

CITY OF GRASS VALLEY, CALIFORNIA



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2024**

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CITY OF GRASS VALLEY
Annual Financial Report
For the Year Ended June 30, 2024

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INTRODUCTORY SECTION

- **List of Officials**

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CITY OF GRASS VALLEY
List of Officials
For the Year Ended June 30, 2024

City Council

Jan Arbuckle	Mayor
Hilary Hodge	Vice Mayor
Tom Ivy	Council Member
Bob Branstrom	Council Member
Haven Caravelli	Council Member

City Officials

Tim Kiser	City Manager
Andy Heath	Administrative Services Director
Alex Gammelgard	Chief of Police
Vacant	Community Development Director
Mark Buttron	Fire Chief
Michael G. Colantuono	City Attorney

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Grass Valley
Grass Valley, 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 Grass Valley, California (City), as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 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 the Honorable Mayor and Members of the City Council
City of Grass Valley
Grass Valley, California

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 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 the Honorable Mayor and Members of the City Council
City of Grass Valley
Grass Valley, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, City Pension Plan information, City OPEB Plan information, and 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.

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

Other Information

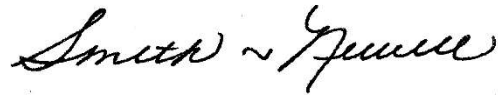
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and Members of the City Council
City of Grass Valley
Grass Valley, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Smith & Newell", written in a cursive style.

Smith & Newell CPAs
Yuba City, California
June 10, 2025

Management's Discussion and Analysis
(Unaudited)

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**City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

This section provides a narrative overview and analysis of the financial activities of the City of Grass Valley (City) for the fiscal year ended June 30, 2024. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The City's total net position decreased by approximately \$6.4 million over the course of this year's operations when considering all City operations and programs. The assets of the City exceeded its liabilities by about \$106.0 million at the end of the 2024 fiscal year. Of that amount, the City has \$91.6 million invested in capital assets and \$22.9 million in restricted net position largely due to balances related to housing loans; and unspent capital-related and other funds held for a specific purpose. The City also has a deficit unrestricted net position of approximately (\$8.5 million) that fluctuates greatly from year-to-year due to annual financial impacts related to the City's pension activity.
- ◆ Overall City-wide revenues from all governmental and business-type activities decreased by approximately \$3.16 million when compared to the 2023 fiscal year. Aside from typical annual increases in collections of certain discretionary taxes and other fees, this decrease is primarily due to lower amounts of operating and capital grants received for projects including the Memorial Park Pool Facility Upgrade (CDBG Grant); the Mill Street Pedestrian Plaza (American Rescue Plan Act Funding); and various street-related projects; and a slight decrease in utility charges for services (recurring charges for services and connection fees). It should be mentioned that citywide interest earnings increased by approximately \$1.2 million in FY 2023-24, primarily as a result of sustained higher interest rates.
- ◆ The General Fund reported a fund balance of approximately \$8.29 million at the end of the 2024 fiscal year, a decrease of approximately \$377,000 from FY 2022-23. This decrease can be primarily attributed to inflationary pressures on everyday operations and program costs, higher levels of overtime incurred for public safety and use of fund balances towards certain capital projects and outlay.
- ◆ The Measure E Fund reported a fund balance of approximately \$3.68 million at the end of the 2024 fiscal year, essentially unchanged from the previous fiscal year. The unchanged fund balance can be primarily attributed to the carryover of fund balance to be used in future years towards citywide parks and streets projects and public safety vehicle replacement. During FY 2023-24, the City used approximately \$3.70 million in Measure E Funding towards street streets and parks projects; and public safety staff and apparatus costs.
- ◆ The City ended the fiscal year with \$11.04 million in unrestricted net position reported in the enterprise funds, a decrease of approximately \$540,000 from the prior year. This decrease can be primarily attributed to an annual adjustment related to CalPERS actuarial activity to restate the value of assets and liabilities associated with future / expected CalPERS payments; and increased expenses for both the Water and Sewer enterprise operations.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is in two major parts:

- 1) **Introductory section**, which includes a list of City officials; and the
- 2) **Financial section**, which includes the Independent Auditor's Report, Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements and Combining and Individual

City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Fund Financial Statements and Schedules; and Required Supplementary Information and Combining Nonmajor Fund Financial Statements.

The Basic 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 views of the City's financial activities and financial position.

Government-Wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- ***Governmental activities*** – All of the City's basic services are considered to be governmental activities, including general government, public safety, public ways and facilities, community development, recreation, and culture. These services are supported by general City revenues such as taxes and by specific program revenues such as grants and developer fees.
- ***Business-type activities*** – All the City's enterprise activities are reported here, including Water and Sewer. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial

**City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

decisions. 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. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2024, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- General Fund
- Measure E Fund
- Housing (HOME) Special Revenue Fund
- Capital Improvement Projects Fund
- Special Projects Fund

PROPRIETARY FUNDS:

- Water Enterprise Fund
- Sewer Enterprise Fund

For the fiscal year ended June 30, 2024, the City adopted annual appropriated budgets for all governmental and proprietary funds.

Proprietary funds. The City maintains Enterprise-type proprietary funds. 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 Water and Sewer activities.

Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for both Water and Sewer operations.

Fiduciary Funds. Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City's fiduciary funds include the Successor Agency to the Former Grass Valley Redevelopment Agency (Private Purpose Trust Fund) and the Whispering Pines Morgan Ranch Assessment Funds (Custodial Funds).

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 28-60 of this report. Required Supplementary Information follows the notes on pages 61-70.

**City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 71-78 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$105,958,492 as of June 30, 2024. The Summary of Net Position as of June 30, 2024, and 2023, follows:

City of Grass Valley Net Position						
	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2024	2023	2024	2023	2024
Current and other assets	\$ 35,301,826	\$ 33,323,880	\$ 12,550,742	\$ 13,363,977	\$ 47,852,568	\$ 46,687,857
Capital assets	64,767,276	63,997,624	41,125,867	38,887,161	105,893,143	102,884,785
Total Assets	<u>100,069,102</u>	<u>97,321,504</u>	<u>53,676,609</u>	<u>52,251,138</u>	<u>153,745,711</u>	<u>149,572,642</u>
Employer pension contributions	14,023,837	7,589,947	2,647,496	2,233,066	16,671,333	9,823,013
Employer OPEB contributions	1,055,356	1,029,573	97,241	94,865	1,152,597	1,124,438
Total Deferred Outflows of Resources	<u>15,079,193</u>	<u>8,619,520</u>	<u>2,744,737</u>	<u>2,327,931</u>	<u>17,823,930</u>	<u>10,947,451</u>
Current liabilities	4,317,862	3,237,911	396,546	532,459	4,714,408	3,770,370
Long-term liabilities	36,433,003	35,646,069	7,483,051	7,595,487	43,916,054	43,241,556
Total Liabilities	<u>40,750,865</u>	<u>38,883,980</u>	<u>7,879,597</u>	<u>8,127,946</u>	<u>48,630,462</u>	<u>47,011,926</u>
Deferred pension adjustments	6,032,440	2,671,601	1,138,836	786,022	7,171,276	3,457,623
Deferred OPEB adjustments	3,080,257	3,746,819	283,815	345,233	3,364,072	4,092,052
Total Deferred Inflows of Resources	<u>9,112,697</u>	<u>6,418,420</u>	<u>1,422,651</u>	<u>1,131,255</u>	<u>10,535,348</u>	<u>7,549,675</u>
Net position						
Invested in capital assets						
net of related debt	57,478,020	57,354,363	35,543,286	34,283,743	93,021,306	91,638,106
Restricted	23,410,181	22,860,534	-	-	23,410,181	22,860,534
Unrestricted	(15,603,468)	(19,576,273)	11,575,812	11,036,125	(4,027,656)	(8,540,148)
Total Net Position	<u>\$ 65,284,733</u>	<u>\$ 60,638,624</u>	<u>\$ 47,119,098</u>	<u>\$ 45,319,868</u>	<u>\$ 112,403,831</u>	<u>\$ 105,958,492</u>

Overall, total net position decreased by approximately \$6.45 million. Of this amount, net position for governmental activities decreased by approximately \$4.65 million and net position for business-type activities decreased by approximately \$1.80 million. Approximately 84 percent of the net position of the City is represented by the City's net investment in its capital assets such as buildings, land, equipment, utility systems, and facilities.

Total restricted net position decreased by approximately \$550,000 and unrestricted net position decreased by approximately \$4.51 million. It should be mentioned that there is a negative amount of total unrestricted net position (-\$8.54 million in FY 2023-24) due to the aforementioned adjustment related to the City's CalPERS actuarial activity to restate the value of assets and liabilities associated with future / expected CalPERS payments. At the end of fiscal year 2024, a citywide "net pension liability" of \$10.53 million is recognized. Ultimately, unrestricted net position is expected to increase in future years as debt is paid off and other unfunded liabilities (Other Post-Employment Benefits) become more fully funded.

**City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

Analysis of changes in net position for the fiscal year ending June 30, 2024, follows:

Revenues

The City's total revenues for governmental and business-type activities were approximately \$35.99 million for the fiscal year ended June 30, 2024. Significant revenues collected by the City during fiscal year 2024 were derived from sales taxes (38.6%), charges for services (25.1%), and property taxes (15.8%).

