                    |                             |                         |
| Taxes  | \$ —                          | \$ —                               | \$ —                        | \$ —                    |
| Intergovernmental  | —                             | —                                  | —                           | 194,820                 |
| Charges for services   | —                             | 3,195                              | 66,919                      | —                       |
| Use of money and property  | 24,808                        | 9,576                              | 3,147                       | 1,898                   |
| Fines and forfeitures  | —                             | —                                  | —                           | —                       |
| Miscellaneous  | —                             | —                                  | —                           | —                       |
| <b>Total revenues</b>  | <b>24,808</b>                 | <b>12,771</b>                      | <b>70,066</b>               | <b>196,718</b>          |
| <b>EXPENDITURES</b>  |                               |                                    |                             |                         |
| Current:   |                               |                                    |                             |                         |
| General government   | —                             | —                                  | —                           | 194,820                 |
| Public safety  | —                             | —                                  | —                           | —                       |
| Public works   | —                             | —                                  | —                           | —                       |
| Cultural and recreation  | —                             | —                                  | —                           | —                       |
| Capital outlay   | —                             | —                                  | —                           | —                       |
| <b>Total expenditures</b>  | <b>—</b>                      | <b>—</b>                           | <b>—</b>                    | <b>194,820</b>          |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>24,808</b>                 | <b>12,771</b>                      | <b>70,066</b>               | <b>1,898</b>            |
| <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>                |
| <b>Net change in fund balances</b>                                   | <b>24,808</b>                 | <b>12,771</b>                      | <b>70,066</b>               | <b>1,898</b>            |
| Fund balances (deficit)-beginning of year, as previously presented   | 805,390                       | 315,010                            | 43,698                      | 26,624                  |
| Change within financial reporting entity                             | —                             | —                                  | —                           | —                       |
| Fund balances (deficit)-beginning, as restated                       | 805,390                       | 315,010                            | 43,698                      | 26,624                  |
| <b>Fund balances (deficit)-ending</b>                                | <b>\$ 830,198</b>             | <b>\$ 327,781</b>                  | <b>\$ 113,764</b>           | <b>\$ 28,522</b>        |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances(Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

|   | <b>Special Revenue Funds</b>       |                      |                       |                                   |
|---|------------------------------------|----------------------|-----------------------|-----------------------------------|
|   | <b>Air Quality<br/>Improvement</b> | <b>State Gas Tax</b> | <b>Traffic Safety</b> | <b>Facilities<br/>Development</b> |
| <b>REVENUES</b>   |                                    |                      |                       |                                   |
| Taxes   | \$ —                               | \$ —                 | \$ —                  | \$ —                              |
| Intergovernmental   | 16,889                             | 374,121              | —                     | —                                 |
| Charges for services  | —                                  | —                    | —                     | —                                 |
| Use of money and property   | 2,775                              | 12,687               | 894                   | 8,553                             |
| Fines and forfeitures   | —                                  | —                    | 5,233                 | —                                 |
| Miscellaneous   | —                                  | —                    | —                     | —                                 |
| <b>Total revenues</b>   | <b>19,664</b>                      | <b>386,808</b>       | <b>6,127</b>          | <b>8,553</b>                      |
| <b>EXPENDITURES</b>   |                                    |                      |                       |                                   |
| Current:  |                                    |                      |                       |                                   |
| General government  | —                                  | —                    | —                     | —                                 |
| Public safety   | —                                  | 352,703              | —                     | —                                 |
| Public works  | —                                  | —                    | —                     | —                                 |
| Cultural and recreation   | —                                  | —                    | —                     | —                                 |
| Capital outlay  | —                                  | —                    | —                     | —                                 |
| <b>Total expenditures</b>   | <b>—</b>                           | <b>352,703</b>       | <b>—</b>              | <b>—</b>                          |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b>  | <b>19,664</b>                      | <b>34,105</b>        | <b>6,127</b>          | <b>8,553</b>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                                 |                                    |                      |                       |                                   |
| Transfers in  | —                                  | 70,000               | —                     | —                                 |
| Transfers out   | —                                  | (151,021)            | —                     | —                                 |
| <b>Total other financing sources (uses)</b>                           | <b>—</b>                           | <b>(81,021)</b>      | <b>—</b>              | <b>—</b>                          |
| <b>Net change in fund balances</b>                                    | <b>19,664</b>                      | <b>(46,916)</b>      | <b>6,127</b>          | <b>8,553</b>                      |
| Fund balances (deficit)-beginning of year, as<br>previously presented | 82,538                             | 376,171              | 27,046                | 194,105                           |
| Change within financial reporting entity                              | —                                  | —                    | —                     | —                                 |
| Fund balances (deficit)-beginning, as restated                        | 82,538                             | 376,171              | 27,046                | 194,105                           |
| <b>Fund balances (deficit)-ending</b>                                 | <b>\$ 102,202</b>                  | <b>\$ 329,255</b>    | <b>\$ 33,173</b>      | <b>\$ 202,658</b>                 |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances(Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

|  | <b>Special Revenue Funds</b> |                    |   |                              |
|--|------------------------------|--------------------|---|------------------------------|
|  | <b>Measure I</b>             | <b>CDBG</b>        | <b>Special Districts Landscape &amp; Lighting</b> | <b>Spring Mountain Ranch</b> |
| <b>REVENUES</b>  |                              |                    |   |                              |
| Taxes  | \$ —                         | \$ —               | \$ 65,903   | \$ —                         |
| Intergovernmental  | 332,298                      | 73,929             | —   | —                            |
| Charges for services   | —                            | —                  | —   | —                            |
| Use of money and property  | 17,360                       | —                  | 5,604   | 30,134                       |
| Fines and forfeitures  | —                            | —                  | —   | —                            |
| Miscellaneous  | —                            | —                  | —   | —                            |
| <b>Total revenues</b>  | <b>349,658</b>               | <b>73,929</b>      | <b>71,507</b>                                     | <b>30,134</b>                |
| <b>EXPENDITURES</b>  |                              |                    |   |                              |
| Current:   |                              |                    |   |                              |
| General government   | —                            | —                  | —   | —                            |
| Public safety  | 115,260                      | 45,563             | 35,253  | —                            |
| Public works   | —                            | —                  | —   | —                            |
| Cultural and recreation  | —                            | —                  | —   | —                            |
| Capital outlay   | —                            | —                  | —   | —                            |
| <b>Total expenditures</b>  | <b>115,260</b>               | <b>45,563</b>      | <b>35,253</b>                                     | <b>—</b>                     |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>   | <b>234,398</b>               | <b>28,366</b>      | <b>36,254</b>                                     | <b>30,134</b>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                              |                              |                    |   |                              |
| Transfers in   | —                            | —                  | —   | —                            |
| Transfers out  | (220,337)                    | —                  | —   | —                            |
| <b>Total other financing sources (uses)</b>                        | <b>(220,337)</b>             | <b>—</b>           | <b>—</b>  | <b>—</b>                     |
| <b>Net change in fund balances</b>                                 | <b>14,061</b>                | <b>28,366</b>      | <b>36,254</b>                                     | <b>30,134</b>                |
| Fund balances (deficit)-beginning of year, as previously presented | 500,985                      | (109,448)          | 171,400   | 980,870                      |
| Change within financial reporting entity                           | —                            | —                  | —   | —                            |
| Fund balances (deficit)-beginning, as restated                     | 500,985                      | (109,448)          | 171,400   | 980,870                      |
| <b>Fund balances (deficit)-ending</b>                              | <b>\$ 515,046</b>            | <b>\$ (81,082)</b> | <b>\$ 207,654</b>                                 | <b>\$ 1,011,004</b>          |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances(Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

|  | <u>Special Revenue Funds</u> |                           |  |   |
|--|------------------------------|---------------------------|--|---|
|  | <u>Cal Recycle Grant</u>     | <u>Senior Bus Program</u> | <u>Public, Educational &amp; Governmental Access</u> | <u>Highway Safety Improvement Program</u> |
| <b>REVENUES</b>  |                              |                           |  |   |
| Taxes  | \$ —                         | \$ —                      | \$ —   | \$ —                                      |
| Intergovernmental  | —                            | 48,334                    | —  | —   |
| Charges for services   | —                            | —                         | —  | —   |
| Use of money and property  | 338                          | —                         | 4,088  | —   |
| Fines and forfeitures  | —                            | —                         | —  | —   |
| Miscellaneous  | —                            | —                         | 17,465   | —   |
| <b>Total revenues</b>  | <b>338</b>                   | <b>48,334</b>             | <b>21,553</b>  | <b>—</b>                                  |
| <b>EXPENDITURES</b>  |                              |                           |  |   |
| Current:   |                              |                           |  |   |
| General government   | 21,219                       | —                         | —  | —   |
| Public safety  | —                            | 75                        | 9,910  | —   |
| Public works   | —                            | 101,515                   | —  | —   |
| Cultural and recreation  | —                            | —                         | —  | —   |
| Capital outlay   | —                            | —                         | —  | —   |
| <b>Total expenditures</b>  | <b>21,219</b>                | <b>101,590</b>            | <b>9,910</b>   | <b>—</b>                                  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>   | <b>(20,881)</b>              | <b>(53,256)</b>           | <b>11,643</b>  | <b>—</b>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                              |                              |                           |  |   |
| Transfers in   | —                            | 24,289                    | —  | —   |
| Transfers out  | —                            | —                         | —  | —   |
| <b>Total other financing sources (uses)</b>                        | <b>—</b>                     | <b>24,289</b>             | <b>—</b>   | <b>—</b>                                  |
| <b>Net change in fund balances</b>                                 | <b>(20,881)</b>              | <b>(28,967)</b>           | <b>11,643</b>  | <b>—</b>                                  |
| Fund balances (deficit)-beginning of year, as previously presented | 22,242                       | (164,021)                 | 135,217  | (68,018)                                  |
| Change within financial reporting entity                           | —                            | —                         | —  | —   |
| Fund balances (deficit)-beginning, as restated                     | 22,242                       | (164,021)                 | 135,217  | (68,018)                                  |
| <b>Fund balances (deficit)-ending</b>                              | <b>\$ 1,361</b>              | <b>\$ (192,988)</b>       | <b>\$ 146,860</b>                                    | <b>\$ (68,018)</b>                        |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances(Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

|  | <b>Special Revenue Funds</b>                              |   |                   |   |
|--|---|---|-------------------|---|
|  | <b>Emergency<br/>Management<br/>Preparation<br/>Grant</b> | <b>Enhanced<br/>Infrastructure<br/>Financing<br/>District</b> | <b>RMRA</b>       | <b>National<br/>Opioid<br/>Settlement</b> |
| <b>REVENUES</b>  |   |   |                   |   |
| Taxes  | \$ —  | \$ —  | \$ —              | \$ —                                      |
| Intergovernmental  | —   | —   | 358,197           | —   |
| Charges for services   | —   | —   | —                 | 27,075                                    |
| Use of money and property  | —   | —   | 12,417            | 1,157                                     |
| Fines and forfeitures  | —   | —   | —                 | —   |
| Miscellaneous  | —   | —   | —                 | —   |
| <b>Total revenues</b>  | <b>—</b>  | <b>—</b>  | <b>370,614</b>    | <b>28,232</b>                             |
| <b>EXPENDITURES</b>  |   |   |                   |   |
| Current:   |   |   |                   |   |
| General government   | —   | —   | —                 | —   |
| Public safety  | —   | —   | —                 | —   |
| Public works   | —   | —   | —                 | —   |
| Cultural and recreation  | —   | —   | —                 | —   |
| Capital outlay   | —   | —   | —                 | —   |
| <b>Total expenditures</b>  | <b>—</b>  | <b>—</b>  | <b>—</b>          | <b>—</b>                                  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>—</b>  | <b>—</b>  | <b>370,614</b>    | <b>28,232</b>                             |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |   |   |                   |   |
| Transfers in   | —   | —   | —                 | —   |
| Transfers out  | —   | —   | (525,391)         | —   |
| <b>Total other financing sources (uses)</b>                          | <b>—</b>  | <b>—</b>  | <b>(525,391)</b>  | <b>—</b>                                  |
| <b>Net change in fund balances</b>                                   | <b>—</b>  | <b>—</b>  | <b>(154,777)</b>  | <b>28,232</b>                             |
| Fund balances (deficit)-beginning of year, as previously presented   | (7,291)   | (46,560)  | 313,862           | 13,298                                    |
| Change within financial reporting entity                             | —   | —   | —                 | —   |
| Fund balances (deficit)-beginning, as restated                       | (7,291)   | (46,560)  | 313,862           | 13,298                                    |
| <b>Fund balances (deficit)-ending</b>                                | <b>\$ (7,291)</b>   | <b>\$ (46,560)</b>  | <b>\$ 159,085</b> | <b>\$ 41,530</b>                          |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances(Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

|  | Special Revenue Funds      |                      | Capital Projects Funds         |                        |
|--|----------------------------|----------------------|--------------------------------|------------------------|
|  | <i>Formerly Major Fund</i> |                      | Capital Improvements - Streets | Barton / Colton Bridge |
|  | ARPA                       | Firestation Proceeds |                                |                        |
| <b>REVENUES</b>  |                            |                      |                                |                        |
| Taxes  | \$ —                       | \$ —                 | \$ —                           | \$ —                   |
| Intergovernmental  | —                          | —                    | —                              | —                      |
| Charges for services   | —                          | —                    | —                              | —                      |
| Use of money and property  | —                          | 24,434               | —                              | —                      |
| Fines and forfeitures  | —                          | —                    | —                              | —                      |
| Miscellaneous  | —                          | —                    | —                              | —                      |
| <b>Total revenues</b>  | <u>—</u>                   | <u>24,434</u>        | <u>—</u>                       | <u>—</u>               |
| <b>EXPENDITURES</b>  |                            |                      |                                |                        |
| Current:   |                            |                      |                                |                        |
| General government   | —                          | —                    | —                              | —                      |
| Public safety  | —                          | —                    | 896,749                        | —                      |
| Public works   | —                          | —                    | —                              | —                      |
| Cultural and recreation  | —                          | —                    | —                              | —                      |
| Capital outlay   | —                          | —                    | —                              | —                      |
| <b>Total expenditures</b>  | <u>—</u>                   | <u>—</u>             | <u>896,749</u>                 | <u>—</u>               |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>   | <u>—</u>                   | <u>24,434</u>        | <u>(896,749)</u>               | <u>—</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                              |                            |                      |                                |                        |
| Transfers in   | —                          | 795,346              | 896,749                        | —                      |
| Transfers out  | (69,717)                   | —                    | —                              | —                      |
| <b>Total other financing sources (uses)</b>                        | <u>(69,717)</u>            | <u>795,346</u>       | <u>896,749</u>                 | <u>—</u>               |
| <b>Net change in fund balances</b>                                 | <u>(69,717)</u>            | <u>819,780</u>       | <u>—</u>                       | <u>—</u>               |
| Fund balances (deficit)-beginning of year, as previously presented | —                          | —                    | (27,398)                       | (25,320)               |
| Change within financial reporting entity                           | 69,717                     | —                    | —                              | —                      |
| Fund balances (deficit)-beginning, as restated                     | <u>69,717</u>              | <u>—</u>             | <u>(27,398)</u>                | <u>(25,320)</u>        |
| <b>Fund balances (deficit)-ending</b>                              | <u>\$ —</u>                | <u>\$ 819,780</u>    | <u>\$ (27,398)</u>             | <u>\$ (25,320)</u>     |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances(Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

|  | <b>Capital Project Funds</b> |   |   |  |
|--|------------------------------|---|---|--|
|  | <b>Capital<br/>Projects</b>  | <b>Capital<br/>Projects Bond<br/>Proceeds</b> | <b>Capital<br/>Projects -<br/>Parks</b> | <b>Capital<br/>Projects -<br/>Commerce<br/>Way Project</b> |
| <b>REVENUES</b>  |                              |   |   |  |
| Taxes  | \$ —                         | \$ —  | \$ —                                    | \$ —   |
| Intergovernmental  | —                            | —   | 204,382                                 | —  |
| Charges for services   | —                            | —   | —                                       | —  |
| Use of money and property  | —                            | 18,316  | 3,342                                   | 26,283   |
| Fines and forfeitures  | —                            | —   | —                                       | —  |
| Miscellaneous  | —                            | —   | —                                       | —  |
| <b>Total revenues</b>  | <b>—</b>                     | <b>18,316</b>                                 | <b>207,724</b>                          | <b>26,283</b>  |
| <b>EXPENDITURES</b>  |                              |   |   |  |
| Current:   |                              |   |   |  |
| General government   | —                            | —   | —                                       | —  |
| Public safety  | —                            | —   | —                                       | —  |
| Public works   | —                            | —   | —                                       | —  |
| Cultural and recreation  | 33,810                       | —   | —                                       | —  |
| Capital outlay   | —                            | 945   | 29,373                                  | —  |
| <b>Total expenditures</b>  | <b>33,810</b>                | <b>945</b>                                    | <b>29,373</b>                           | <b>—</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(33,810)</b>              | <b>17,371</b>                                 | <b>178,351</b>                          | <b>26,283</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                              |   |   |  |
| Transfers in   | —                            | 801,087                                       | —                                       | —  |
| Transfers out  | —                            | —   | —                                       | —  |
| <b>Total other financing sources (uses)</b>                          | <b>—</b>                     | <b>801,087</b>                                | <b>—</b>                                | <b>—</b>   |
| <b>Net change in fund balances</b>                                   | <b>(33,810)</b>              | <b>818,458</b>                                | <b>178,351</b>                          | <b>26,283</b>  |
| Fund balances (deficit)-beginning of year, as previously presented   | —                            | (207,000)                                     | (12,880)                                | 855,521  |
| Change within financial reporting entity                             | —                            | —   | —                                       | —  |
| Fund balances (deficit)-beginning, as restated                       | —                            | (207,000)                                     | (12,880)                                | 855,521  |
| <b>Fund balances (deficit)-ending</b>                                | <b>\$ (33,810)</b>           | <b>\$ 611,458</b>                             | <b>\$ 165,471</b>                       | <b>\$ 881,804</b>  |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances(Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

|   | <u>Permanent<br/>Fund</u>              |                                     |
|---|--|-------------------------------------|
|   | <u>Dog Park<br/>Endowment<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Funds</u> |
| <b>REVENUES</b>   |  |                                     |
| Taxes   | \$ —                                   | \$ 65,903                           |
| Intergovernmental   | —                                      | 1,602,970                           |
| Charges for services  | —                                      | 97,189                              |
| Use of money and property   | —                                      | 207,811                             |
| Fines and forfeitures   | —                                      | 5,233                               |
| Miscellaneous   | —                                      | 17,465                              |
| <b>Total revenues</b>   | <u>—</u>                               | <u>1,996,571</u>                    |
| <b>EXPENDITURES</b>   |  |                                     |
| Current:  |  |                                     |
| General government  | —                                      | 216,039                             |
| Public safety   | —                                      | 1,455,513                           |
| Public works  | —                                      | 101,515                             |
| Cultural and recreation   | —                                      | 33,810                              |
| Capital outlay  | —                                      | 30,318                              |
| <b>Total expenditures</b>   | <u>—</u>                               | <u>1,837,195</u>                    |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b>  | <u>—</u>                               | <u>159,376</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                                 |  |                                     |
| Transfers in  | —                                      | 2,587,471                           |
| Transfers out   | —                                      | (966,466)                           |
| <b>Total other financing sources (uses)</b>                           | <u>—</u>                               | <u>1,621,005</u>                    |
| <b>Net change in fund balances</b>                                    | <u>—</u>                               | <u>1,780,381</u>                    |
| Fund balances (deficit)-beginning of year, as<br>previously presented | —                                      | 4,196,041                           |
| Change within financial reporting entity                              | —                                      | 69,717                              |
| Fund balances (deficit)-beginning, as restated                        | —                                      | 4,265,758                           |
| <b>Fund balances (deficit)-ending</b>                                 | <u>\$ —</u>                            | <u>\$ 6,046,139</u>                 |