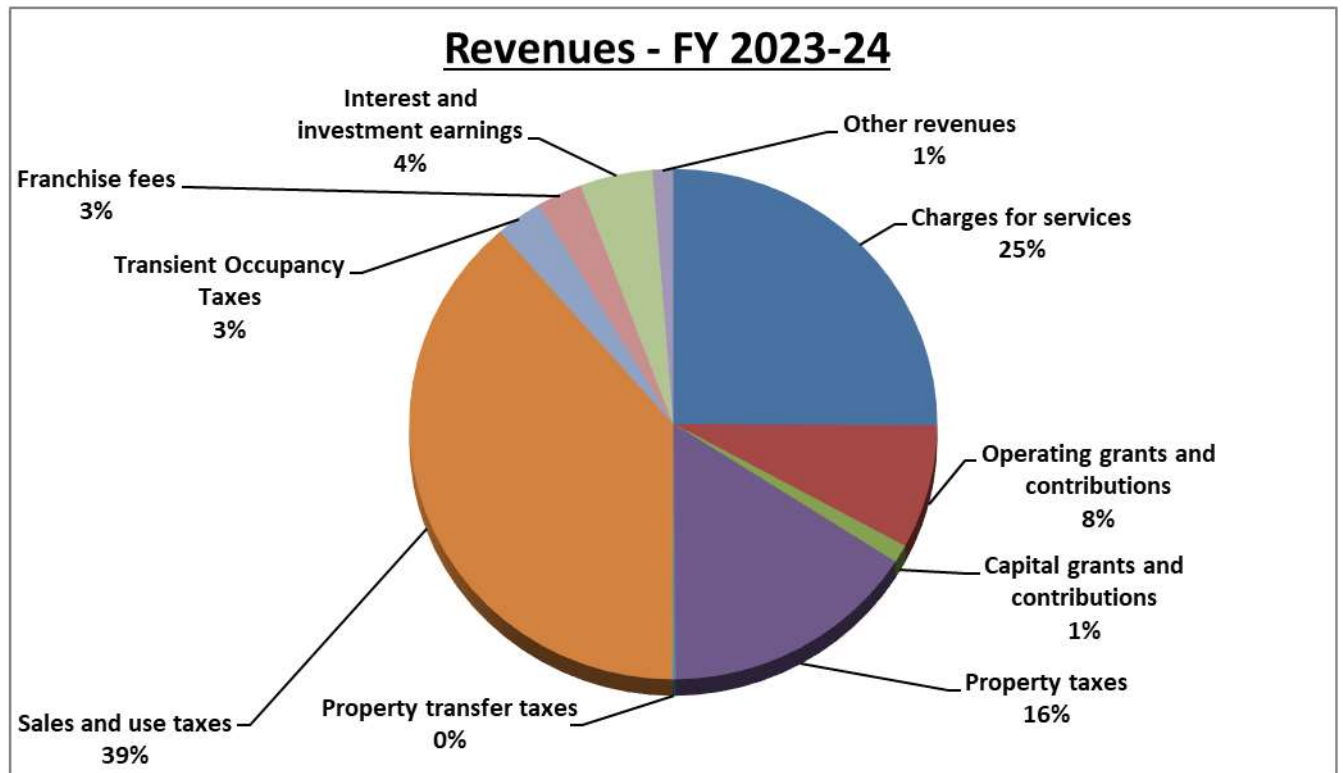
The following discusses variances in key revenues from the prior fiscal year:

1. **Charges for Services** – The approximately \$240,000 decrease in charges for services is related to lower collections of utility connection fees coupled with a reduction of one-time septic hauler third-party revenues received in fiscal year 2024.
2. **Sales Tax.** Annual receipts increased by approximately \$289,000 as the local economy continued to recover from the impacts of the COVID-19 Pandemic and the City's continued receipt of the largest share of "County Pooled" sales tax revenues.
3. **Property Tax.** Property taxes increased by approximately \$369,000 due to the increased in assessed valuation from the prior year.
4. **Use of Money and Property.** The Use of Money and Property (interest and investment earnings) increased by approximately \$1.20 million due to the City's focus on a laddered investment portfolio, taking advantage of continued high investment interest rates. Additionally, a required recognition of a "fair market value" adjustment required by the Governmental Accounting Standards Board, which requires that the value of investments held by the City be reported at the fair value as of June 30, 2024, accounts for a portion of the increase in investment earnings. It is not expected that the fair market value gain/(loss) will ever materialize as all investments are held to maturity.
5. **Operating and Capital Grants and Contributions.** Operating and Capital Grants and Contributions decreased by approximately \$5.11 million due a reduction in one-time grant funding received from the (1) Federal CDBG Program to be used specifically for the Memorial Park Pool Upgrade; (2) Federal American Rescue Plan Act (ARPA) to be used specifically for the Mill Street Pedestrian Plaza Project; and (3) other transportation-related grants to be used specifically for Street-related projects.
6. **Transient Occupancy Taxes.** Transient Occupancy Taxes remained relatively flat with those collected in FY 2022-23, recognizing continued recovery from the impacts of the COVID-19-related economic shutdown.
7. **Miscellaneous Revenues.** Miscellaneous revenues increased by \$275,000 due to general expense reimbursements related to payroll and law enforcement costs.

**City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

**City of Grass Valley
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2024	2023	2024	2023	2024
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 1,768,341	\$ 1,628,839	\$ 7,498,292	\$ 7,397,322	\$ 9,266,633	\$ 9,026,161
Operating grants and contributions	5,152,304	2,831,427	-	-	5,152,304	2,831,427
Capital grants and contributions	3,201,464	409,451	-	-	3,201,464	409,451
<i>General Revenues</i>						
Property taxes	5,305,336	5,674,645	-	-	5,305,336	5,674,645
Property transfer taxes	66,225	64,649	-	-	66,225	64,649
Sales and use taxes	13,595,210	13,884,523	-	-	13,595,210	13,884,523
Transient Occupancy Taxes	1,033,199	1,033,225	-	-	1,033,199	1,033,225
Franchise fees	991,507	1,010,504	-	-	991,507	1,010,504
Interest and investment earnings	150,453	1,093,386	256,462	510,606	406,915	1,603,992
Miscellaneous	132,915	408,316	325	364	133,240	408,680
Gain (loss) on sale of assets	4,995	46,085	-	-	4,995	46,085
Total Revenues	\$ 31,401,949	\$ 28,085,050	\$ 7,755,079	\$ 7,908,292	\$ 39,157,028	\$ 35,993,342



Expenses

Governmental and business-type activity expenses of the City for the year totaled approximately \$42.44 million. Governmental activity expenses totaled approximately \$33.02 million or 77.9% of total expenses. Business-type activities incurred approximately \$9.41 million in expenses during the fiscal year. Public safety costs represent 22.1% of total governmental activities expenses for FY 2023-24.

**City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

Governmental Activities

Expenditures for Governmental Activities decreased by \$3.86 million from the previous year, primarily due to reductions in General Government, Public Protection and Public Works / Transportation operational expenditures. The pension liability adjustment(s) can be attributed to a majority of the decrease in expenditures – whereby each year the amount is updated to reflect anticipated costs in the future by recognizing the change from year-to-year. Expenditures incurred in FY 2022-23 (the prior year) were significantly higher due to these pension adjustments, leading to an ultimate reduction in FY 2023-24 when comparing aggregated amounts.

Absent the effects of the aforementioned liabilities on Governmental Activities expenses, other noted changes to expenditures are as follows:

- An overall increase in public safety expenditures related to increased personnel costs purchase of police and fire apparatus and filling of vacant positions; offset by
- A decrease in total capital / outlay expenditures incurred by Governmental Funds including the Capital Projects Fund, Special Projects Fund and the Measure E Fund.

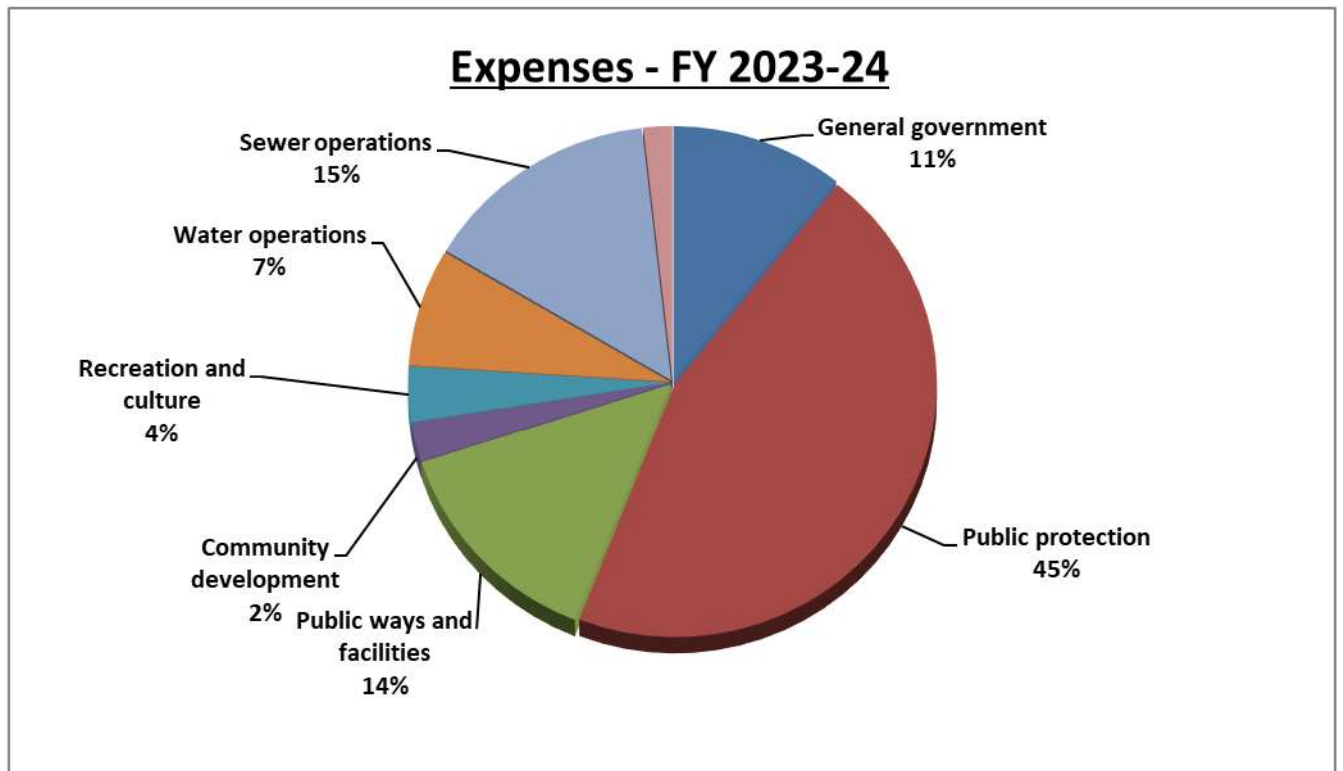
Business-Type Activities

Expenditures for Business-Type Activities increased by approximately \$570,000 from the previous year, primarily as a result of the pension and other post-employment benefits liabilities reductions previously mentioned and increased operational costs related to inflationary pressures.

City-wide Changes in Net Position for FY 2023-24 are noted in the table below:

City of Grass Valley Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2024	2023	2024	2023	2024
Expenses						
General government	\$ 4,765,856	\$ 4,525,266	\$ -	\$ -	\$ 4,765,856	\$ 4,525,266
Public protection	22,492,023	19,219,137	-	-	22,492,023	19,219,137
Public ways and facilities	6,338,566	5,958,996	-	-	6,338,566	5,958,996
Community development	1,445,092	1,064,051	-	-	1,445,092	1,064,051
Recreation and culture	1,056,739	1,499,415	-	-	1,056,739	1,499,415
Water operations	-	-	2,822,591	3,177,954	2,822,591	3,177,954
Sewer operations	-	-	6,022,331	6,237,152	6,022,331	6,237,152
Interest on long term debt	782,829	756,710	-	-	782,829	756,710
Total Expenses	36,881,105	33,023,575	8,844,922	9,415,106	45,726,027	42,438,681
Excess (deficiency) before transfers	(5,479,156)	(4,938,525)	(1,089,843)	(1,506,814)	(6,568,999)	(6,445,339)
Transfers	959,333	292,416	(959,333)	(292,416)	-	-
Change in net position	(4,519,823)	(4,646,109)	(2,049,176)	(1,799,230)	(6,568,999)	(6,445,339)
Net Position - Beginning of year	69,804,556	65,284,733	49,168,274	47,119,098	118,972,830	112,403,831
Net Position - End of year	<u>\$ 65,284,733</u>	<u>\$ 60,638,624</u>	<u>\$ 47,119,098</u>	<u>\$ 45,319,868</u>	<u>\$112,403,831</u>	<u>\$105,958,492</u>

**City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024**



Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2024, the City's governmental funds reported combined fund balances of approximately \$30.05 million.

The General Fund is the primary operating fund of the City. For the fiscal year ended June 30, 2024, General Fund total fund balance was approximately \$8.29 million. This represents a decrease of approximately \$377,000 from the prior year, primarily due to inflationary pressures on everyday operations and program costs, higher levels of overtime incurred for public safety and use of fund balances towards certain capital projects and outlay.

The Measure E Fund is funded by a one-cent transactional general sales tax and used towards police and fire staffing and capital outlay; and streets and parks projects. For the fiscal year ended June 30, 2024, Measure E Fund total fund balance was approximately \$3.68 million, essentially unchanged from the prior fiscal year. The unchanged fund balance can be primarily attributed to the carryover of fund balance to be used in future years towards citywide parks and streets projects and public safety vehicle replacement. The City used approximately \$7.54 million in Measure E Funding towards street streets and parks projects; and public safety staff and apparatus costs.

Proprietary funds. The City's proprietary funds unrestricted net position decreased by approximately \$514,000 in the fiscal year ended June 30, 2024, primarily due to higher services and supplies expenditures

**City of Grass Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

(maintenance costs) for both sewer facilities coupled with the aforementioned impacts of adjusting both the CalPERS Pension and Other Post-Employment Benefits liabilities downward.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amount to approximately \$102.88 million. This investment in capital assets includes land, construction in progress, costs for road and median improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles.

**City of Grass Valley
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2024	2023	2024	2023	2024
Land	\$ 3,689,025	\$ 3,689,025	\$ 339,401	\$ 339,401	\$ 4,028,426	\$ 4,028,426
Construction in progress	13,694,982	15,534,826	800,673	807,225	14,495,655	16,342,051
Infrastructure	38,859,679	36,555,997	7,944,545	7,524,322	46,804,224	44,080,319
Buildings and improvements	5,148,224	4,651,035	31,289,735	29,524,535	36,437,959	34,175,570
Equipment and vehicles	3,345,336	3,541,001	751,513	691,678	4,096,849	4,232,679
Software	30,030	25,740	-	-	30,030	25,740
Totals	\$ 64,767,276	\$ 63,997,624	\$ 41,125,867	\$ 38,887,161	\$105,893,143	\$102,884,785

More detail of the capital assets and current activity can be found in the notes to the financial statements on pages 32-33 for significant accounting policies and Note 4 on beginning on page 41 for other capital asset information.

Economic Outlook

In June 2024 the City Council adopted the FY 2024-25 Budget. The FY 2024-25 Adopted Budget includes General Fund revenues of \$18.61 million and appropriations of \$18.61 million (a balanced budget). Additionally, the FY 2024-25 Adopted Budget includes Measure E revenues of \$7.36 million and appropriations of \$11.99 million. These budgets have been adjusted to account for the expected economic activity coupled with the presumed use of Measure E fund balances towards certain capital projects (streets and parks).

Budgets will continue to be monitored and updated as the fiscal year progresses. The City will also be closely monitoring economic activity at the federal, state and local levels to gauge the impacts of any economic forces which may signal the onset of an economic slowdown / recession. Finally, the City will continue to monitor costs related to staffing in light of the desire to recruit and maintain the outstanding workforce currently in place.

Requests for Information

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the City of Grass Valley Finance Department, 125 East Main Street, Grass Valley, CA 95945. The telephone number is 530-274-4301.

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Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF GRASS VALLEY
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 20,273,321	\$ 11,263,369	\$ 31,536,690
Receivables:			
Accounts	728,756	1,437,800	2,166,556
Interest	50,275	23,884	74,159
Taxes	3,287,750	-	3,287,750
Intergovernmental	67,436	-	67,436
Prepaid costs	1,576	-	1,576
Due from external parties	30,899	-	30,899
Loans receivable	8,883,091	-	8,883,091
Restricted cash and investments	776	638,924	639,700
Capital assets:			
Non-depreciable	19,223,851	1,146,626	20,370,477
Depreciable, net	44,773,773	37,740,535	82,514,308
Total capital assets	<u>63,997,624</u>	<u>38,887,161</u>	<u>102,884,785</u>
Total Assets	<u>97,321,504</u>	<u>52,251,138</u>	<u>149,572,642</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	7,589,947	2,233,066	9,823,013
Deferred OPEB adjustments	1,029,573	94,865	1,124,438
Total Deferred Outflows of Resources	<u>8,619,520</u>	<u>2,327,931</u>	<u>10,947,451</u>
LIABILITIES			
Accounts payable	2,670,748	444,491	3,115,239
Salaries and benefits payable	345,294	52,113	397,407
Deposits payable	221,869	1,546	223,415
Interest payable	-	34,309	34,309
Long-term liabilities:			
Due within one year	2,101,846	1,033,526	3,135,372
Due in more than one year	21,308,169	3,791,107	25,099,276
Net pension liability	8,132,804	2,392,781	10,525,585
Total OPEB liability	<u>4,103,250</u>	<u>378,073</u>	<u>4,481,323</u>
Total Liabilities	<u>38,883,980</u>	<u>8,127,946</u>	<u>47,011,926</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	2,671,601	786,022	3,457,623
Deferred OPEB adjustments	3,746,819	345,233	4,092,052
Total Deferred Inflows of Resources	<u>6,418,420</u>	<u>1,131,255</u>	<u>7,549,675</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF GRASS VALLEY
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	57,354,363	34,283,743	91,638,106
Restricted for:			
General government	3,807,898	-	3,807,898
Public protection	379,676	-	379,676
Public ways and facilities	2,752,299	-	2,752,299
Community development	9,649,035	-	9,649,035
Capital projects	6,271,626	-	6,271,626
Unrestricted	(19,576,273)	11,036,125	(8,540,148)
Total Net Position	\$ 60,638,624	\$ 45,319,868	\$ 105,958,492

The notes to the basic financial statements are an integral part of this statement.