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**Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:  
Nonmajor Special Revenue Funds**

CITY OF GRAND TERRACE, CALIFORNIA

Street Improvement

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2025

|                                   | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|-----------------------------------|------------------|------------------|-------------------|-------------------------------|
|                                   | Original         | Final            |                   | Positive<br>(Negative)        |
| <b>REVENUES</b>                   |                  |                  |                   |                               |
| Charges for services              | \$ 86,000        | \$ 86,000        | \$ —              | \$ (86,000)                   |
| Use of money and property         | 2,000            | 2,000            | 24,808            | 22,808                        |
| <b>Total revenues</b>             | <b>88,000</b>    | <b>88,000</b>    | <b>24,808</b>     | <b>(63,192)</b>               |
| <b>Net change in fund balance</b> | <b>\$ 88,000</b> | <b>\$ 88,000</b> | <b>24,808</b>     | <b>\$ (63,192)</b>            |
| Fund balance-beginning            |                  |                  | 805,390           |                               |
| <b>Fund balance-ending</b>        |                  |                  | <b>\$ 830,198</b> |                               |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Storm Drain Improvement**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

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|                                   | <b>Budget Amounts</b> |               | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|-----------------------|---------------|---------------------------|---|
|                                   | <b>Original</b>       | <b>Final</b>  |                           |   |
| <b>REVENUES</b>                   |                       |               |                           |   |
| Charges for services              | \$ —                  | \$ —          | \$ 3,195                  | \$ 3,195  |
| Use of money and property         | 800                   | 800           | 9,576                     | 8,776   |
| <b>Total revenues</b>             | <b>800</b>            | <b>800</b>    | <b>12,771</b>             | <b>11,971</b>   |
| <b>Net change in fund balance</b> | <b>\$ 800</b>         | <b>\$ 800</b> | <b>12,771</b>             | <b>\$ 11,971</b>  |
| Fund balance-beginning            |                       |               | 315,010                   |   |
| <b>Fund balance-ending</b>        |                       |               | <b>\$ 327,781</b>         |   |

CITY OF GRAND TERRACE, CALIFORNIA

Park Development

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2025

|                                   | Budget Amounts |               | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|----------------|---------------|-------------------|---|
|                                   | Original       | Final         |                   |   |
| <b>REVENUES</b>                   |                |               |                   |   |
| Charges for services              | \$ —           | \$ —          | \$ 66,919         | \$ 66,919   |
| Use of money and property         | 800            | 800           | 3,147             | 2,347   |
| <b>Total revenues</b>             | <b>800</b>     | <b>800</b>    | <b>70,066</b>     | <b>69,266</b>   |
| <b>Net change in fund balance</b> | <b>\$ 800</b>  | <b>\$ 800</b> | <b>70,066</b>     | <b>\$ 69,266</b>  |
| Fund balance-beginning            |                |               | 43,698            |   |
| <b>Fund balance-ending</b>        |                |               | <b>\$ 113,764</b> |   |

CITY OF GRAND TERRACE, CALIFORNIA  
 AB 3229 COPS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2025

|                                   | Budget Amounts |                | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|----------------|----------------|-------------------|---|
|                                   | Original       | Final          |                   |   |
| <b>REVENUES</b>                   |                |                |                   |   |
| Intergovernmental                 | \$ 185,500     | \$ 185,500     | \$ 194,820        | \$ 9,320  |
| Use of money and property         | —              | —              | 1,898             | 1,898   |
| <b>Total revenues</b>             | <b>185,500</b> | <b>185,500</b> | <b>196,718</b>    | <b>11,218</b>   |
| <b>EXPENDITURES</b>               |                |                |                   |   |
| Current:                          |                |                |                   |   |
| General government                | 185,550        | 185,550        | 194,820           | (9,270)   |
| <b>Total expenditures</b>         | <b>185,550</b> | <b>185,550</b> | <b>194,820</b>    | <b>(9,270)</b>  |
| <b>Net change in fund balance</b> | <b>\$ (50)</b> | <b>\$ (50)</b> | <b>1,898</b>      | <b>\$ 1,948</b>   |
| Fund balance-beginning            |                |                | 26,624            |   |
| <b>Fund balance-ending</b>        |                |                | <b>\$ 28,522</b>  |   |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Air Quality Improvement**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

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|                                   | <b>Budget Amounts</b> |                  | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|-----------------------|------------------|---------------------------|---|
|                                   | <b>Original</b>       | <b>Final</b>     |                           |   |
| <b>REVENUES</b>                   |                       |                  |                           |   |
| Intergovernmental                 | \$ 16,400             | \$ 16,400        | \$ 16,889                 | \$ 489  |
| Use of money and property         | —                     | —                | 2,775                     | 2,775   |
| <b>Total revenues</b>             | <b>16,400</b>         | <b>16,400</b>    | <b>19,664</b>             | <b>3,264</b>  |
| <b>Net change in fund balance</b> | <b>\$ 16,400</b>      | <b>\$ 16,400</b> | <b>19,664</b>             | <b>\$ 3,264</b>   |
| Fund balance-beginning            |                       |                  | 82,538                    |   |
| <b>Fund balance-ending</b>        |                       |                  | <b>\$ 102,202</b>         |   |

CITY OF GRAND TERRACE, CALIFORNIA

State Gas Tax

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2025

|  | Budget Amounts  |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------|--------------------|-------------------|---|
|  | Original        | Final              |                   |   |
| <b>REVENUES</b>  |                 |                    |                   |   |
| Intergovernmental  | \$ 368,000      | \$ 368,000         | \$ 374,121        | \$ 6,121  |
| Use of money and property  | 400             | 400                | 12,687            | 12,287  |
| <b>Total revenues</b>  | <b>368,400</b>  | <b>368,400</b>     | <b>386,808</b>    | <b>18,408</b>   |
| <b>EXPENDITURES</b>  |                 |                    |                   |   |
| Current:   |                 |                    |                   |   |
| Public safety  | 287,379         | 333,379            | 352,703           | (19,324)  |
| <b>Total expenditures</b>  | <b>287,379</b>  | <b>333,379</b>     | <b>352,703</b>    | <b>(19,324)</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>81,021</b>   | <b>35,021</b>      | <b>34,105</b>     | <b>(916)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                 |                    |                   |   |
| Transfers in   | 70,000          | 70,000             | 70,000            | —   |
| Transfers out  | (151,021)       | (151,021)          | (151,021)         | —   |
| <b>Total other financing sources (uses)</b>                          | <b>(81,021)</b> | <b>(81,021)</b>    | <b>(81,021)</b>   | <b>—</b>  |
| <b>Net change in fund balance</b>                                    | <b>\$ —</b>     | <b>\$ (46,000)</b> | <b>(46,916)</b>   | <b>\$ (916)</b>   |
| Fund balance-beginning   |                 |                    | 376,171           |   |
| <b>Fund balance-ending</b>   |                 |                    | <b>\$ 329,255</b> |   |

CITY OF GRAND TERRACE, CALIFORNIA

Traffic Safety

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2025

|                                   | Budget Amounts  |                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-----------------|-----------------|-------------------|---|
|                                   | Original        | Final           |                   |   |
| <b>REVENUES</b>                   |                 |                 |                   |   |
| Use of money and property         | \$ —            | \$ —            | \$ 894            | \$ 894  |
| Fines and fees                    | 5,000           | 5,000           | 5,233             | 233   |
| <b>Total revenues</b>             | <b>5,000</b>    | <b>5,000</b>    | <b>6,127</b>      | <b>1,127</b>  |
| <b>EXPENDITURES</b>               |                 |                 |                   |   |
| Current:                          |                 |                 |                   |   |
| General government                | 4,000           | 4,000           | —                 | 4,000   |
| <b>Total expenditures</b>         | <b>4,000</b>    | <b>4,000</b>    | <b>—</b>          | <b>4,000</b>  |
| <b>Net change in fund balance</b> | <b>\$ 1,000</b> | <b>\$ 1,000</b> | <b>6,127</b>      | <b>\$ 5,127</b>   |
| Fund balance-beginning            |                 |                 | 27,046            |   |
| <b>Fund balance-ending</b>        |                 |                 | <b>\$ 33,173</b>  |   |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Facilities Development**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

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|                                   | <b>Budget Amounts</b> |                 | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|-----------------------|-----------------|---------------------------|---|
|                                   | <b>Original</b>       | <b>Final</b>    |                           |   |
| <b>REVENUES</b>                   |                       |                 |                           |   |
| Charges for services              | \$ 800                | \$ 800          | \$ —                      | \$ (800)  |
| Use of money and property         | 1,000                 | 1,000           | 8,553                     | 7,553   |
| <b>Total revenues</b>             | <b>1,800</b>          | <b>1,800</b>    | <b>8,553</b>              | <b>6,753</b>  |
| <b>Net change in fund balance</b> | <b>\$ 1,800</b>       | <b>\$ 1,800</b> | <b>8,553</b>              | <b>\$ 6,753</b>   |
| Fund balance-beginning            |                       |                 | 194,105                   |   |
| <b>Fund balance-ending</b>        |                       |                 | <b>\$ 202,658</b>         |   |

CITY OF GRAND TERRACE, CALIFORNIA

Measure I

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2025

|  | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   |   |
| <b>REVENUES</b>  |                  |                  |                   |   |
| Intergovernmental  | \$ 330,000       | \$ 330,000       | \$ 332,298        | \$ 2,298  |
| Use of money and property  | 400              | 400              | 17,360            | 16,960  |
| <b>Total revenues</b>  | <b>330,400</b>   | <b>330,400</b>   | <b>349,658</b>    | <b>19,258</b>   |
| <b>EXPENDITURES</b>  |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| Public safety  | 121,188          | 121,188          | 115,260           | 5,928   |
| <b>Total expenditures</b>  | <b>121,188</b>   | <b>121,188</b>   | <b>115,260</b>    | <b>5,928</b>  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>209,212</b>   | <b>209,212</b>   | <b>234,398</b>    | <b>25,186</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                  |                  |                   |   |
| Transfers out  | (208,812)        | (208,812)        | (220,337)         | (11,525)  |
| <b>Total other financing sources (uses)</b>                          | <b>(208,812)</b> | <b>(208,812)</b> | <b>(220,337)</b>  | <b>(11,525)</b>   |
| <b>Net change in fund balance</b>                                    | <b>\$ 400</b>    | <b>\$ 400</b>    | <b>14,061</b>     | <b>\$ 13,661</b>  |
| Fund balance-beginning   |                  |                  | 500,985           |   |
| <b>Fund balance-ending</b>   |                  |                  | <b>\$ 515,046</b> |   |

CITY OF GRAND TERRACE, CALIFORNIA  
 CDBG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2025

|                                      | Budget Amounts |               | Actual<br>Amounts  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|----------------|---------------|--------------------|---|
|                                      | Original       | Final         |                    |   |
| <b>REVENUES</b>                      |                |               |                    |   |
| Intergovernmental                    | \$ 90,000      | \$ 90,000     | \$ 73,929          | \$ (16,071)   |
| <b>Total revenues</b>                | <b>90,000</b>  | <b>90,000</b> | <b>73,929</b>      | <b>(16,071)</b>   |
| <b>EXPENDITURES</b>                  |                |               |                    |   |
| Current:                             |                |               |                    |   |
| Public safety                        | 90,000         | 90,000        | 45,563             | 44,437  |
| <b>Total expenditures</b>            | <b>90,000</b>  | <b>90,000</b> | <b>45,563</b>      | <b>44,437</b>   |
| <b>Net change in fund balance</b>    | <b>\$ —</b>    | <b>\$ —</b>   | <b>28,366</b>      | <b>\$ 28,366</b>  |
| Fund balance (deficit)-beginning     |                |               | (109,448)          |   |
| <b>Fund balance (deficit)-ending</b> |                |               | <b>\$ (81,082)</b> |   |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Special Districts Landscape & Lighting**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

|                                   | Budget Amounts  |                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-----------------|-----------------|-------------------|---|
|                                   | Original        | Final           |                   |   |
| <b>REVENUES</b>                   |                 |                 |                   |   |
| Taxes                             | \$ 60,732       | \$ 60,732       | \$ 65,903         | \$ 5,171  |
| Use of money and property         | —               | —               | 5,604             | 5,604   |
| <b>Total revenues</b>             | <b>60,732</b>   | <b>60,732</b>   | <b>71,507</b>     | <b>10,775</b>   |
| <b>EXPENDITURES</b>               |                 |                 |                   |   |
| Current:                          |                 |                 |                   |   |
| Public safety                     | 52,325          | 52,325          | 35,253            | 17,072  |
| <b>Total expenditures</b>         | <b>52,325</b>   | <b>52,325</b>   | <b>35,253</b>     | <b>17,072</b>   |
| <b>Net change in fund balance</b> | <b>\$ 8,407</b> | <b>\$ 8,407</b> | <b>36,254</b>     | <b>\$ 27,847</b>  |
| Fund balance-beginning            |                 |                 | 171,400           |   |
| <b>Fund balance-ending</b>        |                 |                 | <b>\$ 207,654</b> |   |

CITY OF GRAND TERRACE, CALIFORNIA  
 Spring Mountain Ranch  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2025

|                                   | Budget Amounts  |                 | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-----------------|-----------------|---------------------|---|
|                                   | Original        | Final           |                     |   |
| <b>REVENUES</b>                   |                 |                 |                     |   |
| Use of money and property         | \$ 2,000        | \$ 2,000        | \$ 30,134           | \$ 28,134   |
| <b>Total revenues</b>             | <b>2,000</b>    | <b>2,000</b>    | <b>30,134</b>       | <b>28,134</b>   |
| <b>Net change in fund balance</b> | <b>\$ 2,000</b> | <b>\$ 2,000</b> | <b>30,134</b>       | <b>\$ 28,134</b>  |
| Fund balance-beginning            |                 |                 | 980,870             |   |
| <b>Fund balance-ending</b>        |                 |                 | <b>\$ 1,011,004</b> |   |

CITY OF GRAND TERRACE, CALIFORNIA  
 Senior Bus Program  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2025

|  | Budget Amounts  |                 | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------|-----------------|---------------------|---|
|  | Original        | Final           |                     |   |
| <b>REVENUES</b>  |                 |                 |                     |   |
| Intergovernmental  | \$ 90,707       | \$ 90,707       | \$ 48,334           | \$ (42,373)   |
| <b>Total revenues</b>  | <b>90,707</b>   | <b>90,707</b>   | <b>48,334</b>       | <b>(42,373)</b>   |
| <b>EXPENDITURES</b>  |                 |                 |                     |   |
| Current:   |                 |                 |                     |   |
| Public safety  | —               | —               | 75                  | (75)  |
| Public works   | 114,996         | 114,996         | 101,515             | 13,481  |
| <b>Total expenditures</b>  | <b>114,996</b>  | <b>114,996</b>  | <b>101,590</b>      | <b>13,406</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(24,289)</b> | <b>(24,289)</b> | <b>(53,256)</b>     | <b>(28,967)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                 |                 |                     |   |
| Transfers in   | 24,289          | 24,289          | 24,289              | —   |
| <b>Total other financing sources (uses)</b>                          | <b>24,289</b>   | <b>24,289</b>   | <b>24,289</b>       | <b>—</b>  |
| <b>Net change in fund balance</b>                                    | <b>\$ —</b>     | <b>\$ —</b>     | <b>(28,967)</b>     | <b>\$ (28,967)</b>                                      |
| Fund balance (deficit)-beginning                                     |                 |                 | (164,021)           |   |
| <b>Fund balance (deficit)-ending</b>                                 |                 |                 | <b>\$ (192,988)</b> |   |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Public, Educational & Government Access**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

|                                   | <b>Budget Amounts</b> |                 | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|-----------------------|-----------------|---------------------------|---|
|                                   | <b>Original</b>       | <b>Final</b>    |                           |   |
| <b>REVENUES</b>                   |                       |                 |                           |   |
| Use of money and property         | \$ 300                | \$ 300          | \$ 4,088                  | \$ 3,788  |
| Miscellaneous                     | 19,000                | 19,000          | 17,465                    | (1,535)   |
| <b>Total revenues</b>             | <b>19,300</b>         | <b>19,300</b>   | <b>21,553</b>             | <b>2,253</b>  |
| <b>EXPENDITURES</b>               |                       |                 |                           |   |
| Current:                          |                       |                 |                           |   |
| Public safety                     | 16,800                | 16,800          | 9,910                     | 6,890   |
| <b>Total expenditures</b>         | <b>16,800</b>         | <b>16,800</b>   | <b>9,910</b>              | <b>6,890</b>  |
| <b>Net change in fund balance</b> | <b>\$ 2,500</b>       | <b>\$ 2,500</b> | <b>11,643</b>             | <b>\$ 9,143</b>   |
| Fund balance-beginning            |                       |                 | 135,217                   |   |
| <b>Fund balance-ending</b>        |                       |                 | <b>\$ 146,860</b>         |   |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Highway Safety Improvement Program**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

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|                                      | <b>Budget Amounts</b> |                       | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--------------------------------------|-----------------------|-----------------------|---------------------------|---|
|                                      | <b>Original</b>       | <b>Final</b>          |                           |   |
| <b>EXPENDITURES</b>                  |                       |                       |                           |   |
| Capital outlay                       | \$ 1,691              | \$ 1,691              | \$ —                      | \$ 1,691  |
| <b>Total expenditures</b>            | <b>1,691</b>          | <b>1,691</b>          | <b>—</b>                  | <b>1,691</b>  |
| <b>Net change in fund balance</b>    | <b><u>(1,691)</u></b> | <b><u>(1,691)</u></b> | <b>—</b>                  | <b><u>1,691</u></b>   |
| Fund balance (deficit)-beginning     |                       |                       | <u>(68,018)</u>           |   |
| <b>Fund balance (deficit)-ending</b> |                       |                       | <b><u>(68,018)</u></b>    |   |