CITY OF GRASS VALLEY
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions Capital Grants and Contributions
Governmental activities:			
General government	\$ 4,525,266	\$ 37,815	\$ 403,448 \$ 369,451
Public protection	19,219,137	32,229	784,390 -
Public ways and facilities	5,958,996	798,228	1,643,589 40,000
Community development	1,064,051	760,567	- -
Recreation and culture	1,499,415	-	- -
Interest on long-term debt	756,710	-	- -
Total Governmental Activities	33,023,575	1,628,839	2,831,427 409,451
Business-type activities:			
Water	3,177,954	2,187,130	- -
Sewer	6,237,152	5,210,192	- -
Total Business-Type Activities	9,415,106	7,397,322	- -
Total	\$ 42,438,681	\$ 9,026,161	\$ 2,831,427 \$ 409,451
General revenues:			
Taxes:			
Property taxes			
Property transfer taxes			
Sales and use taxes			
Transient occupancy taxes			
Franchise fees			
Interest and investment earnings			
Miscellaneous			
Gain (loss) on sale of asset			
Transfers			
Total General Revenues and Transfers			
Change in Net Position			
Net Position - Beginning			
Net Position - Ending			

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (3,714,552)	\$ -	\$ (3,714,552)
(18,402,518)	-	(18,402,518)
(3,477,179)	-	(3,477,179)
(303,484)	-	(303,484)
(1,499,415)	-	(1,499,415)
(756,710)	-	(756,710)
(28,153,858)	-	(28,153,858)
-	(990,824)	(990,824)
-	(1,026,960)	(1,026,960)
-	(2,017,784)	(2,017,784)
(28,153,858)	(2,017,784)	(30,171,642)
5,674,645	-	5,674,645
64,649	-	64,649
13,884,523	-	13,884,523
1,033,225	-	1,033,225
1,010,504	-	1,010,504
1,093,386	510,606	1,603,992
408,316	364	408,680
46,085	-	46,085
292,416	(292,416)	-
23,507,749	218,554	23,726,303
(4,646,109)	(1,799,230)	(6,445,339)
65,284,733	47,119,098	112,403,831
<u>\$ 60,638,624</u>	<u>\$ 45,319,868</u>	<u>\$ 105,958,492</u>

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF GRASS VALLEY
Balance Sheet
Governmental Funds
June 30, 2024

	General	Measure "E"	Housing	Capital Improvement Projects
ASSETS				
Cash and investments	\$ 7,649,988	\$ 2,532,409	\$ 733,392	\$ 194,285
Receivables:				
Accounts	580,318	-	-	500
Interest	20,146	7,593	1,513	-
Taxes	1,900,169	1,284,947	-	-
Intergovernmental	18,115	-	-	40,000
Prepaid costs	1,576	-	-	-
Due from other funds	224,559	-	-	-
Loans receivable	-	-	8,014,799	-
Restricted cash and investments	776	-	-	-
Total Assets	\$ 10,395,647	\$ 3,824,949	\$ 8,749,704	\$ 234,785
LIABILITIES				
Accounts payable	\$ 1,618,182	\$ 71,795	\$ 2,100	\$ 811,336
Salaries and benefits payable	264,859	70,140	-	5,010
Deposits payable	221,869	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	2,104,910	141,935	2,100	816,346
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	40,000
Total Deferred Inflows of Resources	-	-	-	40,000
FUND BALANCES				
Nonspendable	1,576	-	8,014,799	-
Restricted	207,034	-	732,805	-
Assigned	-	3,683,014	-	-
Unassigned	8,082,127	-	-	(621,561)
Total Fund Balances (Deficits)	8,290,737	3,683,014	8,747,604	(621,561)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,395,647	\$ 3,824,949	\$ 8,749,704	\$ 234,785

The notes to the basic financial statements are an integral part of this statement.

Special Projects	Other Governmental Funds	Totals
\$ 6,121,603	\$ 3,041,644	\$ 20,273,321
136,876	11,062	728,756
13,147	7,876	50,275
-	102,634	3,287,750
-	9,321	67,436
-	-	1,576
-	-	224,559
-	868,292	8,883,091
-	-	776
<u>\$ 6,271,626</u>	<u>\$ 4,040,829</u>	<u>\$ 33,517,540</u>
\$ -	\$ 167,335	\$ 2,670,748
-	5,285	345,294
-	-	221,869
-	193,660	193,660
<u>-</u>	<u>366,280</u>	<u>3,431,571</u>
<u>-</u>	<u>-</u>	<u>40,000</u>
<u>-</u>	<u>-</u>	<u>40,000</u>
-	868,292	8,884,667
-	588,414	1,528,253
6,271,626	2,439,162	12,393,802
-	(221,319)	7,239,247
<u>6,271,626</u>	<u>3,674,549</u>	<u>30,045,969</u>
<u>\$ 6,271,626</u>	<u>\$ 4,040,829</u>	<u>\$ 33,517,540</u>

CITY OF GRASS VALLEY
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2024

Total Fund Balance - Total Governmental Funds	\$ 30,045,969
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet.	63,997,624
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	40,000
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	8,619,520
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(6,418,420)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension obligation bonds	(15,366,000)
Finance purchases	(6,643,261)
Compensated absences	(1,400,754)
Net pension liability	(8,132,804)
Total OPEB liability	(4,103,250)
Net Position of Governmental Activities	<u><u>\$ 60,638,624</u></u>

The notes to the basic financial statements are an integral part of this statement.

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CITY OF GRASS VALLEY
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General</u>	<u>Measure "E"</u>	<u>Housing</u>	<u>Capital Improvement Projects</u>
REVENUES				
Taxes and assessments	\$ 13,908,496	\$ 7,062,106	\$ -	\$ -
Licenses, permits and franchises	1,742,491	-	-	-
Fines and forfeitures	437	-	-	-
Intergovernmental revenues	1,324,272	-	-	369,451
Use of money and property	369,131	92,830	131,302	-
Charges for services	145,536	-	-	-
Other revenues	348,628	52,188	-	7,500
Total Revenues	<u>17,838,991</u>	<u>7,207,124</u>	<u>131,302</u>	<u>376,951</u>
EXPENDITURES				
Current:				
General government	3,507,227	140,464	-	-
Public protection	10,441,549	3,904,106	-	-
Public ways and facilities	1,375,063	-	-	2,161,680
Community development	779,004	-	7,470	-
Recreation and culture	865,133	-	-	-
Debt service:				
Principal	860,605	719,174	-	-
Interest and other charges	608,226	148,484	-	-
Capital outlay	161,035	622,321	-	1,758,657
Total Expenditures	<u>18,597,842</u>	<u>5,534,549</u>	<u>7,470</u>	<u>3,920,337</u>
Excess of Revenues Over (Under) Expenditures	<u>(758,851)</u>	<u>1,672,575</u>	<u>123,832</u>	<u>(3,543,386)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	179,316	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	453,856	-	-	3,574,778
Transfers out	(71,957)	(2,002,596)	-	-
Total Other Financing Sources (Uses)	<u>381,899</u>	<u>(1,823,280)</u>	<u>-</u>	<u>3,574,778</u>
Net Change in Fund Balances	<u>(376,952)</u>	<u>(150,705)</u>	<u>123,832</u>	<u>31,392</u>
Fund Balances - Beginning (Deficits)	<u>8,667,689</u>	<u>3,833,719</u>	<u>8,623,772</u>	<u>(652,953)</u>
Fund Balances - Ending (Deficits)	<u>\$ 8,290,737</u>	<u>\$ 3,683,014</u>	<u>\$ 8,747,604</u>	<u>\$ (621,561)</u>

The notes to the basic financial statements are an integral part of this statement.

Special Projects	Other Governmental Funds	Totals
\$ -	\$ 225,151	\$ 21,195,753
-	-	1,742,491
-	42,499	42,936
-	1,507,155	3,200,878
318,921	181,202	1,093,386
169,669	-	315,205
-	-	408,316
<u>488,590</u>	<u>1,956,007</u>	<u>27,998,965</u>
-	417,891	4,065,582
-	321,982	14,667,637
-	69,602	3,606,345
-	126,226	912,700
-	-	865,133
-	11,532	1,591,311
-	-	756,710
-	447,346	2,989,359
<u>-</u>	<u>1,394,579</u>	<u>29,454,777</u>
<u>488,590</u>	<u>561,428</u>	<u>(1,455,812)</u>
-	-	179,316
-	46,085	46,085
-	173,169	4,201,803
<u>(365,841)</u>	<u>(1,468,993)</u>	<u>(3,909,387)</u>
<u>(365,841)</u>	<u>(1,249,739)</u>	<u>517,817</u>
122,749	(688,311)	(937,995)
<u>6,148,877</u>	<u>4,362,860</u>	<u>30,983,964</u>
<u>\$ 6,271,626</u>	<u>\$ 3,674,549</u>	<u>\$ 30,045,969</u>

CITY OF GRASS VALLEY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds **\$ (937,995)**

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	2,989,359
Less current year depreciation	(3,759,011)

Some revenues reported in the Statement of Activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds

Change in unavailable revenues	40,000
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal retirements	1,591,311
Proceeds from issuance of debt	(179,316)

Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.

Change in deferred outflows of resources related to pension and OPEB	(6,459,673)
Change in deferred inflows of resources related to pension and OPEB	2,694,277

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.

Change in compensated absences	(11,677)
Change in net pension liability	(1,313,589)
Change in total OPEB liability	700,205

Change in Net Position of Governmental Activities	\$ (4,646,109)
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The notes to the basic financial statements are an integral part of this statement.

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CITY OF GRASS VALLEY
Statement of Net Position
Proprietary Funds
June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and investments	\$ 2,424,318	\$ 8,839,051	\$ 11,263,369
Receivables:			
Accounts	436,446	1,001,354	1,437,800
Interest	5,777	18,107	23,884
Total Current Assets	<u>2,866,541</u>	<u>9,858,512</u>	<u>12,725,053</u>
Noncurrent Assets:			
Restricted cash and investments	-	638,924	638,924
Capital assets:			
Non-depreciable	234,751	911,875	1,146,626
Depreciable, net	8,193,725	29,546,810	37,740,535
Total capital assets	<u>8,428,476</u>	<u>30,458,685</u>	<u>38,887,161</u>
Total Noncurrent Assets	<u>8,428,476</u>	<u>31,097,609</u>	<u>39,526,085</u>
Total Assets	<u>11,295,017</u>	<u>40,956,121</u>	<u>52,251,138</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	852,780	1,380,286	2,233,066
Deferred OPEB adjustments	30,306	64,559	94,865
Total Deferred Outflows of Resources	<u>883,086</u>	<u>1,444,845</u>	<u>2,327,931</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	140,307	304,184	444,491
Salaries and benefits payable	20,528	31,585	52,113
Deposits payable	-	1,546	1,546
Interest payable	10,726	23,583	34,309
Compensated absences	1,735	1,735	3,470
Bonds payable	-	574,086	574,086
Loans payable	129,010	-	129,010
Finance purchases	166,406	160,554	326,960
Total Current Liabilities	<u>468,712</u>	<u>1,097,273</u>	<u>1,565,985</u>
Noncurrent Liabilities:			
Compensated absences	75,204	142,541	217,745
Bonds payable	-	594,086	594,086
Loans payable	486,905	-	486,905
Finance purchases	467,452	2,024,919	2,492,371
Net pension liability	913,773	1,479,008	2,392,781
Total OPEB liability	120,781	257,292	378,073
Total Noncurrent Liabilities	<u>2,064,115</u>	<u>4,497,846</u>	<u>6,561,961</u>
Total Liabilities	<u>2,532,827</u>	<u>5,595,119</u>	<u>8,127,946</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF GRASS VALLEY
Statement of Net Position
Proprietary Funds
June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	300,172	485,850	786,022
Deferred OPEB adjustments	<u>110,290</u>	<u>234,943</u>	<u>345,233</u>
Total Deferred Inflows of Resources	<u>410,462</u>	<u>720,793</u>	<u>1,131,255</u>
NET POSITION			
Net investment in capital assets	7,178,703	27,105,040	34,283,743
Unrestricted	<u>2,056,111</u>	<u>8,980,014</u>	<u>11,036,125</u>
Total Net Position	<u><u>\$ 9,234,814</u></u>	<u><u>\$ 36,085,054</u></u>	<u><u>\$ 45,319,868</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF GRASS VALLEY
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 2,187,130	\$ 5,210,192	\$ 7,397,322
Other revenues	364	-	364
Total Operating Revenues	<u>2,187,494</u>	<u>5,210,192</u>	<u>7,397,686</u>
OPERATING EXPENSES			
Salaries and benefits	1,499,412	2,299,352	3,798,764
Services and supplies	1,195,701	1,967,858	3,163,559
Depreciation	435,860	1,912,764	2,348,624
Total Operating Expenses	<u>3,130,973</u>	<u>6,179,974</u>	<u>9,310,947</u>
Operating Income (Loss)	<u>(943,479)</u>	<u>(969,782)</u>	<u>(1,913,261)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	181,974	328,632	510,606
Interest expense	(46,981)	(57,178)	(104,159)
Total Non-Operating Revenues (Expenses)	<u>134,993</u>	<u>271,454</u>	<u>406,447</u>
Income (Loss) Before Transfers	<u>(808,486)</u>	<u>(698,328)</u>	<u>(1,506,814)</u>
Transfers out	<u>(111,951)</u>	<u>(180,465)</u>	<u>(292,416)</u>
Change in Net Position	<u>(920,437)</u>	<u>(878,793)</u>	<u>(1,799,230)</u>
Total Net Position - Beginning	<u>10,155,251</u>	<u>36,963,847</u>	<u>47,119,098</u>
Total Net Position - Ending	<u><u>\$ 9,234,814</u></u>	<u><u>\$ 36,085,054</u></u>	<u><u>\$ 45,319,868</u></u>

The notes to the basic financial statements are an integral part of this statement.

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CITY OF GRASS VALLEY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,169,721	\$ 5,210,764	\$ 7,380,485
Payments to suppliers	(1,187,853)	(1,828,872)	(3,016,725)
Payments to employees	(1,030,571)	(1,528,593)	(2,559,164)
Net Cash Provided (Used) by Operating Activities	<u>(48,703)</u>	<u>1,853,299</u>	<u>1,804,596</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(111,951)	(180,465)	(292,416)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(111,951)</u>	<u>(180,465)</u>	<u>(292,416)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(5,096)	(104,822)	(109,918)
Principal paid on debt	(282,557)	(696,606)	(979,163)
Interest paid on debt	(50,397)	(69,272)	(119,669)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(338,050)</u>	<u>(870,700)</u>	<u>(1,208,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	184,582	328,950	513,532
Net Cash Provided (Used) by Investing Activities	<u>184,582</u>	<u>328,950</u>	<u>513,532</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(314,122)	1,131,084	816,962
Balances - Beginning	<u>2,738,440</u>	<u>8,346,891</u>	<u>11,085,331</u>
Balances - Ending	<u><u>\$ 2,424,318</u></u>	<u><u>\$ 9,477,975</u></u>	<u><u>\$ 11,902,293</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF GRASS VALLEY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (943,479)	\$ (969,782)	\$ (1,913,261)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	435,860	1,912,764	2,348,624
Decrease (increase) in:			
Accounts receivable	1,149	(348)	801
Pension adjustments - deferred outflows	(19,456)	433,886	414,430
OPEB adjustments - deferred outflows	759	1,617	2,376
Increase (decrease) in:			
Accounts payable	7,848	138,986	146,834
Salaries and benefits payable	10,672	11,919	22,591
Deposits payable	(18,922)	920	(18,002)
Compensated absences	27,581	23,123	50,704
Net pension liability	508,562	596,851	1,105,413
Total OPEB liability	(20,611)	(43,907)	(64,518)
Pension adjustments - deferred inflows	(58,287)	(294,527)	(352,814)
OPEB adjustments - deferred inflows	19,621	41,797	61,418
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (48,703)</u></u>	<u><u>\$ 1,853,299</u></u>	<u><u>\$ 1,804,596</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF GRASS VALLEY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Private Purpose Trust Funds	Custodial Funds	Total Fiduciary Funds
ASSETS			
Current Assets:			
Cash and investments	\$ 839,163	\$ 34,320	\$ 873,483
Cash with fiscal agent	675	-	675
Receivables:			
Accounts	59,319	-	59,319
Intergovernmental	1,445	-	1,445
Loans receivable	979,297	-	979,297
Total Assets	<u>1,879,899</u>	<u>34,320</u>	<u>1,914,219</u>
LIABILITIES			
Current Liabilities:			
Salaries and benefits payable	4,050	-	4,050
Due to other funds	-	30,899	30,899
Loans payable	365,148	-	365,148
Total Current Liabilities	<u>369,198</u>	<u>30,899</u>	<u>400,097</u>
Noncurrent Liabilities:			
Loans payable	6,759,813	-	6,759,813
Total Noncurrent Liabilities	<u>6,759,813</u>	<u>-</u>	<u>6,759,813</u>
Total Liabilities	<u>7,129,011</u>	<u>30,899</u>	<u>7,159,910</u>
NET POSITION			
Restricted for individuals, organizations, and other governments	(5,249,112)	3,421	(5,245,691)
Total Net Position	<u>\$ (5,249,112)</u>	<u>\$ 3,421</u>	<u>\$ (5,245,691)</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF GRASS VALLEY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Private Purpose Trust Funds	Custodial Funds	Total Fiduciary Funds
ADDITIONS			
Property taxes	\$ 573,831	\$ -	\$ 573,831
Interest and investment income	22,122	-	22,122
Other contributions	69,318	-	69,318
Total Additions	<u>665,271</u>	<u>-</u>	<u>665,271</u>
DEDUCTIONS			
Program expenses of former redevelopment agency	12,940	-	12,940
Interest expense	245,890	-	245,890
Amortization	(5,148)	-	(5,148)
Total Deductions	<u>253,682</u>	<u>-</u>	<u>253,682</u>
Net Increase (Decrease) in Fiduciary Net Position	411,589	-	411,589
Total Net Position - Beginning	<u>(5,660,701)</u>	<u>3,421</u>	<u>(5,657,280)</u>
Total Net Position - Ending	<u><u>\$ (5,249,112)</u></u>	<u><u>\$ 3,421</u></u>	<u><u>\$ (5,245,691)</u></u>

The notes to the basic financial statements are an integral part of this statement.

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Grass Valley was incorporated in 1893, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, health and sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, water and sewer.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council. The financial statements of the individual component units may be obtained by writing to the City of Grass Valley, 125 East Main Street, Grass Valley, California 95945.

Blended Component Units

Redevelopment Agency of the City of Grass Valley – The California redevelopment process provides communities at a local level with a comprehensive tool for economic development. These tools are the powers of land assembly and site preparation for private development, the ability to finance necessary public improvements, the authority to impose conditions and restrictions for the quality of developments of an area, and the capability to broaden financing capabilities utilizing a variety of public and private sources. The Agency provides services entirely for the benefit of the City of Grass Valley. The governing body is substantially the same as the primary government and the City and the component unit are financially interdependent; hence, the unit is presented by blending with the primary government. Pursuant to the provisions of the Redevelopment Restructuring Act, the Redevelopment Agency of the City of Grass Valley Successor Agency (Successor Agency) was created, and all of the assets, liabilities, and obligations of the former RDA were transferred to the Successor Agency on February 1, 2012.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the nonfiduciary activities of the City and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General fund includes such activities as public safety, planning and zoning, general administrative services and public works.
- The Measure "E" fund is a special revenue fund used to account for Measure E revenues and expenditures.
- The Housing fund is a special revenue fund used to account for Housing revenues and expenditures. Funding comes primarily from grant revenues.
- The Capital Improvement fund is a capital projects fund used to account for capital improvements of the City.
- The Special Projects fund is a capital projects fund used to account for special projects of the City.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

- The Water fund is an enterprise fund used to account for activity related to providing customers with water service and billing provided by the City.
- The Sewer fund is an enterprise fund used to account for activity related to providing customers with sewer service and billing provided by the City.