CITY OF GRAND TERRACE, CALIFORNIA  
 RMRA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2025

|  | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   |   |
| <b>REVENUES</b>  |                  |                  |                   |   |
| Intergovernmental  | \$ 305,000       | \$ 305,000       | \$ 358,197        | \$ 53,197   |
| Use of money and property  | —                | —                | 12,417            | 12,417  |
| <b>Total revenues</b>  | <b>305,000</b>   | <b>305,000</b>   | <b>370,614</b>    | <b>65,614</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>305,000</b>   | <b>305,000</b>   | <b>370,614</b>    | <b>65,614</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                  |                  |                   |   |
| Transfers out  | (305,000)        | (305,000)        | (525,391)         | (220,391)   |
| <b>Total other financing sources (uses)</b>                          | <b>(305,000)</b> | <b>(305,000)</b> | <b>(525,391)</b>  | <b>(220,391)</b>  |
| <b>Net change in fund balance</b>                                    | <b>\$ —</b>      | <b>\$ —</b>      | <b>(154,777)</b>  | <b>\$ (154,777)</b>                                     |
| Fund balance-beginning   |                  |                  | 313,862           |   |
| <b>Fund balance-ending</b>   |                  |                  | <b>\$ 159,085</b> |   |

**CITY OF GRAND TERRACE, CALIFORNIA**  
**National Opioid Settlement**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

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|                                   | <b>Budget Amounts</b> |                 | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|-----------------------|-----------------|---------------------------|---|
|                                   | <b>Original</b>       | <b>Final</b>    |                           |   |
| <b>REVENUES</b>                   |                       |                 |                           |   |
| Charges for services              | \$ 3,400              | \$ 3,400        | \$ 27,075                 | \$ 23,675   |
| Use of money and property         | —                     | —               | 1,157                     | 1,157   |
| <b>Total revenues</b>             | <b>3,400</b>          | <b>3,400</b>    | <b>28,232</b>             | <b>24,832</b>   |
| <b>Net change in fund balance</b> | <b>\$ 3,400</b>       | <b>\$ 3,400</b> | <b>28,232</b>             | <b>\$ 24,832</b>  |
| Fund balance-beginning            |                       |                 | 13,298                    |   |
| <b>Fund balance-ending</b>        |                       |                 | <b>\$ 41,530</b>          |   |

**Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:  
Capital Project Funds**

**CITY OF GRAND TERRACE, CALIFORNIA**  
**Capital Improvements - Streets**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2025**

|  | <b>Budget Amounts</b> |                     | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-----------------------|---------------------|---------------------------|---|
|  | <b>Original</b>       | <b>Final</b>        |                           |   |
| <b>EXPENDITURES</b>  |                       |                     |                           |   |
| Current:   |                       |                     |                           |   |
| Public safety  | \$ 811,304            | \$ 868,825          | \$ 896,749                | \$ (27,924)   |
| <b>Total expenditures</b>  | <b>811,304</b>        | <b>868,825</b>      | <b>896,749</b>            | <b>(27,924)</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(811,304)</b>      | <b>(868,825)</b>    | <b>(896,749)</b>          | <b>(27,924)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                       |                     |                           |   |
| Transfers in   | 664,833               | 664,833             | 896,749                   | 231,916   |
| <b>Total other financing sources (uses)</b>                          | <b>664,833</b>        | <b>664,833</b>      | <b>896,749</b>            | <b>231,916</b>  |
| <b>Net change in fund balance</b>                                    | <b>\$ (146,471)</b>   | <b>\$ (203,992)</b> | <b>—</b>                  | <b>\$ 203,992</b>   |
| Fund balance (deficit)-beginning                                     |                       |                     | (27,398)                  |   |
| <b>Fund balance (deficit)-ending</b>                                 |                       |                     | <b>\$ (27,398)</b>        |   |

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February 20, 2026

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

We have audited the 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 (hereafter, the City) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 19, 2025. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2024-2025. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City's financial statements were:

Management's estimates of the net pension liability and total other post-employment benefits liability are based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the net pension liability and total other post-employment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.



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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 20, 2026.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and other post-employment benefits schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



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

We were engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

#### Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements*

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

Future Projects

Comprehensive Project, *Revenue and Expense Recognition*

Major Project, *Going Concern Uncertainties and Severe Financial Stress*

Major Project, *Infrastructure Assets*

Practice Issue, *Subsequent Events*

#### Restriction on Use

This information is intended solely for the information and use of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*LSL, LLP*

Irvine, California



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grand Terrace, California (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 20, 2026.

### Report on Internal Control over Financial Reporting

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

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

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

### Report on Compliance and Other Matters

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



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

**Purpose of This Report**

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

*LSL, LLP*

Irvine, California  
February 20, 2026



# AGENDA REPORT

MEETING DATE: March 10, 2026

TITLE: Housing Successor Agency Annual Financial Report for the Year Ended June 30, 2025

PRESENTED BY: Christine Clayton, Finance Director

RECOMMENDATION: **RECEIVE AND FILE THE AUDITOR'S ANNUAL FINANCIAL REPORT AND RELATED DOCUMENT FOR THE CITY'S HOUSING SUCCESSOR AGENCY**

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## **2030 VISION STATEMENT:**

This staff report supports Goal #1, "Ensuring Our Fiscal Viability" through the continuous monitoring of revenue receipts and expenditure disbursements against approved budget appropriations.

## **BACKGROUND:**

Each year, the City has an independent audit conducted of its financial statements and related internal control procedures. Included in this is the Audit of the City's Housing Successor Agency. The audit for the Housing Successor Agency for the fiscal year ending June 30, 2025 has been completed, and the Annual Financial Report was issued by the City's auditor, Lance, Soll & Lunghard, LLP.

## **DISCUSSION:**

One of the key aspects of any annual financial audit is the Independent Auditor's Report, which is provided on page 1 of the **Annual Audit Report (Exhibit A)**. The Independent Auditor's Report provides its opinion on whether or not the financial statements fairly represent, in all material respects, the respective financial position of the governmental activities, and the major fund, as of the end of the fiscal year, and the respective changes in financial position and cash flows, where applicable, in conformance with *Generally Accepted Accounting Principles* (GAAP). The resulting "opinion letter" is either *unmodified* or *modified*. The "opinion letter" received by the City for its Housing Successor Agency financial statements for the period ending June 30, 2025, is *unmodified*, indicating that the financial statements fairly represent the City's financial position in accordance with GAAP.

In addition to the Annual Financial Report, the independent auditor issued the related document, which is summarized below:

### **Internal Control & Compliance Report (Exhibit B)**

The Internal Control & Compliance Report identifies any material internal control deficiencies that impact the financial statements. The results of the tests performed by the City auditors did not identify any deficiencies in internal control that are required to be reported under *Government Auditing Standards*. In addition, the results of the Auditor's tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing*

*Standards.*

**ENVIRONMENTAL IMPACT:**

N/A

**FISCAL IMPACT:**

There is no fiscal impact associated with the receipt of the Annual Financial Report and related documents for the year ended June 30, 2025.



GRAND TERRACE HOUSING SUCCESSOR AGENCY  
GRAND TERRACE, CALIFORNIA  
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS

Focused  
on YOU



GRAND TERRACE  
HOUSING SUCCESSOR AGENCY

Grand Terrace, California

Financial Statements

For the Year Ended June 30, 2025

GRAND TERRACE  
HOUSING SUCCESSOR AGENCY  
  
GRAND TERRACE, CALIFORNIA  
  
Financial Statements  
  
For the Year Ended June 30, 2025

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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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the governmental fund information of the City of Grand Terrace Housing Successor (hereafter, the Housing Successor) a special revenue fund of the City of Grand Terrace, California (hereafter, the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the governmental fund information of the Housing Successor, as of June 30, 2025, and the changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Housing Successor are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the governmental fund information of the Housing Successor that is attributable to the transactions of the Housing Successor. They do not purport to, and do not, present fairly the financial position of the City of Grand Terrace, as of June 30, 2025, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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



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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

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



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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Successor's basic financial statements. The accompanying Computation of Excess/Surplus (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, on our consideration of the City's internal control over the Housing Successor's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Housing Successor's 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 the Housing Successor's financial reporting and compliance.

***LSL, LLP***

Irvine, California  
December 9, 2025



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

### **Report on Compliance**

#### ***Opinion***

We have audited the City of Grand Terrace Housing Successor (hereafter, the Housing Successor)'s compliance with the types of compliance requirements identified as subject to audit in the California Health and Safety Code sections applicable to the California Housing Successor Agencies (the HSC) that could have a direct and material effect on each of the City's Housing Successor Program (the Program) for the year ended June 30, 2025.

In our opinion, the Housing Successor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Program for the year ended June 30, 2025.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the HSC. Our responsibilities under those standards and the HSC are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Successor and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Program. Our audit does not provide a legal determination of the Housing Successor's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Program.

#### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Successor's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the HSC will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as



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

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Successor's compliance with the requirements of the Program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the HSC, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Successor's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Successor's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the HSC, but not for the purpose of expressing an opinion on the effectiveness of the Housing Successor's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

**LSL, LLP**

Irvine, California  
December 9, 2025

**GRAND TERRACE HOUSING SUCCESSOR AGENCY**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**June 30, 2025**

|  | <u>Governmental<br/>Fund</u> | <u>Reclassifications<br/>and<br/>Eliminations</u> | <u>Statement of<br/>Net Position</u> |
|--|------------------------------|---|--------------------------------------|
| <b>Assets:</b>   |                              |   |                                      |
| Cash and investments   | \$ 1,525,436                 | \$ -  | \$ 1,525,436                         |
| Receivables:   |                              |   |                                      |
| Notes and loans  | 513,130                      | -   | 513,130                              |
| Advances to City   | 168,205                      | -   | 168,205                              |
| <b>Total Assets</b>  | <b><u>2,206,771</u></b>      | <b><u>-</u></b>                                   | <b><u>2,206,771</u></b>              |
| <br>   |                              |   |                                      |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balance:</b>     |                              |   |                                      |
| <b>Liabilities</b>   |                              |   |                                      |
| Accounts payable   | \$ 7                         | -   | 7                                    |
| <b>Total Liabilities</b>   | <b><u>7</u></b>              | <b><u>-</u></b>                                   | <b><u>7</u></b>                      |
| <br>   |                              |   |                                      |
| <b>Deferred Inflows of Resources:</b>  |                              |   |                                      |
| Unavailable revenues   | 61,130                       | (61,130)  | -                                    |
| <b>Total Deferred Inflows of Resources</b>                                   | <b><u>61,130</u></b>         | <b><u>(61,130)</u></b>                            | <b><u>-</u></b>                      |
| <br>   |                              |   |                                      |
| <b>Fund Balance/Net Position:</b>  |                              |   |                                      |
| <b>Fund Balance</b>  |                              |   |                                      |
| Restricted for:  |                              |   |                                      |
| Low and moderate housing activities  | 2,145,634                    | (2,145,634)                                       | -                                    |
| <b>Total Fund Balance</b>  | <b><u>2,145,634</u></b>      | <b><u>(2,145,634)</u></b>                         | <b><u>-</u></b>                      |
| <br>   |                              |   |                                      |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balance</b> | <b><u>\$ 2,206,771</u></b>   |   |                                      |
| <br>   |                              |   |                                      |
| <b>Net Position</b>  |                              |   |                                      |
| Restricted for:  |                              |   |                                      |
| Low and moderate housing activities  |                              | 2,145,634   | 2,206,764                            |
| <b>Total Net Position</b>  |                              | <b><u>\$ 61,130</u></b>                           | <b><u>\$ 2,206,764</u></b>           |

**GRAND TERRACE HOUSING SUCCESSOR AGENCY**  
**Statement of Activities and Governmental Statement of**  
**Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2025**

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|  | <b>Governmental<br/>Fund</b> | <b>Reclassifications<br/>and<br/>Eliminations</b> | <b>Statement of<br/>Activities</b> |
|--|------------------------------|---|------------------------------------|
| <b>Revenues:</b>                                   |                              |   |                                    |
| Intergovernmental                                  | \$ 63,143                    | \$ -  | \$ 63,143                          |
| Use of money and property                          | 45,494                       | -   | 45,494                             |
| <b>Total Revenues</b>                              | <b>108,637</b>               | <b>-</b>  | <b>108,637</b>                     |
| <b>Expenditures:</b>                               |                              |   |                                    |
| Current:   |                              |   |                                    |
| Community development                              | 22,338                       | -   | 22,338                             |
| <b>Total Expenditures</b>                          | <b>22,338</b>                | <b>-</b>  | <b>22,338</b>                      |
| <b>Net Change in<br/>Fund Balance/Net Position</b> | <b>86,299</b>                | <b>-</b>  | <b>86,299</b>                      |
| <b>Fund Balance/Net Position:</b>                  |                              |   |                                    |
| Beginning of Year                                  | 2,059,335                    | 61,130  | 2,120,465                          |
| <b>End of Year</b>                                 | <b>\$ 2,145,634</b>          | <b>\$ 61,130</b>                                  | <b>\$ 2,206,764</b>                |

**I. SIGNIFICANT ACCOUNTING POLICIES**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Reporting Entity**

The accompanying financial statements present only the Housing Successor Agency Special Revenue Fund of the City of Grand Terrace, California and do not include any other funds of the City. The City's basic financial statements are available at City Hall.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. The Bill impacted the reporting entity of the City of Grand Terrace that previously had reported a redevelopment agency within the report of the City as a blended component unit.

On January 10, 2012, and in accordance with California Health and Safety Code Section 34176, the City Council as part of City resolution number CC-2012-06, elected to retain the housing assets and function of the former redevelopment agency. The City continues to report the housing assets and functions in the government special revenue fund designated City Housing Successor.

The attached basic financial statements contain information relative only to the Grand Terrace Housing Successor Agency Fund (the Housing Successor).

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

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

Separate financial statements are provided for the governmental special revenue fund.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is the Housing Successor's policy to use restricted resources first, and then unrestricted resources as they are needed.

**GRAND TERRACE HOUSING SUCCESSOR AGENCY**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2025**

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**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Budget**

Budget for the Housing Successor Fund is adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

**E. Deferred Inflow of Resources**

The balance sheet of the governmental fund is reporting deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Housing Successor has only one type of item, 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 revenues from long-term loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**F. Fund Balance and Net Position**

**Fund Balance**

The Housing Successor's fund balances are classified on the governmental fund balance sheet among the following categories:

Nonspendable Fund Balance - This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance - This includes amounts that can be used only for the specific purposes determined by a formal action of the city council.

Assigned Fund Balance - This includes amounts that are designated by the City Council for specific purposes.

Unassigned Fund Balance - This is the residual classification that includes all spendable amounts not contained in the other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Housing Successor's policy is to apply restricted fund balance first.

When expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the Housing Successor's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

**Net Position**

The net position reported on the Statement of Net Position in the government-wide financial statements consists of the following three categories:

Invested in capital assets - This amount consists of capital assets, net of accumulated depreciation.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

**GRAND TERRACE HOUSING SUCCESSOR AGENCY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

---

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Unrestricted Net Position - This amount is all net position that do not meet the definition of "investment in capital assets" or "restricted net position".

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Violations of Legal or Contractual Provisions**

For the year ended June 30, 2025, expenditures exceeded appropriations in the community development function of the Housing Successor by \$2,771.

**NOTE 3: CASH AND INVESTMENTS**

The City of Grand Terrace maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The Housing Successor Agency pooled cash and investments as of June 30, 2025, was \$1,525,436. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City's pooled cash and investments is included in the City's basic financial statements, which are available at City Hall.

**NOTE 4: NOTES AND LOANS RECEIVABLE**

The Low and Moderate Housing Fund of the City's former redevelopment agency issued first time homebuyer and rehabilitation second trust loans with interest rates ranging from zero to 3%. The loan balances are due upon the sale of the properties. Interest of \$18,590 has accrued on the loans for a total of \$513,130.

**NOTE 5: ADVANCES TO CITY**

In previous years, the Low and Moderate Housing Fund of the City's former redevelopment agency advanced funds in the amount \$168,205 to the City's General Fund. On June 22, 2010, the City adopted Resolution 2010-15, in which the cumulative interagency borrowings were memorialized and which set forth a repayment plan by the City to the former Agency subject to available funds.

**NOTE 6: INSURANCE**

The Housing Successor Agency participates in the self-insurance programs of the City of Grand Terrace. Disclosures relating to the self-insurance programs can be found in the City's Annual Comprehensive Financial Report.

**GRAND TERRACE HOUSING SUCCESSOR AGENCY**  
**Budgetary Comparison Schedule**  
**Governmental Fund**  
**For the Year Ended June 30, 2025**

|   | <b>Budget Amounts</b> |                     | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-----------------------|---------------------|---------------------------|---|
|   | <b>Original</b>       | <b>Final</b>        |                           |   |
| Budgetary Fund Balance, July 1              | \$ 2,059,335          | \$ 2,059,335        | \$ 2,059,335              | \$ -  |
| <b>Resources (Inflows):</b>                 |                       |                     |                           |   |
| Intergovernmental                           | -                     | -                   | 63,143                    | 63,143  |
| Use of money and property                   | -                     | -                   | 45,494                    | 45,494  |
| <b>Amounts Available for Appropriations</b> | <b>2,059,335</b>      | <b>2,059,335</b>    | <b>2,167,972</b>          | <b>108,637</b>  |
| <b>Charges to Appropriations (Outflow):</b> |                       |                     |                           |   |
| Community development                       | 19,567                | 19,567              | 22,338                    | (2,771)   |
| <b>Total Charges to Appropriations</b>      | <b>19,567</b>         | <b>19,567</b>       | <b>22,338</b>             | <b>(2,771)</b>  |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 2,039,768</b>   | <b>\$ 2,039,768</b> | <b>\$ 2,145,634</b>       | <b>\$ 105,866</b>   |

**CITY OF GRAND TERRACE HOUSING SUCCESSOR  
COMPUTATION OF HOUSING SUCCESSOR  
EXCESS/SURPLUS (HSC 34176.1)**

|  | <b>Low and Moderate<br/>Housing Funds<br/>All Project Area<br/>July 1, 2024</b> | <b>Low and Moderate<br/>Housing Funds<br/>All Project Area<br/>July 1, 2025</b> |
|--|---|---|
| Opening Fund Balance                                       | \$ 2,059,335  | \$ 2,145,634  |
| Less Unavailable Amounts:                                  |   |   |
| Advances to City   | \$ (168,205)  | \$ (168,205)  |
| Loans receivable   | (452,000)   | (452,000)   |
|  | <u>(620,205)</u>  | <u>(620,205)</u>  |
| Available Housing Successor Funds                          | 1,439,130   | 1,525,429   |
| Limitation (greater of \$1,000,000 or four years deposits) |   |   |
| Aggregate amount deposited for last four years:            |   |   |
| 2024-2025  | N/A   | 108,637   |
| 2023-2024  | 44,932  | 44,932  |
| 2022-2023  | 28,864  | 28,864  |
| 2021-2022  | 21,160  | 21,160  |
| 2020-2021  | 2,150   | N/A   |
|  | <u>97,106</u>   | <u>203,593</u>  |
| <b>Total</b>   | <b><u>\$ 97,106</u></b>   | <b><u>\$ 203,593</u></b>  |
| <b>Base Limitation</b>                                     | <b><u>\$ 1,000,000</u></b>  | <b><u>\$ 1,000,000</u></b>  |
| Greater amount   | <u>1,000,000</u>  | <u>1,000,000</u>  |
| <b>Computed Excess/Surplus</b>                             | <b><u>\$ 439,130</u></b>  | <b><u>\$ 525,429</u></b>  |



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental fund information of the City of Grand Terrace, California (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2025.