The City reports the following additional fund types:

- Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.
- Private-purpose trust funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and (b) are held in a trust in which the assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government.
- Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. These include unapportioned property taxes and other custodial funds.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds include private-purpose trust funds and custodial funds. These fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased, including amounts held in the City's investment pool, to be cash and cash equivalents.

F. Investments

The City pools cash and investments of all funds except cash and investments with fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short-term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund.

G. Restricted Cash and Investments

Restricted assets in the proprietary funds represent cash and investments held in the Sewer fund for debt service of \$638,924. Restricted cash in the governmental funds represent cash and investments in the General fund for the pension obligation bonds and ADA.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

Receivables for governmental activities consist mainly of accounts, interest, taxes and amounts due from other governments. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Receivables for business-type activities consist mainly of user fees, interest, and taxes. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

I. Other Assets

Inventory

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2024, are recorded as prepaid costs under both the accrual and modified accrual basis of accounting. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. Loans Receivable

A total of \$8,883,091 was recorded as loans receivable at June 30, 2024. These represent low interest notes and related accrued interest to finance multi-family and single-family construction and rehabilitation projects and homebuyer assistance for low-income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program. The CDBG and HOME grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

K. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks and sewer), are defined by the City as an asset with a cost greater than \$5,000 and a useful life of more than one year. A capital project involves the construction of public assets (buildings, water, sewer, or other infrastructure) that costs more than \$25,000 and extends the planned useful life of the asset by more than one year or has a planned useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their fair value at the date of donation.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3 to 25 years
Structures and improvements	5 to 50 years
Infrastructure	20 to 75 years
Intangibles (computer software)	5 to 10 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

L. Property Tax

Nevada County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

M. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements, or transfers.

Loans reported as receivables and payables 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 noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transactions (Continued)

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

N. Unearned Revenue

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

O. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave and sick leave. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The City includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

P. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

Q. Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and total OPEB liability and are reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items which qualify for reporting in this category. The first item, unavailable revenue is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second and third items relate to the inflows from changes in the net pension liability and total OPEB liability and are reportable on the Statement of Net Position.

S. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

T. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 99, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

Statement No. 100, Accounting Changes and Error Corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

Statement No. 102 “Certain Risk Disclosures” The requirements of this statement are effective for fiscal years beginning after June 15, 2024. (FY 24/25)

Statement No. 103 “Financial Reporting Model Improvements” The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 104 “Disclosure of Certain Capital Assets” The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The following major fund had a deficit fund balance at June 30, 2024:

Capital Improvement Projects	\$ 621,561
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The following non-major governmental funds had deficit fund balances at June 30, 2024:

EPA Brownfields	\$ 3,742
Prop 64	217,577

Some of these deficits may be eliminated in the future through grant revenues. Certain amounts of these deficits will ultimately become the responsibility of the General fund.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2024, the City’s cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 20,274,097
Business-type activities	11,902,293
Fiduciary funds	<u>874,158</u>
Total Cash and Investments	<u>\$ 33,050,548</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2024, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 850
Deposits (less outstanding checks)	5,176,921
Cash with fiscal agent	<u>640,375</u>
Total Cash	<u>5,818,146</u>
Investments:	
In City's pool	<u>27,232,402</u>
Total Investments	<u>27,232,402</u>
Total Cash and Investments	<u>\$ 33,050,548</u>

B. Cash

At year end, the carrying amount of the City's cash deposits (including amounts in checking, savings, and money market accounts) was \$5,817,296 and the bank balance was \$5,610,878. The difference between the bank balance and the carrying amount represents outstanding warrants and deposits in transit. In addition, the City had cash on hand of \$850.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, interest bearing deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits.

C. Investments

The City has an investment policy, the purpose of which is to establish guidelines for the prudent investment of the City's funds, and outline the policies for maximizing the efficiency of the City's cash management program. The ultimate goal is to enhance the economic status of the City while protecting its pooled investments.

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Under the provisions of the City's investment policy and the California Government Code, the City may invest or deposit in the following:

- United States Treasury Bills, Bonds and Notes
- Securities of the U.S. Government and its Agencies
- State Obligations – CA and Others
- Local Agency Obligations of California Issuers
- Local Agency Investment Fund (State Pool) Demand Deposits (LAIF)
- Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Passbook Savings Accounts
- Investment of Bond Proceeds

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The City's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City's investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2024, the City had the following recurring fair value measurements:

		<u>Fair Value Measurements Using</u>			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments by Fair Value Level					
Federal Agencies	\$12,358,368	\$12,358,368			
US Treasuries	2,457,531	2,457,531	\$ -	\$ -	
Certificates of Deposit	<u>6,303,027</u>	<u>6,303,027</u>	-	-	
Total Investments Measured at Fair Value	21,118,926	<u>\$21,118,926</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments in External Investment Pools					
LAIF	<u>6,113,476</u>				
Total Investments	\$27,232,402				

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses resulting from increases in interest rates, the City's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations. Any investments that mature more than five years from the date of purchase cannot occur without prior approval of the City Council.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2024, the City had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Federal Agencies	0.660-5.060%	\$ 5,672,413	\$6,685,955	\$12,358,368	1.67
US Treasuries	4.250-4.375%	2,457,531	-	2,457,531	0.29
Certificates of Deposit	0.850-5.250%	998,580	5,304,447	6,303,027	1.83
LAIF	Variable	6,113,476	-	6,113,476	-
Total Investments		<u>\$15,242,000</u>	<u>\$11,990,402</u>	<u>\$27,232,402</u>	<u>0.45</u>

Credit Risk - 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. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. Presented below is the minimum rating required (where applicable) by the California Government Code or the City's investment policy, and the actual rating as of year-end for each investment type.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
Federal Home Loan Bank	-	AA+	Aaa	41.78%
Federal Home Loan Bank Mortgage Corporation	-	AA+	Aaa	1.81%
Federal Farm Credit Bank	-	AA+	Aaa	1.79%
US Treasuries	N/A	Unrated	Unrated	9.02%
Certificates of Deposit	N/A	Unrated	Unrated	23.15%
LAIF	N/A	Unrated	Unrated	<u>22.45%</u>
Total				<u>100.00%</u>

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City's investment policy requires that all securities owned by the City shall be held in safekeeping by a third-party bank trust department.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) at June 30, 2024 did not exceed 5 percent.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pool

The City of Grass Valley maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2024, the City's investment in LAIF valued at amortized cost was \$6,113,476 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$178 billion. Of that amount, 97.00 percent is invested in non-derivative financial products and 3.00 percent in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Transfers/ Retirements	Balance June 30, 2024
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 3,689,025	\$ -	\$ -	\$ 3,689,025
Construction in progress	13,694,982	1,839,844	-	15,534,826
Total Capital Assets, Not Being Depreciated	17,384,007	1,839,844	-	19,223,851
Capital Assets, Being Depreciated				
Infrastructure	79,794,082	133,735	-	79,927,817
Buildings and improvements	15,649,324	-	-	15,649,324
Equipment	12,559,655	1,015,780	(355,175)	13,220,260
Vehicles	722,927	-	-	722,927
Software	161,626	-	-	161,626
Total Capital Assets, Being Depreciated	108,887,614	1,149,515	(355,175)	109,681,954
Less Accumulated Depreciation For:				
Infrastructure	(40,934,403)	(2,437,417)	-	(43,371,820)
Buildings and improvements	(10,501,100)	(497,189)	-	(10,998,289)
Equipment	(9,423,397)	(732,421)	355,175	(9,800,643)
Vehicles	(513,849)	(87,694)	-	(601,543)
Software	(131,596)	(4,290)	-	(135,886)
Total Accumulated Depreciation	(61,504,345)	(3,759,011)	355,175	(64,908,181)
Total Capital Assets, Being Depreciated, Net	47,383,269	(2,609,496)	-	44,773,773
Governmental Activities Capital Assets, Net	\$ 64,767,276	(\$ 769,652)	\$ -	\$ 63,997,624

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2023	Additions	Adjustments/ Retirements	Balance June 30, 2024
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 339,401	\$ -	\$ -	\$ 339,401
Construction in progress	800,673	6,552	-	807,225
Total Capital Assets, Not Being Depreciated	1,140,074	6,552	-	1,146,626
Capital Assets, Being Depreciated				
Infrastructure	20,284,866	-	-	20,284,866
Buildings and improvements	65,058,437	-	-	65,058,437
Equipment	2,278,339	103,366	-	2,381,705
Total Capital Assets, Being Depreciated	87,621,642	103,366	-	87,725,008
Less Accumulated Depreciation For:				
Infrastructure	(12,340,321)	(412,521)	(7,702)	(12,760,544)
Buildings and improvements	(33,768,702)	(1,772,902)	7,702	(35,533,902)
Equipment	(1,526,826)	(163,201)	-	(1,690,027)
Total Accumulated Depreciation	(47,635,849)	(2,348,624)	-	(49,984,473)
Total Capital Assets, Being Depreciated, Net	39,985,793	(2,245,258)	-	37,740,535
Business-Type Activities Capital Assets, Net	<u>\$ 41,125,867</u>	<u>(\$2,238,706)</u>	<u>\$ -</u>	<u>\$ 38,887,161</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 300,327
Public protection	726,567
Public ways and facilities	2,162,200
Recreation and culture	569,917
Total Depreciation Expense – Governmental Activities	<u>\$ 3,759,011</u>