### Report on Internal Control over Financial Reporting

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

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

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

### Report on Compliance and Other Matters

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



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

**Purpose of This Report**

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

*LSL, LLP*

Irvine, California  
December 9, 2025



# AGENDA REPORT

MEETING DATE: March 10, 2026

TITLE: Measure I Fund Annual Financial & Compliance Report for the Year Ended June 30, 2025

PRESENTED BY: Christine Clayton, Finance Director

RECOMMENDATION: **RECEIVE AND FILE THE AUDITOR'S ANNUAL FINANCIAL & COMPLIANCE REPORT AND RELATED DOCUMENTS FOR THE CITY'S MEASURE I FUND**

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## **2030 VISION STATEMENT:**

This staff report supports Goal #1, "Ensuring Our Fiscal Viability" through the continuous monitoring of revenue receipts and expenditure disbursements against approved budget appropriations.

## **BACKGROUND:**

Each year, the City has an independent audit conducted of its financial statements and related internal control procedures. Included in this is the Audit of the City's Measure I Fund. Measure I is the half-cent sales tax collected throughout San Bernardino County for transportation improvements. The audit for the Measure I Fund for the fiscal year ending June 30, 2025 has been completed, and the Annual Financial Report was issued by the Measure I Fund Auditor, Crowe LLP.

## **DISCUSSION:**

One of the key aspects of any annual financial audit is the Independent Auditor's Report, which is provided on page 1 of the **Annual Audit Report (Exhibit A)**. The Independent Auditor's Report provides its opinion on whether or not the financial statements fairly present, in all material respects, the respective financial position of the governmental activities, and the major fund, as of the end of the fiscal year, and the respective changes in financial position and cash flows, where applicable, in conformance with *Generally Accepted Accounting Principles (GAAP)*. The resulting "opinion letter" is either *unmodified* or *modified*. The "opinion letter" received by the City for its Measure I Fund financial statements for the period ended June 30, 2025 is *unmodified*, indicating that the financial statements fairly represent the City's financial position in accordance with GAAP.

In addition to the Annual Financial Report, the independent auditor issued the related document, which is included in the Report and is summarized below:

### **Internal Control & Compliance Report**

The Internal Control & Compliance Report identifies any material internal control deficiencies that impact the financial statements. The results of the tests performed by the City auditors did not identify any deficiencies in internal control that are required to be reported under *Government Auditing Standards*. In addition, the results of the Auditor's tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing*

*Standards.*

**ENVIRONMENTAL IMPACT:**

N/A

**FISCAL IMPACT:**

There is no fiscal impact associated with the receipt of the Annual Financial Report and related documents for the Measure I Fund for the year ended June 30, 2025.

**CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND**

**FINANCIAL STATEMENTS**

June 30, 2025

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
San Bernardino, California

FINANCIAL STATEMENTS  
June 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of the Measure I Fund of the City of Grand Terrace, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure I Fund of the City, as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Measure I Fund, a governmental fund, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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(Continued)

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

### ***Additional Information***

Management is responsible for the accompanying Program Status: Comparison of 5-Year Plan Project Budget to Current Year Expenditures and the Maintenance of Effort: Comparison of Base Level Amount to Annual Expenditures (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

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(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, on our consideration of the City's internal control over financial reporting of the Measure I Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance, as it relates to the Measure I Fund.

*Crowe LLP*

Crowe LLP

Los Angeles, California  
December 3, 2025

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
BALANCE SHEET  
June 30, 2025

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**ASSETS**

|                      |                              |
|----------------------|------------------------------|
| Cash and investments | \$ 466,242                   |
| Taxes receivable     | <u>57,131</u>                |
| <br>Total assets     | <br><u><u>\$ 523,373</u></u> |

**LIABILITIES AND FUND BALANCE**

|  |                              |
|--|------------------------------|
| Liabilities                            |                              |
| Accounts payable                       | \$ 8,327                     |
| <br>Fund balance                       |                              |
| Restricted for transportation          | <u>515,046</u>               |
| <br>Total liabilities and fund balance | <br><u><u>\$ 523,373</u></u> |

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See notes to financial statements.

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
Year ended June 30, 2025

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|  |                          |
|--|--------------------------|
| <b>Revenue</b>                             |                          |
| Measure I sales tax                        | \$ 332,298               |
| Investment income                          | 17,221                   |
| Unrealized gain in investments             | <u>139</u>               |
| Total revenues                             | <u>349,658</u>           |
| <br>                                       |                          |
| Expenditures                               |                          |
| Construction, maintenance, and engineering | <u>78,961</u>            |
| Total expenditures                         | <u>78,961</u>            |
| <br>                                       |                          |
| Revenues over/(under) expenditures         | 270,697                  |
| <br>                                       |                          |
| Other financing sources (uses)             |                          |
| Transfers to other City funds              | <u>(256,637)</u>         |
| <br>                                       |                          |
| Net change in fund balance                 | 14,060                   |
| <br>                                       |                          |
| Fund balance at beginning of year          | <u>500,986</u>           |
| <br>                                       |                          |
| <b>Fund balance at end of year</b>         | <u><u>\$ 515,046</u></u> |

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See notes to financial statements.

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 1 – GENERAL INFORMATION**

Reporting Entity: The financial statements are intended to reflect the financial position and changes in financial position of the Measure I Fund of the City of Grand Terrace, California (City) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources.

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

Revenue Recognition: Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under Measure I possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under Measure I are recognized in the period when all eligibility requirements have been met.

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

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(Continued)

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

The Measure I Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Measure I Fund's deposits and withdrawals in the City Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the Measure I Fund's investment in the City Investment Pool is measured based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

Maintenance of Effort: In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority (SBCTA), Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes. The maintenance of effort (MOE) base year level was determined based upon the discretionary General Fund expenditures for transportation-related construction and maintenance activities in fiscal year 2008/2009. The MOE base year level as approved by the SBCTA Board of Directors shall remain in effect until the expiration of Measure I 2010-2040. General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. The City's determined MOE base level is \$115,156.

**NOTE 3 – TAXES RECEIVABLE**

Taxes receivable in the amount of \$57,131 represent the Measure I sales tax receipts received from SBCTA after June 30, 2025.

**NOTE 4 – MEASURE I FUND**

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

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(Continued)

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
NOTES TO FINANCIAL STATEMENTS  
Year ended June 30, 2025

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**NOTE 4 – MEASURE I FUND (Continued)**

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

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

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

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

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

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

**NOTE 5 – TRANSFERS TO OTHER CITY FUNDS**

During the year ended June 30, 2025, \$256,637 was transferred to the City which represents activity related to the Measure I general street maintenance activities and the pavement management program in accordance with the City’s Measure I Five Year Capital Improvement Plan.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE –  
BUDGET AND ACTUAL  
Year ended June 30, 2025

|   | <u>Budget</u>            |                          | <u>Actual</u>            | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------------|--------------------------|--------------------------|---|
|   | <u>Original</u>          | <u>Final</u>             |                          |   |
| <b>Revenues</b>                                   |                          |                          |                          |   |
| Measure I sales tax                               | \$ 330,000               | \$ 330,000               | \$ 332,298               | \$ 2,298  |
| Investment income                                 | 400                      | 400                      | 17,221                   | 16,821  |
| Unrealized gain in investments                    | -                        | -                        | 139                      | 139   |
| <b>Total revenues</b>                             | <u>330,400</u>           | <u>330,400</u>           | <u>349,658</u>           | <u>19,258</u>   |
| <b>Expenditures</b>                               |                          |                          |                          |   |
| Construction, maintenance, and engineering        | <u>88,188</u>            | <u>88,188</u>            | <u>78,961</u>            | <u>9,227</u>  |
| <b>Total expenditures</b>                         | <u>88,188</u>            | <u>88,188</u>            | <u>78,961</u>            | <u>9,227</u>  |
| Excess (deficiency) of revenues over expenditures | 242,212                  | 242,212                  | 270,697                  | 28,485  |
| <b>Other financing sources (uses)</b>             |                          |                          |                          |   |
| Transfers to other City funds                     | <u>(241,812)</u>         | <u>(241,812)</u>         | <u>(256,637)</u>         | <u>(14,825)</u>   |
| Net change in fund balance                        | 400                      | 400                      | 14,060                   | 13,660  |
| Fund balance at beginning of year                 | <u>500,986</u>           | <u>500,986</u>           | <u>500,986</u>           | <u>-</u>  |
| <b>Fund balance at end of year</b>                | <u><u>\$ 501,386</u></u> | <u><u>\$ 501,386</u></u> | <u><u>\$ 515,046</u></u> | <u><u>\$ 13,660</u></u>                                 |

See Note to Required Supplementary Information.

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
Year ended June 30, 2025

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**NOTE 1 – BUDGETARY DATA**

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

**ADDITIONAL INFORMATION**

CITY OF GRAND TERRACE, CALIFORNIA  
 MEASURE I FUND  
 PROGRAM STATUS: COMPARISON OF 5-YEAR PLAN PROJECT BUDGET  
 TO CURRENT YEAR EXPENDITURES  
 Year ended June 30, 2025

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The Measure I Five Year Capital Improvement Plan for local streets was adopted by Council Resolution No. 2024-23. Of the funds allocated under the Measure I Five Year Capital Improvement Plan, the following programs were affected during the current fiscal year:

|                                   | 5-Year<br>Plan Project<br><u>Estimate</u> | Current Fiscal<br>Year<br><u>Expenditures</u> | Under/(Over)<br><u>Estimate</u> |
|-----------------------------------|---|---|---------------------------------|
| Local projects                    |   |   |                                 |
| Tree Maintenance Program - WCA    | \$ 249,299                                | \$ 78,961                                     | \$ 170,338                      |
| Pavement management program       | 1,246,687                                 | <u>256,637</u>                                | 990,050                         |
| Total Measure I fund expenditures |   | <u>\$ 335,598</u>                             |                                 |

CITY OF GRAND TERRACE, CALIFORNIA  
 MEASURE I FUND  
 MAINTENANCE OF EFFORT: COMPARISON OF BASE LEVEL AMOUNT  
 TO ANNUAL EXPENDITURES  
 Year ended June 30, 2025

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

| <u>Fiscal Year Ending June 30,</u> | <u>General Fund<br/>Street and<br/>Highway<br/>Funds Utilized</u> | <u>Base Level<br/>Amount</u> | <u>Excess/<br/>(Deficiency)</u> | <u>Cumulative<br/>Excess/<br/>(Deficiency)</u> |
|------------------------------------|---|------------------------------|---------------------------------|--|
| 2010                               | \$ 40,142   | \$ (115,156)                 | \$ (75,014)                     | \$ (75,014)                                    |
| 2011                               | 160,298   | (115,156)                    | 45,142                          | (29,872)                                       |
| 2012                               | 72,664  | (115,156)                    | (42,492)                        | (72,364)                                       |
| 2013                               | 89,957  | (115,156)                    | (25,199)                        | (97,563)                                       |
| 2014                               | 99,332  | (115,156)                    | (15,824)                        | (113,387)                                      |
| 2015                               | 91,999  | (115,156)                    | (23,157)                        | (136,544)                                      |
| 2016                               | 116,749   | (115,156)                    | 1,593                           | (134,951)                                      |
| 2017                               | 148,773   | (115,156)                    | 33,617                          | (101,334)                                      |
| 2018                               | 206,192   | (115,156)                    | 91,036                          | (10,298)                                       |
| 2019                               | 208,718   | (115,156)                    | 93,562                          | 83,264   |
| 2020                               | 151,991   | (115,156)                    | 36,835                          | 120,099  |
| 2021                               | 118,280   | (115,156)                    | 3,124                           | 123,223  |
| 2022                               | 165,960   | (115,156)                    | 50,804                          | 174,027  |
| 2023                               | 210,638   | (115,156)                    | 95,482                          | 269,509  |
| 2024                               | 224,874   | (115,156)                    | 109,718                         | 379,227  |

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, 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, the financial statements of the Measure I Fund of the City of Grand Terrace, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Measure I Fund's basic financial statements and have issued our report thereon dated December 3, 2025.

#### **Report on Internal Control over Financial Reporting**

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

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

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

#### **Report on Compliance and Other Matters**

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

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(Continued)

## Purpose of this Report

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

  
Crowe LLP

Los Angeles, California  
December 3, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE MEASURE I COMPLIANCE  
REQUIREMENTS AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

**Report on Compliance with the Measure I Ordinance**

We have audited City of Grand Terrace's (City), compliance with the types of compliance requirements described in Measure I Ordinance (the "Ordinance"), that could have a direct and material effect on the City's compliance with the Ordinance for the year ended June 30, 2025.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Ordinance for the year ended June 30, 2025.

***Basis for Opinion on the Ordinance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Ordinance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Ordinance.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Ordinance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Ordinance.

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(Continued)

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Ordinance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Ordinance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

  
Crowe LLP

Los Angeles, California  
December 3, 2025

CITY OF GRAND TERRACE, CALIFORNIA  
MEASURE I FUND  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
Year Ended June 30, 2025

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**2024-001 – Interest Income Allocation (Material Weakness)**

There was no equitable proration of interest earned to the Measure I Fund's cash and investments balance.

**Status:** The finding has been rectified. Interest earned for the Measure I Fund's cash and investments has been recorded in fiscal year 2025



# AGENDA REPORT

MEETING DATE: March 10, 2026

TITLE: Measure I 3.0 Draft Expenditure Plan

PRESENTED BY: Konrad Bolowich, City Manager

RECOMMENDATION: **CONSIDER ADOPTION OF A RESOLUTION FOR THE MEASURE I 3.0 EXPENDITURE PLAN AS PART OF SBCTA'S MEMBER AGENCY REVIEW PROCESS**

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## **2030 VISION STATEMENT:**

This Measure directly supports the City's 2030 Vision by securing long-term funding for essential roadway, mobility, transit, and safety improvements that preserve the community's quality of life and strengthen local and regional connectivity.

## **BACKGROUND:**

In 1989, voters in San Bernardino County approved Measure I, a half-cent sales tax dedicated to transportation improvements. The measure was later extended in 2004 and is now scheduled to expire in 2040. SBCTA has initiated Measure I 3.0, proposing a continuation of the sales tax without increasing the tax rate, consistent with the language of the draft Ballot Question (**EXHIBIT C**).

SBCTA has circulated the draft Measure I 3.0 Expenditure Plan for review by all member agencies, including the City of Grand Terrace. The Expenditure Plan outlines how revenue will be allocated countywide and within each subarea. Grand Terrace is within the San Bernardino Valley Subarea.

## **DISCUSSION:**

### **1. WHERE THE MONEY COMES FROM AND WHERE IT GOES**

Measure I is a half-cent sales tax that everyone in San Bernardino County has been paying for years to fix roads and improve transportation. The new version — Measure I 3.0 — doesn't raise taxes, it just continues the same tax voters already pay.

Money collected in our area stays in our area.

Grand Terrace is in the San Bernardino Valley Subarea, so the money collected here must be spent on projects that benefit our communities.

### **2. HOW THE MONEY WILL BE DIVIDED**

All the transportation money is split into different pots:

Local Mobility (25%)— This is money we control locally. It can pay for:

- Repaving streets
- Fixing potholes
- Adding sidewalks
- Bike lanes

- Streetlights
- Safety improvements

Each city gets its share based on its population. Cities also have to save a small portion for walking and biking projects.

Regional Mobility (50%) — This covers big projects that help multiple cities — highways, major road improvements, interchange upgrades, and large transit or rail projects.

These are the kinds of projects that:

- Ease traffic on major roads
- Improve safety
- Improve freeway access
- Reduce congestion

SBCTA makes decisions on these projects, but local city representatives are part of the process.

Transit Operations (25%) — This money supports the services that keep people moving day-to-day:

- Bus and rail operations
- Senior and disabled transportation programs
- First-mile/last-mile connections (getting you from home to transit)
- Rideshare and safety programs

These funds help keep fares affordable for groups like students, seniors, and veterans.

### **3. PROJECTS THAT HELP THE WHOLE COUNTY**

(Interregional Mobility – 3%) — Before the money goes into the local and regional categories, 3% is set aside countywide. This money goes toward things like:

- Improving major corridors (like Cajon Pass)
- Emergency evacuation routes
- Disaster recovery and resilience
- Fixing roads damaged by natural disasters

These are major, countywide needs that help everyone.

### **4. OVERSIGHT AND TRANSPARENCY**

The plan requires strict public oversight to make sure money is spent correctly. There is an Independent Taxpayer Oversight Committee (ITOC) that:

- Reviews audits
- Ensures money is spent legally and responsibly
- Reports to the public every year

This means cities — including Grand Terrace — must prove that funds are used properly.

### **5. WHAT THIS MEANS FOR GRAND TERRACE**

If Measure I 3.0 is approved, it will help Grand Terrace:

- Fix and maintain local streets
- Improve sidewalks and pedestrian safety
- Build bike lanes and active transportation projects
- Support transit for seniors and persons with disabilities
- Participate in big regional projects improving access to I-215
- Improve safety across the city

All of this supports the City's goal to invest in critical infrastructure and maintain a safe, well-managed community.

**ENVIRONMENTAL IMPACT:**

Adoption of the Measure I 3.0 Expenditure Plan does not commit the City or SBCTA to any specific transportation project and therefore does not result in direct environmental impacts.

**FISCAL IMPACT:**

No immediate fiscal impact.

**RESOLUTION NO. 2026-xx**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, STATE OF CALIFORNIA, APPROVING THE EXPENDITURE PLAN FOR THE EXPENDITURE OF REVENUES IN SAN BERNARDINO COUNTY EXPECTED TO BE DERIVED FROM THE PROPOSED CONTINUATION OF MEASURE I**

**WHEREAS**, the voters of San Bernardino County passed Measure I in November 1989 and renewed it in 2004, authorizing San Bernardino Associated Governments, acting as the San Bernardino County Transportation Authority, to impose a one-half of one percent transactions and use tax for transportation improvements, applicable in the incorporated and unincorporated territory of the County of San Bernardino, through April 1, 2040, and

**WHEREAS**, Measure I has provided funding for numerous transportation projects, including freeways, local roads, major streets, interchanges, the Metrolink commuter train system, public buses, traffic signals, and more; and

**WHEREAS**, the imposition of the one-half of one percent transactions and use tax is set to expire in 2040, and

**WHEREAS**, San Bernardino County Transportation Authority, after engagement with private sector stakeholders and city and County representatives, has prepared an Expenditure Plan for the revenues expected to be derived from the proposed continuation of Measure I, which is anticipated to be placed on the November 3, 2026, ballot, and

**WHEREAS**, the proposed Expenditure Plan for the continuation of Measure I is attached hereto as **EXHIBIT 1**, and

**WHEREAS**, if approved by the voters, the continuation of Measure I would authorize the collection of a one-half of one percent sales tax and generate an estimated \$7.5 billion in its first 30 years for local transportation projects, and

**WHEREAS**, if approved by the voters, the continuation of Measure I would not institute a new tax, but continue the existing one-half of one percent sales tax for transportation after April 1, 2040, and

**WHEREAS**, revenues raised from the continuation of Measure I would remain in San Bernardino County and could not be allocated by the state or federal government, and

**WHEREAS**, Measure I would provide a long-term funding source to help fight traffic congestion; improve local streets, major roads and highways; and enhance San Bernardino County's economy by providing construction-related jobs, manufacturing jobs, and an effective transportation system to meet the needs of residents and the business community, and

**WHEREAS**, Public Utilities Code section 180206 requires that the Measure I Continuation Expenditure Plan be approved by the County Board of Supervisors and a majority of the cities representing a majority of the population residing in incorporated areas, and

**WHEREAS**, the City of Grand Terrace desires to approve Measure I Continuation Expenditure Plan in accordance with Public Utilities Code section 180206 in order to secure long-term funding for essential roadway, mobility, transit, and safety improvements that preserve the community’s quality of life and strengthen local and regional connectivity.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, DOES RESOLVE AS FOLLOWS:**

1. The City Council finds that the above recitals are true and correct and accordingly, are incorporated as a material part of this Resolution.
2. The City Council of the City of Grand Terrace hereby approves the Measure I Continuation Expenditure Plan developed by the Board of Directors of the San Bernardino County Transportation Authority, attached hereto as **EXHIBIT 1**.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Grand Terrace at a regular meeting held on the 10<sup>th</sup> day of March 2026.

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Bill Hussey  
Mayor

**ATTEST:**

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Daysi Alcocer  
City Clerk

**APPROVED AS TO FORM:**

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Adrian R. Guerra  
City Attorney

# Exhibit A

## Transportation Expenditure Plan

**Revenue Estimates and Distribution.** Allocation of revenue authorized by Ordinance No. 26-1 is established within this Expenditure Plan. Funds shall be allocated by percentage of the actual revenue received. An estimate of revenues and allocation among categories for the first 30 years is \$7.5 billion. The estimated revenue is based upon 2026 value of money and is not binding or controlling.

**Return to Source.** After deduction of required CDTFA fees, funds dedicated for the Interregional Mobility Expenditure Plan and authorized administrative costs, revenues generated from each specified Subarea within San Bernardino County will be expended on projects of direct benefit to that Subarea. Revenues will be accounted for separately for each Subarea and then allocated to specified project categories. Decisions on how revenues for certain project categories are expended within the Subareas will be made by the Authority Board of Directors, based upon recommendation of local representatives.

**Subarea Identification.** The San Bernardino Valley Subarea will include the cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland and Yucaipa and unincorporated areas in the east and west portions of the San Bernardino valley urbanized area. The Mountain/Desert area will include the following subareas: (1) The North Desert Subarea, which includes the City of Barstow and surrounding unincorporated areas; (2) The Colorado River Subarea, which includes the City of Needles and the surrounding unincorporated areas of the East Desert; (3) The Morongo Basin Subarea, which includes the City of Twentynine Palms, Town of Yucca Valley, and surrounding unincorporated areas; (4) The Mountain Subarea, which includes the City of Big Bear Lake and surrounding unincorporated areas of the San Bernardino Mountains; and (5) the Victor Valley Subarea, which includes the Cities of Adelanto, Hesperia, and Victorville; the Town of Apple Valley; and surrounding unincorporated areas including Wrightwood.

**Contribution from New Development.** No revenue generated from the tax shall be used to replace the fair share contributions required from new development as further described in Section 8 of the Ordinance.

**Requirement for Annual Financial and Compliance Audits of Measure Funds.** The San Bernardino County Transportation Authority shall undergo a biennial financial audit, and each local jurisdiction receiving an allocation of Measure revenue authorized in this Expenditure Plan shall undergo an annual financial audit, with all audits to be performed in accordance with generally accepted auditing standards and government auditing standards issued by the Comptroller General of the United States. Compliance audits also shall be conducted to ensure that each agency is expending funds in accordance with the provisions and guidelines established for Measure revenue including compliance with Maintenance of Effort provisions

**The Interregional Mobility Expenditure Plan.** Upon initial collection of revenue, 3% of the revenue generated across all San Bernardino County subareas will be reserved in advance of other allocations specified in this plan, in an account for the Interregional Mobility Expenditure Plan. The Interregional Mobility Expenditure Plan will provide resources for the planning and implementation of projects and programs that provide critical infrastructure to communities impacted by regional motorist, tourism, interregional travel, and goods movement. This program will help plan and deliver critical infrastructure improvements, such as enhancements in the Cajon Pass and other key corridors, that address congestion,

enhance mobility, improve safety, and strengthen resilience. It will also support evacuation planning, bolster emergency response capabilities, improve primary evacuation routes, and fund transit-related evacuation needs. In addition, the program will be available to address unexpected infrastructure damage resulting from natural or human-caused disasters, ensuring rapid recovery and the restoration of essential interregional mobility.

**San Bernardino Valley Subarea Expenditure Plan.** In that area described as the San Bernardino Valley Subarea, and referred to herein as the Valley Subarea, project categories shall be established as specified below. The San Bernardino Valley Subarea Expenditure Plan is illustrated in Figure A.

- A. State and Federal Transportation Funds.** A proportional share of projected state and federal transportation funds shall be reserved for use solely within the Valley Subarea.
- B. Local Mobility 25%.** Local priorities that focus on local roadway, bikeway, and sidewalk construction, repair, and maintenance for improved localized movement. Includes pass through for local priorities such as: local street widening & rehabilitation, potholes, grade separations, sidewalks, bike lanes, streetlights, and quiet zones. Allocations to local jurisdictions shall be on a per capita basis using the most recent State Department of Finance population estimates for January 1, with the County's portion based upon unincorporated population in the Valley Subarea. Estimates of unincorporated population within the Valley Subarea shall be determined by the County Planning Department, reconciled with the State Department of Finance population estimate for January 1 of each year.

Upon initial collection of revenue, each local jurisdiction shall reserve 5% of allocated revenue in a special account to be expended on active transportation projects. Eligible active transportation projects may include, at the discretion of the local jurisdiction, bicycle and pedestrian projects and costs for associated studies or plans. If, after at least ten years of revenue collection, the local jurisdiction's governing body makes a finding that the reserve for active transportation projects is no longer necessary, and the Authority Board of Directors subsequently approves the finding, then all Local Mobility funds allocated to the local jurisdiction may be used for any eligible purpose.

Local Mobility projects are defined as local street and road construction, repair, and maintenance and other eligible local transportation priorities. Except as set forth herein, Local Mobility funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, transit, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Mobility funds shall be based upon a Five-Year Plan adopted annually by the governing body of each local jurisdiction after being made available for public review and comment. Local Mobility funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five-Year Plan. The locally adopted Five-Year Plan shall be consistent with local, regional, and state transportation plans.

- C. Regional Mobility 50%.** Regional priorities that focus on goods movement, transit, managed lanes, congestion management, and emerging transportation technologies to enhance regional movement and include: highway improvements, bus and passenger rail (capital and rehabilitation), corridors, interchanges, environmental mitigation, traffic management systems (freeway service patrol and air quality strategies), quiet zones, planning and project development, and emerging transportation technology.

Regional Mobility projects are defined as congestion relief and safety improvements to corridors that connect communities, serve major destinations, and provide freeway access. Decisions on how Regional Mobility funds are expended will be made by the Authority Board of Directors, based upon recommendation of local jurisdiction representatives. Funding priorities shall be given to improving roadway safety, relieving congestion, and street improvements at rail crossings and shall take into

account equitable geographic distribution over the life of the program. Eligible projects also include, but are not limited to, signal synchronization, systems to improve traffic flow, commuter assistance programs, freeway service patrol, and projects that contribute to environmental enhancement associated with transportation facilities.

- D. Operations 25%.** Resourcing the operational costs for providing mobility services via rail, transit, senior and specialized services, first/last mile connections, ridesharing, and safety support functions. Decisions on how Operations funds are expended will be made by the Authority Board of Directors, based upon recommendations of local jurisdiction representatives. Funding priorities shall be given to maintaining core services across all modes of mobility.

**Mountain/Desert Expenditure Plan.** In that area described as the Mountain/Desert area, the following Expenditure Plan requirements shall apply. The Mountain/Desert Subarea Expenditure Plan is illustrated in Figure B.

- A. State and Federal Transportation Funds.** A proportional share of projected state and federal transportation funds shall be reserved for use solely within the Mountain/Desert Subareas.
- B. Local Mobility 70%.** Local priorities that focus on local roadway, bikeway, and sidewalk construction, repair, and maintenance for improved localized movement. Includes pass through for local priorities such as: local street widening & rehabilitation, potholes, grade separations, sidewalks, bike lanes, and streetlights. Allocations to local jurisdictions shall be based upon population (50 percent) and tax generation (50 percent). Population calculations shall be based upon the most current State Department of Finance estimates for January 1 of each year. Estimates of unincorporated population within each Subarea shall be determined by the County Planning Department, reconciled with the State Department of Finance population estimate. Tax generation calculations shall be based upon CDTFA data.

Upon initial collection of revenue, each local jurisdiction shall reserve 5% of allocated revenue in a special account to be expended on active transportation projects. Eligible active transportation projects may include, at the discretion of the local jurisdiction, but are not limited to, bicycle and pedestrian projects and costs for associated studies or plans. If, after at least ten years of revenue collection, the local jurisdiction's governing body makes a finding that the reserve for active transportation projects is no longer necessary, and the Authority Board of Directors subsequently approves the finding, then all Local Mobility funds allocated to the jurisdiction may be used for any eligible purpose.

Local Mobility projects are defined as local street and road construction, repair, and maintenance and other eligible local transportation priorities. Except as set forth herein, Local Mobility funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, including but not limited to, fare subsidies and service enhancements for seniors and persons with disabilities, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Mobility funds shall be based upon a Five-Year Plan adopted annually by the governing body of each local jurisdiction after being made available for public review and comment. Local Mobility funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five-Year Plan. The locally adopted Five-Year Plans shall be consistent with other local, regional, and state transportation plans.

- C. Regional Mobility 20%.** Regional priorities that focus on goods movement, transit, managed lanes, congestion management, and emerging transportation technologies to enhance regional movement and include: highway improvements, bus and passenger rail (capital and rehabilitation), corridors, interchanges, environmental mitigation, traffic management systems (freeway service patrol and air quality strategies), planning and project development, and emerging transportation technology.

Revenue collected within each Subarea shall be reserved in a special account to be expended on Regional Mobility projects of benefit to the Subarea. Regional Mobility projects are defined as major streets and highways serving as primary routes of travel within the Subarea, which may include State highways and freeways, where appropriate. Regional Mobility Projects funds can be used to leverage state and federal funds for transportation projects and to perform advance planning/project reports. Expenditure of Regional Mobility funds shall be approved by the Authority Board of Directors, based upon a recommendation of Subarea representatives and the Mountain/Desert Policy Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Policy Committee make a finding that Regional Mobility funds are not required for improvements of benefit to the Subarea, then revenue in the Regional Mobility category may be returned to local jurisdictions within the Subarea. Such return shall be allocated and expended based upon the formula and requirements established in the Local Mobility category.

- D. Operations 10%.** Resourcing the operational costs for providing mobility services via rail, transit, senior and specialized services, first/last mile connections, ridesharing, and safety support functions. Decisions on how Operations funds are expended will be made by the Authority Board of Directors, based upon recommendation of Subarea representatives and the Mountain/Desert Policy Committee and/or Transit Committee. Funding priorities shall be given to maintaining core services across all modes of mobility services.

The Authority Board of Directors, based upon recommendation of Subarea representatives and the Mountain/Desert Policy Committee, may provide additional funding beyond 10% upon a finding that such increase is required to address unmet transit needs of the Subarea. All increases above the 10% initial revenue collected for the Operations category shall come from the Local Mobility category of the Subarea.

- E. Mountain/Desert Policy Committee.** The Mountain/Desert Policy Committee of the Authority shall remain in effect and provide oversight of the implementation of the Mountain/Desert Expenditure Plan.

**Measure “I”**  
**Transportation Expenditure Plan**

**FIGURE A**  
**San Bernardino Valley Subarea Expenditure Plan**

**Local Mobility 25%**

Local priorities that focus on local roadway, bikeway, and sidewalk construction, repair and maintenance for improved localized movement. Includes pass through for local priorities.

- Local Street Widening & Rehabilitation
- Potholes
- Grade Separations
- Sidewalks
- Bike Lanes
- Streetlights
- Quiet Zones

**Regional Mobility 50%**

Regional priorities that focus on goods movement, transit, managed lanes, congestion management, and emerging transportation technologies to enhance regional movement.

- Highway Improvements
  - Managed Lanes
- Bus and Passenger Rail
  - Capital and Rehabilitation
- Corridors
  - Roadway, Transit, ATP
- Interchanges
- Environmental Mitigation
- Traffic Management Systems
  - Freeway Service Patrol
  - Air Quality Strategies
- Planning and Project Development
- Emerging Transportation Technology
- Quiet Zones

**Operations 25%**

Resourcing the operational costs for providing mobility services via transit, senior and specialized services, first/last mile connections, and safety support functions.

- Transit Operations
  - Bus, Rail, Innovative Technology
  - Student, Senior and Disabled Transit
- Traveler Emergency Network
- Vanpool/Ride Share
- First/Last Mile

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**FIGURE B**  
**Mountain Desert Expenditure Plan**

**Local Mobility 70%**

Local priorities that focus on local roadway, bikeway, and sidewalk construction, repair and maintenance for improved localized movement. Includes pass through for local priorities.

- Local Street Widening & Rehabilitation
- Potholes
- Grade Separations
- Sidewalks
- Bike Lanes
- Streetlights
- Quiet Zones

**Regional Mobility 20%**

Regional priorities that focus on goods movement, transit, managed lanes, congestion management, and emerging transportation technologies to enhance regional movement.

- Highway Improvements
  - Managed Lanes
- Bus and Passenger Rail
  - Capital and Rehabilitation
- Corridors
  - Roadway, Transit, ATP
- Interchanges
- Environmental Mitigation
- Traffic Management Systems
  - Freeway Service Patrol
  - Air Quality Strategies
- Planning and Project Development
- Emerging Transportation Technology
- Quiet Zones

**Operations 10%**

Resourcing the operational costs for providing mobility services via transit, senior and specialized services, first/last mile connections, and safety support functions.

- Transit Operations
  - Bus, Rail, Innovative Technology
  - Student, Senior and Disabled Transit
- Traveler Emergency Network
- Vanpool/Ride Share
- First/Last Mile

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## Exhibit “B”

### Independent Taxpayer Oversight Committee (ITOC)

**ITOC Goal and Function.** Voter approval of this Measure shall result in the continuation of the existing Independent Taxpayer and Oversight Committee (ITOC) as follows:

The ITOC shall provide citizen review to ensure that all Measure funds are spent by the San Bernardino County Transportation Authority (hereby referred to as the Authority) in accordance with provisions of the Expenditure Plan and Ordinance No. 26-1, Measure I and the Measure I Expenditure Plan.

**Audit Requirement.** A bi-annual fiscal and compliance audit shall be performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The audit shall review the basic financial statements of the Authority as defined by the Governmental Accounting Standards Board and the financial and compliance audits of the member jurisdictions.

**Role of Financial and Compliance Audit and the ITOC.** The ITOC shall review the annual audits of the Authority; report findings based on the audits to the Authority; and recommend any additional audits for consideration that the ITOC believes may improve the financial operation and integrity of program implementation.

The Authority shall hold a publicly noticed meeting, which may or may not be included on the agenda of a regularly scheduled Authority Board of Directors meeting, with the participation of the ITOC to consider the findings and recommendations of the audits.

**Membership and Selection Process.** The Authority shall have an open process to select five committee members, which shall include solicitation of trade and other organizations to suggest potential nominees to the committee. The committee members shall possess one of the following credentials:

- Professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision-making position in the public or private sector.
- Licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub-recipient of Measure funding.
- Three public members who possess knowledge and skills that will be helpful to the work of the ITOC.

The Chair and the Executive Director of the Authority shall serve as ex-officio members of the ITOC.

**Terms and Conditions for Committee.** Committee members shall serve staggered four-year terms. In no case shall any voting committee member serve more than twelve years on the ITOC.

- Committee members shall serve without compensation, except they shall be reimbursed for authorized travel and other expenses directly related to the work of the ITOC.
- Committee members cannot be a current local elected official in the County or a full-time staff member of any city/town, the County government, local transit operator, or state transportation agency.
- Non-voting ex-officio committee members shall serve only as long as they remain incumbents in their respective positions and shall be automatically replaced by their successors in those positions.
- If vacancies on the ITOC occur, for any reason, Authority staff will collaborate with Authority Board members to find an appropriate replacement, within 90 days of the vacancy or as soon thereafter as possible, to fill the remainder of the term.
- When more than one application is received for a vacancy, the General Policy Committee will make a recommendation to the Authority Board of Directors to appoint an applicant to the ITOC.
- When only one application is received, the Board President will recommend to the Board the applicant's appointment to the ITOC.

**ITOC Operation Protocols.**

- The ITOC shall continue as long as Measure revenues are collected.
- Authority Board of Directors and staff shall fully cooperate with and provide necessary support to ensure the ITOC successfully carries out its duties and obligations.