Depreciation expense was charged to the business-type activities as follows:

Water	\$ 435,860
Sewer	1,912,764
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,348,624</u>

Construction in Progress

Construction in progress for governmental activities related primarily to work performed on City improvement projects. Construction in progress for business-type activities related primarily to work performed on the water system plan and wastewater treatment facility improvements.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 5: INTERFUND TRANSACTIONS

Due From/To Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2024:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 224,559	\$ -
Nonmajor governmental funds	-	193,660
Fiduciary funds	<u>-</u>	<u>30,899</u>
Total	<u>\$ 224,559</u>	<u>\$ 224,559</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2024:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 453,856	\$ 71,957
Measure "E"	-	2,002,596
Capital Improvement Projects	3,574,778	-
Special Projects	-	365,841
Nonmajor governmental funds	173,169	1,468,993
Water	-	111,951
Sewer	<u>-</u>	<u>180,465</u>
Total	<u>\$ 4,201,803</u>	<u>\$ 4,201,803</u>

NOTE 6: UNAVAILABLE REVENUES

At June 30, 2024, components of unavailable revenues were as follows:

	<u>Unavailable</u>
Capital Improvement Project Fund	
Grants receivable	\$ 40,000
Total	<u>\$ 40,000</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

Type of Indebtedness	Balance July 1, 2023	Additions	Adjustments/ Retirements	Balance June 30, 2024	Amounts Due Within One Year
Governmental Activities					
Pension obligation bonds	\$ 16,132,000	\$ -	(\$ 766,000)	\$ 15,366,000	\$ 791,000
Financed purchases	7,289,256	179,316	(825,311)	6,643,261	807,177
Compensated absences	1,389,077	859,971	(848,294)	1,400,754	503,669
Total Governmental Activities	<u>\$ 24,810,333</u>	<u>\$ 1,039,287</u>	<u>(\$2,439,605)</u>	<u>\$ 23,410,015</u>	<u>\$ 2,101,846</u>
Business-Type Activities					
Direct borrowing loans payable	\$ 740,599	\$ -	(\$ 124,684)	\$ 615,915	\$ 129,010
Bonds	1,600,000	-	(510,000)	1,090,000	535,000
Unamortized premium	117,258	-	(39,086)	78,172	39,086
Bonds, net	1,717,258	-	(549,086)	1,168,172	574,086
Financed purchases	3,124,724	-	(305,393)	2,819,331	326,960
Compensated absences	170,511	149,377	(98,673)	221,215	3,470
Total Business-Type Activities	<u>\$ 5,753,092</u>	<u>\$ 149,377</u>	<u>(\$1,077,836)</u>	<u>\$ 4,824,633</u>	<u>\$ 1,033,526</u>

Compensated absences are generally liquidated by the fund where the accrued liability occurred. The financed purchases are liquidated by lease payments made by the departments leasing the equipment.

Individual issues of debt payable outstanding at June 30, 2024, are as follows:

Governmental Activities

Pension Obligation Bonds:

2020 Taxable Pension Obligation Bonds issued October 22, 2019, in the amount of \$18,311,000, due in annual installments of \$752,000 to \$1,151,000, with an interest rate of 3.60%, and a maturity date on June 1, 2040. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds.

	\$ 15,366,000
Total Pension Obligation Bonds	<u>15,366,000</u>
Total Governmental Activities	<u>\$ 15,366,000</u>

Business-Type Activities

Loans from Direct Borrowings:

California Department of Water Resources Safe Drinking Water Loan, dated March 12, 1991, in the amount of \$3,225,000, payable in semi-annual installments of \$74,329, with an interest rate of 3.37%, and maturity on September 30, 2028. The loan proceeds were used to finance certain improvements to the City's water system.

	\$ 615,915
Total Loans from Direct Borrowings	<u>615,915</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Bonds:

2011 Wastewater Refunding Bonds, issued on August 1, 2011, in the amount of \$5,930,000, due in annual installments of \$311,000 to \$555,000, with an interest rate of 2.0% to 5.0%, and a maturity date of August 1, 2025. The bonds were used to refund the Wastewater Certificates of Participation.

	1,090,000
Total Bonds	<u>1,090,000</u>
Total Business-Type Activities	<u>\$ 1,705,915</u>

The City has pledged sewer operations revenue, net of specified operating expenses, to repay the loan from direct borrowings in the amount of \$740,599 issued in March 1991.

Following is a schedule of debt payment requirements of governmental activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities, and financed purchases which are reported in Note 8.

Governmental Activities

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Totals
2025	\$ 791,000	\$ 553,176	\$ 1,344,176
2026	811,000	524,700	1,335,700
2027	831,000	495,504	1,326,504
2028	852,000	465,558	1,317,558
2029	874,000	434,916	1,308,916
2030-2034	4,714,000	1,686,384	6,400,384
2035-2039	5,342,000	793,692	6,135,692
2040	<u>1,151,000</u>	<u>41,436</u>	<u>1,192,436</u>
Total	<u>\$ 15,366,000</u>	<u>\$ 4,995,366</u>	<u>\$ 20,361,366</u>

Business-Type Activities

Year Ended June 30	Loans from Direct Borrowings		
	Principal	Interest	Totals
2025	\$ 129,010	\$ 19,648	\$ 148,658
2026	133,355	15,303	148,658
2027	137,888	10,770	148,658
2028	142,566	6,092	148,658
2029	<u>73,096</u>	<u>1,232</u>	<u>74,328</u>
Total	<u>\$ 615,915</u>	<u>\$ 53,045</u>	<u>\$ 668,960</u>

Year Ended June 30	Bonds		
	Principal	Interest	Totals
2025	535,000	34,288	569,288
2026	<u>555,000</u>	<u>11,794</u>	<u>566,794</u>
Total	<u>\$ 1,090,000</u>	<u>\$ 46,082</u>	<u>\$ 1,136,082</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 8: LEASES

Financed Purchase Agreements

The City has entered into certain financed purchase agreements under which the related equipment will become the property of the City when all terms of the agreements are met.

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2024</u>
Governmental activities	1.06-3.900%	\$ 6,643,261
Business-type activities	4.675%	<u>2,819,331</u>
Total		<u>\$ 9,462,592</u>

Equipment and related accumulated depreciation under capital lease are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 6,754,846	\$ 5,489,336
Less: accumulated depreciation	<u>(1,610,834)</u>	<u>(2,483,080)</u>
Net Value	<u>\$ 5,144,012</u>	<u>\$ 3,006,256</u>

As of June 30, 2024, annual amortization is as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2025	\$ 948,267	\$ 392,584
2026	920,122	404,041
2027	886,446	202,530
2028	862,296	215,059
2029	799,137	228,164
2030-2034	2,688,782	1,359,395
2035-2036	<u>197,793</u>	<u>383,951</u>
Total Requirements	7,302,843	3,185,724
Less: interest	<u>(659,582)</u>	<u>(366,393)</u>
Present Value of Remaining Payments	<u>\$ 6,643,261</u>	<u>\$ 2,819,331</u>

NOTE 9: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9: NET POSITION (CONTINUED)

- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$22,860,534 of restricted net position, of which \$1,612,607 is restricted by enabling legislation.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 10: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the City’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2024, were distributed as follows:

	General	Measure "E"	Housing	Capital Improvement Projects	Special Projects	Other Governmental Funds	Totals
Nonspendable:							
Prepaid costs	\$ 1,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,576
Loans receivable	-	-	8,014,799	-	-	868,292	8,883,091
Subtotal	1,576	-	8,014,799	-	-	868,292	8,884,667
Restricted for:							
General	207,034	-	-	-	-	-	207,034
Housing	-	-	732,805	-	-	-	732,805
Gas tax	-	-	-	-	-	290,147	290,147
Maintenance districts	-	-	-	-	-	186,454	186,454
Block grants	-	-	-	-	-	4,746	4,746
Elizabeth Daniels Park	-	-	-	-	-	104,885	104,885
Animal shelter	-	-	-	-	-	2,182	2,182
Subtotal	207,034	-	732,805	-	-	588,414	1,528,253
Assigned:							
Measure "E"	-	3,683,014	-	-	-	-	3,683,014
Special Projects	-	-	-	-	6,271,626	-	6,271,626
Fire reserve	-	-	-	-	-	187,284	187,284
Impact fees	-	-	-	-	-	2,209,609	2,209,609
Vehicle replacement	-	-	-	-	-	13,876	13,876
Downtown assessment	-	-	-	-	-	28,393	28,393
Subtotal	-	3,683,014	-	-	6,271,626	2,439,162	12,393,802
Unassigned	8,082,127	-	-	(621,561)	-	(221,319)	7,239,247
Total	<u>\$8,290,737</u>	<u>\$ 3,683,014</u>	<u>\$ 8,747,604</u>	<u>(\$ 621,561)</u>	<u>\$ 6,271,626</u>	<u>\$ 3,674,549</u>	<u>\$ 30,045,969</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is 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.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10: FUND BALANCES (CONTINUED)

Fund Balance Policy

The City Council has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures.