**Conflict of Interest.** ITOC voting members shall have no legal action pending against the Authority and are prohibited from acting in any commercial activity directly or indirectly involving the Authority, such as being a consultant during their tenure on the ITOC. ITOC voting members shall not have direct commercial interest or employment with any public or private entity that receives the transportation tax funds authorized by the voters in this Ordinance.

## **Exhibit C (Ballot Question)**

### **Measure "I" Local Transportation Improvement Program**

#### **San Bernardino County Road Repair/Traffic Relief Extension**

Without raising tax rates, shall an ordinance to fund repairing potholes; keeping local roads in good condition; completing freeway/highway projects to improve traffic flow/safety, reduce traffic bottlenecks;

upgrading aging bridges/overpasses; creating local jobs; keeping student/senior/disabled/veteran transit fares low be adopted, extending the ½¢ voter-approved transportation sales tax, providing approximately \$250,000,000 annually until ended by voters, requiring audits, oversight, spending disclosure, local control?

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# AGENDA REPORT

MEETING DATE: March 10, 2026

TITLE: Community Benefit Fund Grant Award to Grand Terrace High School Baseball Booster in the amount of \$2,000

PRESENTED BY: Christine Clayton, Finance Director

RECOMMENDATION: **APPROVE THE COMMUNITY BENEFIT FUND GRANT APPLICATION FROM GRAND TERRACE HIGH SCHOOL BASEBALL BOOSTER IN THE AMOUNT OF \$2,000.00 AND THE TRANSFER OF FUNDS FROM ACCOUNT 61-461-200-000-000 TO 61-461-100-000-000**

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## **2030 VISION STATEMENT:**

This staff report supports the following City Council Goals:

- Goal #1 - Ensure our Fiscal Viability, through the continuous monitoring of revenue receipts and expenditure disbursements against approved budget appropriations; and
- Goal #4 – Develop and Implement Successful Partnerships through productive collaboration with community groups, youth programs and senior organizations.

## **BACKGROUND:**

In past fiscal years, the City Council has approved the use of funds for the establishment of the Community Benefits Fund Grant Program. The purpose of the Community Benefits Fund Grant Program is to provide funding for local youth programs, community events, community fee waivers, and be used as an economic development tool for small business development in the City.

For Fiscal Year 2025-26, the City Council has approved the use of \$20,000 toward community benefit funded programs and activities.

Various youth and senior program activities have benefited from the Community Benefits Fund including the Foundation of Grand Terrace, the REC Center, several youth sports leagues, and the Friends of the Grand Terrace Library.

Attachment A provides a summary of awarded grants by fiscal year and the recipients of said grants awarded in each fiscal year.

## **DISCUSSION:**

1. Application received from Grand Terrace High School Baseball Booster

Grand Terrace High School Baseball Boosters' mission is to provide financial, social and educational support to the baseball program at GTHS. We promote sportsmanship, unity and integrity within the

program.

Below summarizes the current application submitted by Grand Terrace High School Baseball Booster:

|                       |  |
|-----------------------|--|
| Project Title:        | Inspiring Youth through Baseball   |
| Project Activity:     | The baseball program at Grand Terrace High School. The baseball program promotes diversity, acceptance and the opportunity for all students to participate at Grand Terrace High School.   |
| Public Purpose:       | A program for youth that requires physical skills, strengths and personal development to gain life skills. These skills include but are not limited to discipline, teamwork and accountability. The program encourages participation in after school activities that are productive and healthy. The baseball families and residents who reside in Grand Terrace have the opportunity to connect and network with each other at the games throughout the season. |
| Amount Requested:     | \$2,000.00   |
| Utilization of Funds: | Funds will be used for baseball program: Electrolyte drinks/bottle waters for players, practice baseballs, tarps to cover infield and team bonding dinners.  |

**RECOMMENDATION:**

Staff recommends that the City Council:

1. Approve the Community Benefit Fund grant application in the amount of \$2,000.00 to Grand Terrace High School Baseball Booster.

Upon City Council approval, the applicant will comply with the following, if they have not already done so:

1. Issue the City of Grand Terrace an invoice for the grant amount with receipts;
2. Ensure that the City is mentioned/included as a sponsor in any material advertising the activity or event; and
3. Complete a W-9 form for reporting purposes.

Attached is the application received from Grand Terrace High School Baseball Booster.

**ENVIRONMENTAL IMPACT:**

N/A

**FISCAL IMPACT:**

Funds in the amount of \$20,000.00 have been approved for the program and established in the Community Benefits Fund (Fund 61). If approved, the table below will show the balances of each category remaining in the fund:

FY2025-26 Community Benefits Fund

| <u>Fund No.</u> | <u>Acct. No.</u> | <u>Account Title</u>  | <u>Approved Budget</u> | <u>Awarded Grants</u>    | <u>Balance as of Feb-2026</u> | <u>Proposed Grant Awards</u> | <u>Revised Balance</u> |
|-----------------|------------------|-----------------------|------------------------|--------------------------|-------------------------------|------------------------------|------------------------|
| 61              | 461-100          | Youth/School Programs | \$10,000               | (\$10,000)               | \$0                           | (\$2,000)                    | (\$2,000)              |
| 61              | 461-200          | Service Organizations | \$10,000               | (\$2,000)                | \$8,000                       | \$0                          | \$6,000                |
|                 |                  | <b>TOTAL</b>          | <b><u>\$20,000</u></b> | <b><u>(\$12,000)</u></b> | <b><u>\$8,000</u></b>         | <b><u>(\$2,000)</u></b>      | <b><u>\$4,000</u></b>  |



## CITY OF GRAND TERRACE COMMUNITY BENEFITS FUND (GT-CBF)

| ORGANIZATION INFORMATION   |  |  |                                    |
|--|--|--|------------------------------------|
| Organization Name:   | Grand Terrace High School Baseball Booster   |  |                                    |
| Organization Mission:  | The mission of GTHS Baseball Boosters is to provide financial, social and educational support to the baseball program at GTHS. We promote sportsmanship, unity and integrity within the program. |  |                                    |
| Organization Contact #1:   | Name: Gina Kazaltzes   | Title: Vice President                  |                                    |
| Mailing Address:   | 1903 Cordova Ave   |  |                                    |
| City, State, Zip Code  | Colton CA 92324  |  |                                    |
| Phone & E-mail:  | Phone: 626-354-2069  | E-mail: gmoutz@yahoo.com               |                                    |
| Organization Contact #2:   | Name: Tanya Burns  | Title: Secretary                       |                                    |
| Mailing Address:   | 1811 Rosedale Ave  |  |                                    |
| City, State, Zip Code  | Colton CA 92324  |  |                                    |
| Phone & E-mail:  | Phone: 951-536-1093  | E-mail: tanyaburns96@gmail.com         |                                    |
| Have you ever applied for funding through the City's Community Benefit FUND (CBH) before?  | <input type="checkbox"/> Yes   | <input checked="" type="checkbox"/> No |                                    |
| If yes, please list each time you have applied, the outcome, whether you were granted funding or not, the amount your organization originally requested and the amount approved, if any. |  |  |                                    |
| Purpose of Prior Funding Requests<br><i>(if any)</i>   | Request Date   | Amount Requested                       | Amount Approved<br><i>(if any)</i> |
| 1. Providing financial support for Baseball program  | February 27, 2026  | \$2000.00                              | \$2000.00                          |
| 2.   |  |  |                                    |
| 3.   |  |  |                                    |
| 4.   |  |  |                                    |
| 5.   |  |  |                                    |
| Date of Application:   | February 2, 2026   |  |                                    |
| Requested Amount:  | \$2000.00  |  |                                    |



## CITY OF GRAND TERRACE COMMUNITY BENEFITS FUND (GT-CBF)

| PROJECT INFORMATION  |  |   |                                |  |
|--|--|---|--------------------------------|--|
| Project/Activity Title:  | Inspiring Youth through Baseball   |   |                                |  |
| Project/Activity Description<br>(description of event the organization is seeking funding for)                         | The baseball program at Grand Terrace High School. The baseball program promotes diversity, acceptance and the opportunity for all students to participate at Grand Terrace High School.   |   |                                |  |
| Describe how the project/activity is for a public purpose and benefits the residents and or community of Grand Terrace | A program for youth that requires physical skills, strengths and personal development to gain life skills. These skills include but not limited to discipline, teamwork and accountability. The program encourages participation in after school activities that are productive and healthy. The baseball families and residents who reside in Grand Terrace have the opportunity to connect and network with each other at the game through the season. |   |                                |  |
| Project/Activity Target Population:  | <input checked="" type="checkbox"/> Youth  | <input type="checkbox"/> Seniors          | <input type="checkbox"/> Women | <input checked="" type="checkbox"/> Low-Income       |
|  | <input type="checkbox"/> Businesses  | <input type="checkbox"/> Disabled Persons | <input type="checkbox"/> Yes   | <input checked="" type="checkbox"/> Entire Community |
| Project/Activity Date:   | February 2026 - May 2026   |   |                                |  |
| Location of Project/Activity:  | Grand Terrace High School~City of Grand Terrace  |   |                                |  |
| Detailed description of how the funds will be utilized.  | Funds to be used for baseball program:<br>Electrolyte drinks/bottle waters for players.<br>Practice baseballs, tarps to cover infield.<br>Team bonding dinners.  |   |                                |  |
| Negative Impact should funding not be approved:  | The funds would need to come from the parents/guardians that live in the city and do not have the financial means for additional expenses.   |   |                                |  |

Submit completed application to: City of Grand Terrace  
City Manager's Office  
22795 Barton Road  
Grand Terrace, CA 92313-5295  
Attn: Konrad Bolowich

City of Grand Terrace  
Community Benefit Grant Awards

GRANT AWARD HISTORY as of Jan 31, 2026 and Approved & Proposed Applications for Mar 2026

| Title  | 2015-16          | 2016-17          | 2017-18          | 2018-19          | 2019-20         | 2021-22         | 2022-23          | 2023-24          | 2024-25          | 2025-26          | TOTAL<br>TO DATE  | 2025-26<br>Proposed<br>in<br>Mar-2026 | TOTAL<br>REVISED  |
|--|------------------|------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|-------------------|---------------------------------------|-------------------|
| <b>YOUTH / SCHOOL ORGANIZATIONS</b>                |                  |                  |                  |                  |                 |                 |                  |                  |                  |                  |                   |                                       |                   |
| Grand Terrace Community Basketball                 | \$ 1,136         | \$ -             | \$ -             | \$ 1,450         | \$ -            | \$ -            |                  |                  |                  |                  | \$ 2,586          | \$ -                                  | \$ 2,586          |
| Grand Terrace High School Football Boosters        | -                | -                | -                | 2,000            | 2,000           | -               |                  |                  |                  |                  | \$ 4,000          | -                                     | 4,000             |
| Grand Terrace High School Legacy Regiment Boosters | -                | -                | -                | 2,000            | -               | -               |                  |                  | 2,000            | 2,000            | \$ 6,000          | -                                     | 6,000             |
| Grand Terrace High School Boys Basketball          | -                | -                | -                | -                | 2,000           | -               |                  | 1,040            |                  |                  | \$ 3,040          | -                                     | 3,040             |
| Grand Terrace High School Titan Wrestling Team     | -                | -                | -                | -                | 1,997           | -               | 2,000            |                  |                  |                  | \$ 3,997          | -                                     | 3,997             |
| Grand Terrace HS Titan Wrestling Booster Club      | -                | -                | -                | -                | -               | -               |                  |                  | 2,000            |                  | \$ 2,000          | -                                     | 2,000             |
| Grand Terrace High School Cheer Booster Club       | -                | -                | -                | -                | -               | -               |                  | 2,000            | 2,000            | 2,000            | \$ 6,000          | -                                     | 6,000             |
| Grand Terrace High School Baseball Booster         | -                | -                | -                | -                | -               | -               |                  | -                | -                |                  | \$ -              | 2,000                                 | 2,000             |
| Grand Terrace Little League                        | 2,000            | -                | 2,000            | -                | -               | -               |                  |                  |                  |                  | \$ 4,000          | -                                     | 4,000             |
| Titan Strikers FC                                  | -                | -                | -                | -                | -               | -               |                  |                  | 500              | 2,000            | \$ 2,500          | -                                     | 2,500             |
| Grand Terrace Youth Football & Cheer               | -                | 4,000            | 2,000            | -                | -               | -               |                  | 2,000            |                  |                  | \$ 10,000         | -                                     | 10,000            |
| Boy Scout Troop 40                                 |                  |                  |                  |                  |                 |                 |                  |                  | 2,000            | 2,000            | \$ 2,000          | -                                     | 2,000             |
| Grand Terrace Tribe Baseball Club                  |                  |                  |                  |                  |                 |                 |                  |                  | 2,000            |                  | \$ 2,000          | -                                     | 2,000             |
| Terrace View Elementary PTA                        | 1,000            | 671              | 1,517            | 700              | -               | 1,805           | 1,725            | 2,000            | -                |                  | \$ 9,418          | -                                     | 9,418             |
|  | <u>\$ 4,136</u>  | <u>\$ 4,671</u>  | <u>\$ 5,517</u>  | <u>\$ 6,150</u>  | <u>\$ 5,997</u> | <u>\$ 1,805</u> | <u>\$ 3,725</u>  | <u>\$ 7,040</u>  | <u>\$ 10,500</u> | <u>\$ 10,000</u> | <u>\$ 57,541</u>  | <u>\$ 2,000</u>                       | <u>\$ 59,541</u>  |
| <b>NON-PROFIT / SERVICE ORGANIZATIONS</b>          |                  |                  |                  |                  |                 |                 |                  |                  |                  |                  |                   |                                       |                   |
| American Cancer Society                            | \$ -             | \$ -             | \$ 2,000         | \$ -             | \$ -            | \$ -            |                  |                  |                  |                  | \$ 2,000          | \$ -                                  | \$ 2,000          |
| Drug Alternative Program                           | -                | 2,000            | -                | -                | -               | -               |                  |                  |                  |                  | \$ 2,000          | -                                     | 2,000             |
| Foundation of Grand Terrace                        | 2,350            | 2,000            | 1,830            | -                | -               | 2,000           | 2,000            | 2,000            |                  |                  | \$ 12,180         | -                                     | 12,180            |
| Friends of Grand Terrace Library                   | 3,750            | 2,000            | 2,000            | 4,000            | -               | -               |                  |                  |                  |                  | \$ 11,750         | -                                     | 11,750            |
| Grand Terrace Lions Club                           | -                | 620              | -                | -                | -               | -               |                  |                  |                  |                  | \$ 620            | -                                     | 620               |
| Sheriff's Central Station Explorer Program         | -                | -                | -                | 2,000            | -               | -               |                  |                  |                  |                  | \$ 2,000          | -                                     | 2,000             |
| The REC Center                                     | 2,187            | 310              | -                | 3,100            | -               | -               |                  |                  |                  |                  | \$ 5,597          | -                                     | 5,597             |
| Grand Terrace Cars & Coffee                        | -                | -                | -                | -                | -               | 2,000           | 2,000            | 1,000            |                  |                  | \$ 5,000          | -                                     | 5,000             |
| Christ the Redeemer Catholic Church                | -                | -                | -                | -                | -               | -               | 310              | 310              |                  |                  | \$ 620            | -                                     | 620               |
| Grand Terrace Living Word Foursquare Church        | -                | -                | -                | -                | -               | -               | 2,000            | -                | 1,500            |                  | \$ 3,500          | -                                     | 3,500             |
| New City Church                                    | -                | -                | -                | -                | -               | -               | -                | 2,000            |                  |                  | \$ 2,000          | -                                     | 2,000             |
| Grand Terrace Women's Club                         | -                | -                | -                | -                | -               | -               | -                | -                | 2,000            | 2,000            | \$ 4,000          | -                                     | 4,000             |
| Grand Terrace Chamber of Commerce                  |                  |                  |                  |                  |                 |                 |                  |                  | 2,000            |                  | \$ 2,000          | -                                     | 2,000             |
| Church Of Fire In Christ                           | -                | -                | -                | -                | -               | -               | -                | -                | 2,000            |                  | \$ 2,000          | -                                     | 2,000             |
| Academy of Champions Figure Skating Team           |                  |                  |                  |                  |                 |                 |                  |                  | 2,000            | 2,000            | \$ 2,000          | -                                     | 2,000             |
| Family Service Association                         | -                | -                | -                | -                | 2,000           | -               | -                | -                | -                |                  | \$ 2,000          | -                                     | 2,000             |
|  | <u>\$ 8,287</u>  | <u>\$ 6,930</u>  | <u>\$ 5,830</u>  | <u>\$ 9,100</u>  | <u>\$ 2,000</u> | <u>\$ 4,000</u> | <u>\$ 6,310</u>  | <u>\$ 5,310</u>  | <u>\$ 9,500</u>  | <u>\$ 4,000</u>  | <u>\$ 59,267</u>  | <u>\$ -</u>                           | <u>\$ 59,267</u>  |
| <b>TOTAL</b>                                       | <b>\$ 12,423</b> | <b>\$ 11,601</b> | <b>\$ 11,347</b> | <b>\$ 15,250</b> | <b>\$ 7,997</b> | <b>\$ 5,805</b> | <b>\$ 10,035</b> | <b>\$ 12,350</b> | <b>\$ 20,000</b> | <b>\$ 14,000</b> | <b>\$ 116,808</b> | <b>\$ 2,000</b>                       | <b>\$ 118,808</b> |



# AGENDA REPORT

MEETING DATE: March 10, 2026

TITLE: First Reading & Introduction of an Ordinance adding Chapter 9.37 (Aggressive Solicitation)

PRESENTED BY: Konrad Bolowich, City Manager

RECOMMENDATION: **CONDUCT A FIRST READING & INTRODUCTION, BY TITLE ONLY, OF AN ORDINANCE ADDING CHAPTER 9.37 (AGGRESSIVE SOLICITATION)**

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## **2030 VISION STATEMENT:**

This staff report supports Goal #2: Maintain Public Safety

## **BACKGROUND:**

The City of Grand Terrace has experienced an increase of complaints from residents and businesses regarding aggressive solicitation in public areas. These complaints typically involve individuals approaching pedestrians or motorists in a manner that is perceived as intimidating, obstructive, or disruptive to the normal use of public spaces.

Examples reported to the City include individuals approaching vehicles in traffic lanes or intersections, repeated solicitation after a refusal, following pedestrians, and solicitation occurring near sensitive locations such as banks, automated teller machines (ATMs), transit stops, and retail entrances.

While solicitation itself is generally protected as expressive activity under the First Amendment of the United States Constitution, courts have consistently recognized that local governments may impose reasonable time, place, and manner restrictions in order to protect public safety, maintain traffic flow, and prevent intimidation or harassment.

The proposed ordinance is intended to address aggressive forms of solicitation while preserving the constitutional rights of individuals to engage in lawful expressive activity.

## **DISCUSSION:**

The proposed ordinance would add Chapter 9.37 – Aggressive Solicitation to the Grand Terrace Municipal Code. The chapter establishes definitions, behavioral standards, and location-based restrictions designed to prevent intimidation, obstruction, and unsafe interactions between solicitors and the public.

## **Key Provisions**

### **1. Prohibition of Aggressive Solicitation**

The ordinance prohibits solicitation conducted in an “aggressive manner,” which includes behaviors such as:

- Intentionally making unwanted physical contact
- Following a person while soliciting

- Continuing to solicit after a person has declined
- Blocking pedestrian or vehicular movement
- Using threatening or intimidating language or gestures

These provisions focus on conduct, rather than the message or purpose of the solicitation.

## 2. Location-Based Restrictions

The ordinance restricts solicitation in certain locations where safety concerns or heightened vulnerability may exist, including:

- Within 25 feet of ATMs, banks, or check-cashing businesses
- Within 25 feet of bus stops or transit vehicles
- Within public parking garages
- From occupants of vehicles in traffic
- On private property where the owner has requested the activity stop or has posted signage prohibiting solicitation

These restrictions are intended to address situations where solicitation can create traffic hazards, safety risks, or heightened fear of crime.

## 3. Constitutional Safeguards

The ordinance expressly states that it is not intended to restrict:

- Constitutionally protected free speech
- Lawful commercial activity
- Authorized business activities conducted by property owners or tenants
- Emergency vehicle repair assistance

The ordinance is therefore structured as a content-neutral regulation focusing on behavior and location rather than the content of speech.

## 4. Enforcement

Violations of the ordinance may be prosecuted as either:

- An infraction, or
- A misdemeanor,

This is consistent with the City's general penalty provisions and applicable sections of the California Penal Code.

This enforcement flexibility allows officers to address minor violations proportionately while preserving stronger penalties for repeated or serious violations.

## **LEGAL CONSIDERATIONS:**

- The ordinance was drafted to comply with applicable constitutional standards governing solicitation and panhandling. Courts have consistently held that while solicitation is protected speech, municipalities may regulate aggressive behavior and restrict solicitation in narrowly defined locations where public safety concerns exist.
- The proposed ordinance reflects commonly adopted provisions used by many California municipalities and has been reviewed by the City Attorney for consistency with applicable law, including California Penal Code Sections 647 and 647c.

The proposed ordinance establishes reasonable regulations intended to protect public safety, maintain access to public spaces, and reduce intimidation associated with aggressive solicitation while respecting constitutional free speech protections.

Adoption of the ordinance will provide the City with an additional tool to address complaints from residents and businesses regarding aggressive solicitation occurring in public areas.

Staff recommends that the City Council introduce, move for adoption and waive full reading of an ordinance adding Chapter 9.37 (Aggressive Solicitation) to Title 9 (Public Peace, Morals and Welfare) of the Grand Terrace Municipal Code establishing reasonable time, place, and manner restrictions on aggressive solicitation within the City.

**ENVIRONMENTAL IMPACT:**

This action does not meet the threshold of a project under CEQA and is exempt.

**FISCAL IMPACT:**

There is no fiscal impact associated with adoption of this ordinance.

**ORDINANCE NO. XXX**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE ADDING CHAPTER 9.37 (AGGRESSIVE SOLICITATION) OF TITLE 9 (PUBLIC PEACE, MORALS AND WELFARE) OF THE GRAND TERRACE MUNICIPAL CODE**

**WHEREAS**, the City of Grand Terrace (the “City”) finds the increase in aggressive solicitation or panhandling throughout the City has become extremely disturbing and disruptive to residents and business, and has contributed to the loss of access to and enjoyment of public places, but also to an enhanced sense of fear, intimidation, and disorder; and

**WHEREAS**, the City Council finds that these concerns apply equally with respect to solicitation which obstructs, impedes or interferes with the use of streets and public areas; and

**WHEREAS**, aggressive solicitation may include, without limitation, approaching or following pedestrians, repetitive soliciting despite refusals, the use of abusive or profane language to cause fear and intimidation, unwanted physical contact, or the intentional blocking of pedestrian and vehicular traffic; and

**WHEREAS**, the City Council further finds that the presence of individuals who solicit money from persons at or near banks, automated teller machines, public transportation stations, or in public transportation vehicles is especially aggressive or otherwise troublesome because of the enhanced fear of crime in those confined environments; and

**WHEREAS**, motorists also find themselves confronted by persons seeking money. Such persons may, without permission, wash a motorist’s automobile windows at traffic intersections or attempt to open car doors or locate parking spaces, despite explicit indications by drivers not to do so, with the expectation that the motorist pay the solicitor. Such activity carries with it an implicit threat to both persons and property; and

**WHEREAS**, the City Council is enacting this ordinance pursuant to its mandate and authority, and in such a way that is consistent with applicable and relevant law, including Sections 647 and 647c of the California Penal Code; and

**WHEREAS**, this Ordinance constitutes a valid time, place, and/or manner restriction on solicitation by restricting aggressive solicitation or solicitation in specific locations which is known to create fear or otherwise intimidate persons in the City of Grand Terrace, and is not intended to limit any persons from exercising their Constitutional right to solicit funds, picket, protest or engage in other constitutionally protected activity.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** The facts set forth in the recitals in this Ordinance are true and correct and incorporated herein by this reference.

**SECTION 2.** A new Chapter 9.37 (Aggressive Solicitation) is hereby added to Title 9 (Public Peace, Morals and Welfare) of the Grand Terrace Municipal Code and shall read in its entirety as follows:

“Chapter 9.37 Aggressive Solicitation

9.37.010 – Purpose and intent.

9.37.020 – Definitions.

9.37.030 – Aggressive solicitation prohibited.

9.37.040 – Solicitation prohibited in specified areas.

9.37.050 – Penalty.

9.37.010 – Purpose and intent.

- (a) It is the purpose and intent of this chapter to impose reasonable time, place, and manner limitations on solicitation, as defined herein, in order to protect the safety of the general public against aggressive solicitation while respecting the constitutional right to free speech.
- (b) The provisions of this chapter shall not be construed to prohibit:
  - (1) The right to exercise protected free speech;
  - (2) The lawful vending of goods and services;
  - (3) Solicitations related to business authorized by or conducted by the property owner, business owner, or employees thereof on the premises;
  - (4) Solicitations related to the lawful towing of a vehicle;
  - (5) Solicitations related to emergency repairs requested by the operator or other occupant of a vehicle.

9.37.020 – Definitions.

For purposes of this chapter, the following words shall have the following meaning, unless the context clearly indicates otherwise:

“Aggressive manner” shall mean any of the following:

- A. Intentionally or recklessly making any physical contact with or touching another person in the course of the solicitation without the person's consent;
- B. Following the person being solicited, if that conduct is:
  - (1) Intended to or is likely to cause a reasonable person to fear imminent bodily harm or the commission of a criminal act upon property in the person's possession, or
  - (2) Is intended to or is reasonably likely to intimidate the person being solicited into responding affirmatively to the solicitation;
- C. Continuing to solicit within five (5) feet of the person being solicited after the person has made a negative response, if continuing the solicitation is:
  - (1) Intended to or is likely to cause a reasonable person to fear imminent bodily harm or the commission of a criminal act upon property in the person's possession, or
  - (2) Is intended to or is reasonably likely to intimidate the person being solicited into responding affirmatively to the solicitation;
- D. Intentionally or recklessly blocking the safe or free passage of the person being solicited or requiring the person, or the driver of the vehicle, to take evasive action to avoid physical contact with the person making the solicitation. Acts authorized as an exercise of one's constitutional right to picket or legally protest shall not constitute obstruction of pedestrian or vehicular traffic;
- E. Intentionally or recklessly using:
  - (1) Obscene or abusive language or gestures intended to or likely to cause a reasonable person to fear imminent bodily harm or the commission of a criminal act upon property in the person's possession, or
  - (2) Words intended to or reasonably likely to intimidate the person into responding affirmatively to the solicitation; or
- F. Approaching the person being solicited in a manner that:
  - (1) Is intended to or is likely to cause a reasonable person to fear imminent harm or the commission of a criminal act upon property in the person's possession, or

- (2) Is intended to or is reasonably likely to intimidate the person being solicited into responding affirmatively to the solicitation.

"Automated teller machine (ATM)" means a device, linked to a financial institution's account records, which is able to carry out transactions, including, but not limited to, account transfers, deposits, cash withdrawals, balance inquiries and mortgage and loan payments.

"Automated teller machine facility" means the area comprised of one or more automatic teller machines and any adjacent space which is made available to banking customers after regular banking hours.

"Check-cashing business" means any person duly licensed by the State Banking Department to engage in the business of cashing checks, drafts or money orders for consideration pursuant to the provisions of the banking laws.

"Public area" means an area to which the public or a substantial group of persons has access, and includes, but is not limited to, alleys, bridges, buildings, driveways, public parking garages, parking lots, parks, playgrounds, schools, plazas, sidewalks, and streets open to the general public, and the doorways and entrances to buildings and dwellings, and the grounds enclosing them.

"Solicit" means to request an immediate donation of money or other thing of value from another person, regardless of the solicitor's purpose or intended use of the money or other thing of value. The solicitation may be, without limitation, by the spoken, written, or printed word, or by other means of communication.

#### 9.37.030 – Aggressive solicitation prohibited.

No person shall solicit in an aggressive manner in any public area.

#### 9.37.040 – Solicitation prohibited in specified areas.

In order to promote the safe and orderly flow of traffic and to prevent the harassment and intimidation of citizens and visitors in the vicinity of certain locations within the City, no person may solicit or beg for any moneys, goods or services, including offering any services in exchange for moneys, goods or services, while located:

- A. In any public transportation vehicle or bus or within twenty-five (25) feet of any bus or public transport station or stop;
- B. In any public garage;
- C. Within twenty-five (25) feet of any entrance or exit of any bank or check-cashing businesses or within twenty-five (25) feet of any automated teller machine; provided, however, that when an automated teller machine is located within an

automated teller machine facility, such distance shall be measured from the entrance or exit of the automated teller machine facility;

- D. On private property if the owner, tenant, or lawful occupant has asked the person not to solicit on the property, or has posted a sign clearly indicating that solicitations are not welcome on the property; or
- E. From any operator of a motor vehicle or a bicycle that is in traffic on a public street, whether in exchange for cleaning the bicycle or the vehicle windows or for blocking, occupying or reserving a public parking space, or directing the occupant to a public parking space; provided, however, that this subsection shall not apply to services rendered in connection with emergency repairs requested by the operator or passengers of such vehicle or bicycle.

9.37.050 – Penalty.

- (a) *Misdemeanor.* Any person who violates any provision of this chapter shall be guilty of a misdemeanor or infraction pursuant to Chapter 1.16 of this Code and/or Penal Code section 647, as amended.
- (b) *Remedies cumulative.* Nothing in this chapter shall limit or preclude the enforcement of any other applicable laws or remedies available for violations of this chapter.”

**SECTION 3.** Except as otherwise amended herein, the remainder of Title 9 (Public Peace, Morals and Welfare) of the Grand Terrace Municipal Code shall remain unchanged and in full effect.

**SECTION 4. Severability.** If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, sentences, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional due to the writs of mandate issued by the Court.

**SECTION 5. Effective Date.** This Ordinance shall take effect thirty (30) days after its adoption. The City Council hereby authorizes and directs the Mayor and the City Clerk to execute this Ordinance on behalf of the City of Grand Terrace forthwith upon its adoption.

**PASSED, APPROVED, AND ADOPTED** by the City Council of Grand Terrace at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_ 2026.

\_\_\_\_\_  
Bill Hussey  
Mayor

**ATTEST:**

\_\_\_\_\_  
Daysi Alcocer  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Adrian R. Guerra  
City Attorney



# AGENDA REPORT

MEETING DATE: March 10, 2026

TITLE: Consideration of Adoption of Resolutions and Conduct First Reading of an Ordinance Relating to the Establishment of a General Transactions and Use Tax at a Rate of Up to 1.00%

PRESENTED BY: Adrian Guerra, City Attorney

RECOMMENDATION: **ADOPT A RESOLUTION SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF A CERTAIN MEASURE RELATING TO A TRANSACTIONS AND USE (SALES) TAX AT THE CONSOLIDATED GENERAL MUNICIPAL ELECTION EXPECTED TO BE HELD ON TUESDAY, NOVEMBER 3, 2026; AND**

**ADOPT A RESOLUTION SETTING PRIORITIES FOR FILING WRITTEN ARGUMENT(S) AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS, REGARDING THE GRAND TERRACE GENERAL SERVICES MEASURE; AND**

**ADOPT A RESOLUTION PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS FOR THE GRAND TERRACE GENERAL SERVICES MEASURE TO BE SUBMITTED AT A GENERAL MUNICIPAL ELECTION EXPECTED ON NOVEMBER 3, 2026; AND**

**IF THE RESOLUTIONS ABOVE ARE ADOPTED, THEN CONDUCT THE FIRST READING, BY TITLE ONLY, OF AN ORDINANCE RELATING TO THE PROPOSED GENERAL TRANSACTIONS AND USE TAX MEASURE**

## **2030 VISION STATEMENT:**

This staff report supports City Council Goal #1, “Ensure Our Fiscal Viability” by identifying additional revenue sources

## **BACKGROUND:**

A transactions and use tax measure was placed on the ballot in 2024, but was not approved by the voters. This item is being presented to assess interest from the City Council in pursuing the transactions and use tax measure for a second time at the November 2026 general municipal election.

The current city-wide tax rate is 7.75%, which is composed of State, County and City sales tax rates. The City’s component is only 1.00% as shown below.

| <b>Taxing Jurisdiction</b>      | <b>Rate</b> |
|---------------------------------|-------------|
| California state sales tax      | 6.00%       |
| San Bernardino County sales tax | 0.25%       |

|                                     |              |
|-------------------------------------|--------------|
| Grand Terrace sales tax             | 1.00%        |
| Special tax (San Bernardino County) | <u>0.50%</u> |
| Combined Sales Tax:                 | 7.75%        |

State law “caps” the total cumulative sales tax rate at a maximum rate of 10.25% for the jurisdiction of Grand Terrace. Because 7.25% has already been accounted for of this maximum, 2.50% remains available to be allocated.

To capture a portion of this remaining 2.50% an ordinance will need to be adopted, as described in this report, to establish a transactions and use tax with a specified tax rate for implementation. Per sections 7285.92 and 7251.1 of the Revenue and Tax Code, a maximum of 2.00% of the remaining 2.50% may be captured by the City. A 1.00% transactions and use tax has been recommended by an Ad Hoc Citizens Committee.

A 1.00% transactions and use tax was recommended by an Ad Hoc Citizens Committee in 2024. The City Council approved a measure for the November election.

By this staff report, City staff would like to receive City Council direction whether to take the actions necessary to submit a general transactions and use tax measure with a rate of 1.00% to the voters at the November 3, 2026, General Municipal Election. If approved, the revenues collected from this tax will be deposited in the City’s general fund to finance general City services and programs for its residents instead of other taxing jurisdictions like the County of San Bernardino. If adopted, the total annual revenue generated is estimated to be \$1 million.

**DISCUSSION:**

**Three Election Resolutions**

If the City Council desires to proceed with a ballot measure at the November 2026 general municipal election, three election resolutions concerning the proposed general transactions and use tax ordinance are presented for consideration by the City Council.

The first resolution submits the proposed transactions and use tax to the voters for consideration at the General Municipal Election expected to be held on November 3, 2026, approves the transactions and use tax ordinance, and authorizes the measure to be placed on the ballot once the election is formally called.

The second resolution establishes priorities under State law for choosing among multiple written arguments (both in favor and against) the transactions and use tax measure. It also directs the City Attorney to prepare an impartial analysis of the proposed measure.

The third resolution provides for the filing of rebuttal arguments to the primary written arguments. The rebuttal arguments are prepared by the opposite authors of the primary arguments.

Per the City Clerk and relevant county requirements, the last day to submit the adopted resolutions to the San Bernardino County Elections office is August 7, 2026. As such, all three resolutions and the first reading, by title only, of the ordinance must be completed before this deadline.

**Issues Concerning the Three Election Resolutions**

**A. The Ballot Label**

The first resolution includes a “ballot label” (commonly known as the “ballot question”) which

describes the proposed transactions and use tax ordinance, and which is the question actually presented to the voters. Ballot labels are limited to 75 words or less. The Council may revise the language used for the ballot label within the following state law restrictions:

1. "If the proposed measure imposes a tax or raises the rate of a tax, the ballot shall include in the statement of the measure to be voted on the amount of money to be raised annually and the rate and duration of the tax to be levied." (Elec. Code § 13119(b).)
2. "The statement of the measure shall be a true and impartial synopsis of the purpose of the proposed measure, and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure." (Elec. Code § 13119(c).)
3. "The ballot label must be in the form of "Shall the measure...be adopted?" (Elec. Code § 13119(a).)

The label should also clarify the general transactions and use tax will be for general government use. Although the proposed tax will be deposited in the General Fund for unrestricted general revenue purposes, the ballot label may make reference to possible uses while not committing the revenue to those uses.

## **B. Argument Authorization**

The second resolution authorizes councilmembers to write an argument in favor of the ballot measure. If three (3) or more Councilmembers jointly write a ballot argument, then the Brown Act will require the collaboration to occur at a noticed public meeting.

## **C. Rebuttals**

Rebuttal arguments are optional under state law and are allowed at the discretion of the City Council. If the Council does not desire to authorize rebuttal arguments, then it should not approve this third election resolution.

## **Procedures**

A two-thirds (i.e., four out of five) vote of all members of the City Council will be required to adopt the resolution to order the submission of the proposed transactions and use tax measure to the voters and to approve the ordinance. Additionally, the City Council must approve the transactions and use tax ordinance, which consists of the Council conducting a first reading, by title only, of the ordinance. The City Council will subsequently conduct second reading and adoption of the ordinance if it approved by the voters.

Under Proposition 218, the levy of a new general transactions and use tax measure will require approval by a majority of the voters (50% + 1). (Cal. Const, art. 13C, § 2(b).) As discussed above, the proposed taxes will generate revenue, deposited in the general fund, available for any general governmental purpose.

The transactions and use tax is collected by the California Department of Tax and Fee Administration (CDTFA) and distributed to the City. Per Revenue and Tax Code section 7265, the CDTFA may begin collecting the tax on the first day of the calendar quarter at least 110 days after adoption of the ordinance. If the majority of the electorate votes in favor of the ordinance, it is anticipated to be adopted on Tuesday, December 8, 2026. As such, the first day for the collection of taxes, or operative date, shall be on April 1, 2027. If the ordinance is not adopted during the December 8th City Council meeting, the operative date shall be postponed to the first day of the following calendar quarter at least 110 days after the date of adoption.

The CDTFA will review the ordinance and resolutions related to the proposed sales tax measure to confirm their accuracy. If CDTFA identifies any discrepancies or required changes, the City will return to the City Council with revised documents for approval.

City staff recommends that, if the City Council desires to place this matter on the November 3, 2026 ballot, the City Council:

1. ADOPT Resolution No. 2026-XX, submitting to the qualified electors of the City of a certain measure relating to a transactions and use (sales) tax at the consolidated General Municipal Election expected to be held on Tuesday, November 3, 2026; and

ADOPT Resolution No. 2026-XX, setting priorities for filing written argument(s) and directing the City Attorney to prepare an impartial analysis, regarding the Grand Terrace General Services Measure; and

ADOPT Resolution No. 2026-XX, providing for the filing of rebuttal arguments for the Grand Terrace General Services Measure to be submitted at a General Municipal Election expected on November 3, 2026; and

If the Resolutions above are adopted, then CONDUCT the First Reading, by Title only, of an Ordinance relating to the proposed general transactions and use tax measure.

2. Provide other direction to staff.

**ENVIRONMENTAL IMPACT:**

None.

**FISCAL IMPACT:**

Costs anticipated include city attorneys' fees to prepare the necessary impartial analysis and costs associated with reviewing and preparing written arguments and rebuttals.

**ORDINANCE NO. XXX**

**AN ORDINANCE OF THE CITY OF GRAND TERRACE, CALIFORNIA, FUNDING CITY OF GRAND TERRACE GENERAL SERVICES BY IMPOSING A 1.00% TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION**

**WHEREAS**, Article XIII C, Section 2 of the California Constitution authorizes a city to impose a general tax if approved by a majority vote of the qualified electors; and

**WHEREAS**, Article XIII C, Section 2, of the California Constitution requires that the election at which a general tax increase is submitted to the electorate shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body; and

**WHEREAS**, Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and Section 7285.9 of the California Revenue and Taxation Code, authorizes a city to adopt a transactions and use (sales) tax ordinance, which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose; and

**WHEREAS**, to preserve and fund vital general City services, including those items discussed herein, the City must identify a reliable source of locally-controlled funding source that can only be used for local services and address local priorities, which is legally protected from being taken by the State; and

**WHEREAS**, on March 10, 2026 the City Council of the City of Grand Terrace adopted Resolution No. 2026-XX, submitting the GRAND TERRACE GENERAL SERVICES MEASURE ("Transactions and Use Tax Measure") to the voters at the General Municipal Election to be held in the City of Grand Terrace on November 3, 2026 ("General Municipal Election"), which, if approved, would establish a transactions and use (sales) tax at the rate of 1.00%; and

**WHEREAS**, as part of Resolution No. 2026-XX, on March 10, 2026, the City Council also approved this Ordinance, pursuant to Revenue & Taxation Code Section 7285.9, subject to the City voters' approval; and

**WHEREAS**, the General Municipal Election is a regularly scheduled general election for members of the Grand Terrace City Council.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** The Recitals set forth above are incorporated herein by this reference.

**SECTION 2. ADOPTION OF NEW CHAPTER.** A new Chapter 3.32 is hereby added to the Grand Terrace Municipal Code to read as follows:

"Chapter 3.32  
TRANSACTIONS AND USE TAX

3.32.010 Title.

This ordinance shall be known as the "City of Grand Terrace Transactions and Use Tax Ordinance. The City of Grand Terrace hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.32.020 Operative Date.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

3.32.030 Purpose.

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be

administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.32.040 Contract with State.

Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.32.050 Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 1.00% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

3.32.060 Place of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

3.32.070 Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 1.00% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery

is made.

3.32.080 Adoption of Provisions of State Law.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

3.32.050 Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 1.00% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

3.32.060 Place of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

3.32.070 Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 1.00% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.32.080 Adoption of Provisions of State Law.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section

6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

3.32.090 Limitations on Adoption of State Law and Collection of Use Taxes.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

1. "A retailer engaged in business in the District" shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that

exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

### 3.32.100 Permit Not Required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

### 3.32.110 Exemptions and Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

3.32.100 Permit Not Required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

3.32.110 Exemptions and Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale

of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale

of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

### 3.32.120 Amendments.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

### 3.32.130 Enjoining Collection Forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

### 3.32.150 Severability.

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

3.32.160 Council Authority to Amend.

Pursuant to Elections Code Section 9217, the City Council shall have and retain the right and authority to amend this ordinance to further its purposes and intent (including but not limited to amendment for more efficient administration as determined by the City Council) in any manner that does not increase a tax rate, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution.

3.32.170 Effective Date.

This chapter relating to the levying and collecting of the City transactions and use tax shall be effective ten (10) days after the date on which the City Council has declared that the voters of the City of Grand Terrace have approved the ordinance by a vote of no less than a majority of the votes cast by the electors voting on the tax measure set forth in this chapter at that general municipal election to be held on November 3, 2026.

3.32.180 Termination Date.

The authority to levy the tax imposed by this ordinance shall continue until the ordinance codified in this chapter is repealed by the majority vote of qualified electors."

**SECTION 3. COUNCIL AUTHORITY TO AMEND.** This is a City Council sponsored initiative Ordinance which otherwise would only be subject to amendment by the voters of the City. However, pursuant to Elections Code Section 9217, the City Council shall have and retain the right and authority to amend the Ordinance to further its purposes and intent (including but not limited to amendment for more efficient administration as determined by the City Council) in any manner that does not increase a tax rate, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution.

**SECTION 4. CEQA.** The adoption of this Ordinance is not a "project" subject to the requirements of the California Environmental Quality Act (CEQA) (Public Resources Code Section §§ 21000 et seq.). CEQA Guideline § 15378(b)(4) provides that the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment are not projects subject to the requirements of CEQA.

**SECTION 5. SEVERABILITY.** If any section, subsection, subdivision, sentence, clause, phrase, or portion of this ordinance or the application thereof to any person or place, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remainder of this ordinance. The City Council hereby declares that it would have adopted this ordinance, and each and every section, subsection, subdivision, sentence, clause, phrase, or portion

thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

**SECTION 6. APPROPRIATIONS LIMIT.** Pursuant to Article XIII B of the California Constitution, the appropriations limit for the City of Grand Terrace is increased to the maximum extent over the maximum period of time allowed under the law consistent with the revenues generated by this tax.

**SECTION 7. EFFECTIVE DATE.** If a majority of the voters of the City of Grand Terrace voting at the General Municipal Election of November 3, 2026, vote in favor of this Ordinance, then this Ordinance shall become a valid and binding ordinance of the City of Grand Terrace, and shall be considered as adopted upon the date that the vote is declared by the City Council, and this Ordinance shall go into effect ten (10) days after that date, pursuant to Election Code section 9217.

**SECTION 8. CERTIFICATION.** The City Clerk shall certify to the adoption of this Ordinance and cause the same to be published as required by law.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Grand Terrace, California, at a regular meeting held on the \_\_\_ day of \_\_\_\_\_ 2026.

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Bill Hussey  
Mayor

**ATTEST:**

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Daysi Alcocer  
City Clerk

**APPROVED AS TO FORM:**

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Adrian Guerra  
City Attorney

**Exhibit A**  
**Ordinance**

**RESOLUTION NO. 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY GRAND TERRACE, CALIFORNIA, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENT(S) AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS, REGARDING THE GRAND TERRACE GENERAL SERVICES MEASURE**

**WHEREAS**, a General Municipal Election is expected to be held on Tuesday, November 3, 2026, for the purpose of electing council members and submitting ballot measures and, pursuant to Resolution No. 2026-XX, the City Council submitted a measure relating to the establishment of a transactions and use (sales) tax entitled the GRAND TERRACE GENERAL SERVICES MEASURE; and

**WHEREAS**, for measures place on the ballot by a legislative body, pursuant to section 9282 of the California Elections Code, the legislative body or a member authorized by the legislative body may file a written argument for or against any city measure.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1.** The Recitals set forth above are true and correct and are incorporated herein by this reference.

**SECTION 2.** That pursuant to Elections Code section 9282, the City Council hereby authorizes, but does not require, any or all members of the City Council to file a written argument for the foregoing measure.

**SECTION 3.** That in the event that more than one argument for or against the foregoing measure is timely submitted, the City Clerk shall give preference and priority first, to arguments submitted by member(s) of the City Council, as authorized by this Resolution, and second, to individual voters, bona fide associations, or a combination thereof, in the order set forth at California Elections Code section 9287.

**SECTION 4.** That in accordance with the requirements of Division 9, Chapter 3, Article 4 of the Elections Code, all written arguments for or against the foregoing measure: (1) shall not exceed three hundred (300) words in length; (2) shall be filed with the City Clerk; (3) shall be accompanied by the printed name(s) and signature(s) of the person(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of the principal officers who is the author of the argument; and (4) shall be accompanied by the Form of Statement to be Filed by Author(s) of Argument as provided for in California Elections Code section 9600. All written arguments may be changed or withdrawn until and including the date fixed by the City Clerk, being the close of business on July 17, 2026, after which time no arguments for or against the foregoing measure may be submitted to the City Clerk.

**SECTION 5.** That the City Council hereby directs the City Clerk to transmit a copy of the foregoing measure to the City Attorney. In accordance with Elections Code section 9280, the City Attorney is hereby directed to prepare an impartial analysis of the measure, not to exceed five hundred (500) words in length, showing the effect of the measure on the existing law and the operation of the measure. The analysis shall include a statement indicating whether the measure was placed on the ballot by a petition signed by the requisite number of voters or by the governing body of the city. In the event the entire text of the measure is not printed on the ballot, nor in the voter information portion of the sample ballot, there shall be printed immediately below the impartial analysis, in no less than 10-point bold type, a legend substantially as follows: "The above statement is an impartial analysis of Ordinance or Measure. If you desire a copy of the ordinance or measure, please call the City Clerk's office at (909) 954-5207 and a copy will be mailed at no cost to you." The impartial analysis shall be filed by the date set by the City Clerk for the filing of primary arguments.

**SECTION 6.** That the City Clerk shall cause the City Attorney's Impartial Analysis, and duly selected arguments, to be printed and distributed to voters in accordance with State law regarding same.

**SECTION 7.** That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions. This Resolution shall be effective immediately upon passage and adoption.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Grand Terrace, California, at a regular meeting held on the 10<sup>th</sup> day of March 2026.

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Bill Hussey  
Mayor

**ATTEST:**

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Daysi Alcocer  
City Clerk

**APPROVED AS TO FORM:**

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Adrian Guerra  
City Attorney

**RESOLUTION NO. 2026-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS FOR THE GRAND TERRACE GENERAL SERVICES MEASURE SUBMITTED AT A GENERAL MUNICIPAL ELECTION EXPECTED TO BE HELD ON NOVEMBER 3, 2026**

**WHEREAS**, a General Municipal Election is expected to be held on Tuesday, November 3, 2026, for the purpose of electing council members and submitting ballot measures and, pursuant to Resolution No. 2026-XX, the City Council submitted a measure relating to the establishment of a transactions and use (sales) tax entitled the GRAND TERRACE GENERAL SERVICES MEASURE; and

**WHEREAS**, Section 9285 of the California Elections Code authorizes the City Council, by majority vote, to adopt provisions to provide for the filing of rebuttal arguments for city measures submitted at municipal elections.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1.** The Recitals set forth above are true and correct and are incorporated herein by this reference.

July

**SECTION 2.** That pursuant to Elections Code section 9285, when the City's elections official has selected the arguments for and against the foregoing measure which will be printed and distributed to the voters, the City's elections official shall send copies of the argument in favor of the measure to the authors of the argument against, and copies of the argument against to the authors of the argument in favor. The author or a majority of the authors of an argument relating to the foregoing city measure may prepare and submit a rebuttal argument not to exceed two hundred fifty (250) words in length. A rebuttal argument may not be signed by more than five (5) authors. The final date to file rebuttal arguments with the City Clerk is no later than the close of business on July 23, 2026. The rebuttal arguments shall be accompanied by the Form of Statement to be Filed by Author(s) of Argument as provided for in Elections Code section 9600. Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument which it seeks to rebut.

**SECTION 3.** That all previous resolutions providing for the filing of rebuttal arguments for city measures are repealed.

**SECTION 4.** That the provisions of Sections 1 of this Resolution shall apply only to the General Municipal Election to be held on November 3, 2026, and shall then be repealed.

**SECTION 5.** That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions. This Resolution shall be effective immediately upon passage and adoption.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Grand Terrace, California, at a regular meeting held on the 10<sup>th</sup> day of March 2026.

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Bill Hussey  
Mayor

**ATTEST:**

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Daysi Alcocer  
City Clerk

**APPROVED AS TO FORM:**

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Adrian Guerra  
City Attorney

**ORDINANCE NO. XXX**

**AN ORDINANCE OF THE CITY OF GRAND TERRACE, CALIFORNIA, FUNDING CITY OF GRAND TERRACE GENERAL SERVICES BY IMPOSING A 1.00% TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION**

**WHEREAS**, Article XIII C, Section 2 of the California Constitution authorizes a city to impose a general tax if approved by a majority vote of the qualified electors; and

**WHEREAS**, Article XIII C, Section 2, of the California Constitution requires that the election at which a general tax increase is submitted to the electorate shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body; and

**WHEREAS**, Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and Section 7285.9 of the California Revenue and Taxation Code, authorizes a city to adopt a transactions and use (sales) tax ordinance, which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose; and

**WHEREAS**, to preserve and fund vital general City services, including those items discussed herein, the City must identify a reliable source of locally-controlled funding source that can only be used for local services and address local priorities, which is legally protected from being taken by the State; and

**WHEREAS**, on March 10, 2026 the City Council of the City of Grand Terrace adopted Resolution No. 2026-XX, submitting the GRAND TERRACE GENERAL SERVICES MEASURE ("Transactions and Use Tax Measure") to the voters at the General Municipal Election to be held in the City of Grand Terrace on November 3, 2026 ("General Municipal Election"), which, if approved, would establish a transactions and use (sales) tax at the rate of 1.00%; and

**WHEREAS**, as part of Resolution No. 2026-XX, on March 10, 2026, the City Council also approved this Ordinance, pursuant to Revenue & Taxation Code Section 7285.9, subject to the City voters' approval; and

**WHEREAS**, the General Municipal Election is a regularly scheduled general election for members of the Grand Terrace City Council.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAND TERRACE DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** The Recitals set forth above are incorporated herein by this reference.

**SECTION 2. ADOPTION OF NEW CHAPTER.** A new Chapter 3.32 is hereby added to the Grand Terrace Municipal Code to read as follows:

"Chapter 3.32  
TRANSACTIONS AND USE TAX

3.32.010 Title.

This ordinance shall be known as the "City of Grand Terrace Transactions and Use Tax Ordinance. The City of Grand Terrace hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.32.020 Operative Date.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

3.32.030 Purpose.

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be

administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.32.040 Contract with State.

Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.32.050 Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 1.00% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

3.32.060 Place of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

3.32.070 Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 1.00% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery

is made.

3.32.080 Adoption of Provisions of State Law.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

3.32.050 Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 1.00% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

3.32.060 Place of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

3.32.070 Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 1.00% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.32.080 Adoption of Provisions of State Law.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section

6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

3.32.090 Limitations on Adoption of State Law and Collection of Use Taxes.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

1. "A retailer engaged in business in the District" shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that

exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

### 3.32.100 Permit Not Required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

### 3.32.110 Exemptions and Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

3.32.100 Permit Not Required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

3.32.110 Exemptions and Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale

of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale

of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

### 3.32.120 Amendments.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

### 3.32.130 Enjoining Collection Forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

### 3.32.150 Severability.

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

3.32.160 Council Authority to Amend.

Pursuant to Elections Code Section 9217, the City Council shall have and retain the right and authority to amend this ordinance to further its purposes and intent (including but not limited to amendment for more efficient administration as determined by the City Council) in any manner that does not increase a tax rate, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution.

3.32.170 Effective Date.

This chapter relating to the levying and collecting of the City transactions and use tax shall be effective ten (10) days after the date on which the City Council has declared that the voters of the City of Grand Terrace have approved the ordinance by a vote of no less than a majority of the votes cast by the electors voting on the tax measure set forth in this chapter at that general municipal election to be held on November 3, 2026.

3.32.180 Termination Date.

The authority to levy the tax imposed by this ordinance shall continue until the ordinance codified in this chapter is repealed by the majority vote of qualified electors."

**SECTION 3. COUNCIL AUTHORITY TO AMEND.** This is a City Council sponsored initiative Ordinance which otherwise would only be subject to amendment by the voters of the City. However, pursuant to Elections Code Section 9217, the City Council shall have and retain the right and authority to amend the Ordinance to further its purposes and intent (including but not limited to amendment for more efficient administration as determined by the City Council) in any manner that does not increase a tax rate, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution.

**SECTION 4. CEQA.** The adoption of this Ordinance is not a "project" subject to the requirements of the California Environmental Quality Act (CEQA) (Public Resources Code Section §§ 21000 et seq.). CEQA Guideline § 15378(b)(4) provides that the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment are not projects subject to the requirements of CEQA.

**SECTION 5. SEVERABILITY.** If any section, subsection, subdivision, sentence, clause, phrase, or portion of this ordinance or the application thereof to any person or place, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remainder of this ordinance. The City Council hereby declares that it would have adopted this ordinance, and each and every section, subsection, subdivision, sentence, clause, phrase, or portion

thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

**SECTION 6. APPROPRIATIONS LIMIT.** Pursuant to Article XIII B of the California Constitution, the appropriations limit for the City of Grand Terrace is increased to the maximum extent over the maximum period of time allowed under the law consistent with the revenues generated by this tax.

**SECTION 7. EFFECTIVE DATE.** If a majority of the voters of the City of Grand Terrace voting at the General Municipal Election of November 3, 2026, vote in favor of this Ordinance, then this Ordinance shall become a valid and binding ordinance of the City of Grand Terrace, and shall be considered as adopted upon the date that the vote is declared by the City Council, and this Ordinance shall go into effect ten (10) days after that date, pursuant to Election Code section 9217.

**SECTION 8. CERTIFICATION.** The City Clerk shall certify to the adoption of this Ordinance and cause the same to be published as required by law.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Grand Terrace, California, at a regular meeting held on the \_\_\_ day of \_\_\_\_\_ 2026.

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Bill Hussey  
Mayor

**ATTEST:**

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Daysi Alcocer  
City Clerk

**APPROVED AS TO FORM:**

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Adrian Guerra  
City Attorney

**Exhibit A**  
**Ordinance**