NOTE 11: PENSION PLAN

A. General Information about the Pension Plan

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety police, Safety fire, and Miscellaneous (all other) Employee Pension Plan, a cost-sharing multiple employer-defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Effective January 1, 2013, the City added retirement tiers for the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than a six-month break in service. Applicable new hires to the City defined as classic employees as determined by PERS will be subject to the non-PEPRA plan. New non-classic employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new non-classic employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the City's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment

Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety Police PEPRA	Safety police members hired on or after January 1, 2013
Safety Fire PEPRA	Safety fire members hired on or after January 1, 2013

Closed to New Enrollment

Miscellaneous	Miscellaneous members hired before January 1, 2013
Safety Police	Safety police members hired before January 1, 2013
Safety Police Second Tier	Safety police members hired before January 1, 2013
Safety Fire	Safety fire members hired before January 1, 2013

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 11: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan Members if membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. 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.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2024, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	2.5% @ 55	50 - 55	2.000% to 2.500%
Miscellaneous PEPRA	2.0% @ 62	52 - 67	1.000% to 2.500%
Safety Police	3.0% @ 50	50	3.000%
Safety Police Second Tier	3.0% @ 50	50 - 55	2.400% to 3.000%
Safety Police PEPRA	2.7% @ 57	50 - 57	2.000% to 2.700%
Safety Fire	3.0% @ 55	50 - 55	2.400% to 3.000%
Safety Fire PEPRA	2.7% @ 57	50 - 57	2.000% to 2.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	14.060%	8.000%	0.000%
Miscellaneous PEPRA	7.680%	7.750%	0.000%
Safety Police	27.110%	9.000%	0.000%
Safety Police Second Tier	24.150%	9.000%	0.000%
Safety Police PEPRA	13.540%	13.750%	0.000%
Safety Fire	24.150%	9.000%	0.000%
Safety Fire PEPRA	13.540%	13.750%	0.000%

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions (Continued)

For the year ended June 30, 2024, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 826,721	\$ -
Safety	1,897,103	-

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	<u>Proportion June 30, 2023</u>	<u>Proportion June 30, 2024</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.08208%	0.09283%	0.01075%
Safety	0.06208%	0.07872%	0.01664%

As of June 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 4,641,661
Safety	<u>5,883,924</u>
Total Net Pension Liability (Asset)	<u>\$ 10,525,585</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

For the year ended June 30, 2024, the City recognized pension expense of \$6,239,608. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 1,617,334	\$ -
Changes of assumptions	623,632	-
Difference between expected and actual experience	669,110	(73,766)
Difference between projected and actual earnings on pension plan investments	1,556,740	-
Difference between City contributions and proportionate share of contributions	-	(3,383,857)
Amortization due to differences in proportions	<u>5,356,197</u>	<u>-</u>
Total	<u>\$ 9,823,013</u>	<u>(\$ 3,457,623)</u>

\$1,617,334 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ended	
<u>June 30</u>	
2025	\$ 2,274,296
2026	1,397,590
2027	1,032,133
2028	44,037
Thereafter	<u>-</u>
Total	<u>\$ 4,748,056</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Investment Rate of Return	6.90%
Inflation	2.30%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Assumptions (Continued)

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the CalPERS 2021 experience study that can be found on the CalPERS website.

Long-Term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (1, 2)</u>
Global Equity – Cap-Weighted	30.0%	4.54%
Global Equity – Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)
Total	<u>100.0%</u>	

(1) An expected price inflation of 2.30% used for this period

(2) Figures are based on the 2021-22 Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability for PERFC was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (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 for the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Miscellaneous	\$ 10,368,433	\$ 4,641,661	(\$ 71,964)
Safety	13,401,105	5,883,924	(261,906)

Pension Plan Fiduciary Net Position

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

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The only OPEB provided by the City is a contribution toward the cost of retiree medical coverage for qualifying retirees. No assets were accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Benefits Provided

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS, which requires either (1) attainment of age 50 (age 52, if a miscellaneous PEPR member) with 5 years of State or public agency service or (2) an approved disability retirement. The employee must begin his or her pension benefit within 120 days of terminating employment with the City to be eligible to continue medical coverage through the City and to receive the employer subsidy described below.

Once eligible for medical coverage as a retiree, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

As a PEMHCA employer, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The City has several resolutions with CalPERS which define the City's contributions to comply with PEMHCA. Additional benefits are provided to long-service retirees who meet other age and/or service requirements.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

The City contributes toward the cost of retiree's medical coverage as follows:

- (1) For all employees who retire under PERS from the City meeting the requirements described in the first paragraph of this section, the City will contribute the required PEMHCA Minimum Employer Contribution (MEC). This MEC contribution is payable for the lifetime of the retiree or until CalPERS medical coverage is discontinued. The MEC generally continues to a surviving spouse, if covered by a CalPERS medical plan at the time of the retiree's death. Additional details about these PEMHCA benefits are provided on the following page.
- (2) In addition to any benefits payable in 1) above, if the retiree satisfies the age and service conditions set by agreement for their unit, the City will contribute an additional amount toward the cost of coverage each month; the benefit amount is fixed for each employee at the date of his or her retirement. Election of CalPERS medical coverage is not required to receive this benefit. This additional benefit, if payable, ends at the earlier of age 65 or the retiree's death; there is no continuation of this benefit to a surviving spouse.

Details on the requirements for these additional benefits and the amounts payable are provided in the chart below.

Unit	Description	Minimum Age	Minimum Service	Monthly Subsidy*	Ben Ends
ESE	Department Heads	55 for Misc Ees 50 for Safety Ees	Hired prior to 7/1/2011: 5 Years with the City	80% of Blue Shield Net Value HMO Region 1 premiums for employee only up to \$500***	age 65**
			Hired on or after 7/1/2011: 10 years with the City	\$250	
1	Management & Supervisory	PERS retirement	Retiring after 7/2/2006: 25 years with the City	\$250	
2	General Employees	PERS retirement	Retiring after 7/1/2006: 25 years with the City	\$250	
3	Operating Engineers & Stationary Engineers	PERS retirement	Retiring after 7/1/2006: 25 years with the City	\$250	
6	Police Officers	PERS retirement	Hired prior to 1/1/2016: 25 years with the City	\$300	
8	Firefighters	PERS retirement	Hired prior to 1/1/2016: 25 years with the City	50% of premiums for the lowest cost Region 1 plan for employee and spouse	

*Monthly benefits other than the PEMHCA minimum benefit are paid whether or not medical coverage is through the City.

**There are 4 retirees with grandfathered lifetime benefits.

***Effectively \$500, since 80% of the Blue Shield Net Value HMO Region 1 exceeds \$500.

Different benefits amounts may be payable to employees who retired prior to the valuation date.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

The City has been under contract with CalPERS for medical plan coverage since 1994, though coverage for some groups began later, in 1999. Each PEMHCA resolution was adopted on an “unequal contribution” basis, where the employer’s contribution toward retiree medical benefits is determined by multiplying together (a) 5% times (b) the number of prior years the employer has been contracted with PEMHCA times (c) the contribution the employer makes towards active employee health benefits, but not less than the required Minimum Employer Contribution (MEC).

Despite the wording in these PEMHCA resolutions, however, the City’s practice has been to pay the full Minimum Employer Contribution (\$157 per month for 2024), regardless of the number of years since each resolution was adopted. It was assumed this practice would continue and future retiree PEMHCA benefits were valued accordingly.

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Active employees	107
Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not receiving benefits	<u>9</u>
Total	<u><u>162</u></u>

B. Total OPEB Liability

The City’s total OPEB liability of \$4,481,323 was measured as of June 30, 2024, and was determined by the actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024
Measurement Date	Last day of the current fiscal year (June 30, 2024)
Funding Method	Entry Age Normal Cost, level of percent of pay
Municipal Bond Index	S&P General Obligation 20 Year High Grade Municipal Bond Index
Discount Rates	4.21% as of June 30, 2024, 4.13% as of June 30, 2023
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are included.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
General Inflation Rate	2.50% per year
Healthcare cost trend rates	4.80% for 2024, decreasing to an ultimate rate of 3.90% for 2075 and later years
Mortality rates	MacLeod Watts Scale 2022 applied generationally from 2015.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Demographic actuarial assumptions used in the valuation are those published in the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvement.

C. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability during the measurement period ending on June 30, 2024 for the City's proportionate share.

	<u>Total OPEB Liability</u>
Balances at fiscal year ending June 30, 2023	<u>\$ 5,246,046</u>
Changes during the period:	
Service cost	283,740
Interest cost	226,046
Difference between expected and actual experience	(1,247,724)
Change of assumptions	74,687
Contributions – employer	-
Benefit payments	(101,472)
Net Changes	(764,723)
Balances at fiscal year ending June 30, 2024	<u>\$ 4,481,323</u>

C. Changes in the Total OPEB Liability

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease 3.21%</u>	<u>Current Rate 4.21%</u>	<u>1% Increase 5.21%</u>
Total OPEB liability	\$ 5,129,028	\$ 4,481,323	\$ 3,946,683

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	<u>Current Trend -1%</u>	<u>Current Trend</u>	<u>Current Trend +1%</u>
Total OPEB Liability	\$ 3,886,347	\$ 4,481,323	\$ 5,190,627

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$92,887. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 414,398	(\$ 1,386,442)
Differences between expected and actual experience	<u>710,040</u>	<u>(2,705,610)</u>
Total	<u>\$ 1,124,438</u>	<u>(\$ 4,092,052)</u>

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

Fiscal Year Ended <u>June 30</u>	
2025	(\$ 416,899)
2026	(430,265)
2027	(448,636)
2028	(454,945)
2029	(330,928)
Thereafter	<u>(885,941)</u>
	<u>(\$ 2,967,614)</u>

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities to participate in the Public Agency Risk Sharing Authority of California (PARSAC) for general liability, vehicle liability, and errors and omissions purposes. PARSAC is a public entity risk pool which serves as a common risk management program for 37 member cities and one fire district. The City pays an annual premium to PARSAC for its insurance coverage. The agreements with PARSAC provide that they will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 14: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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. This action impacted the reporting entity of the City of Grass Valley that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. The City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

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

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

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City included in the fund financial statements as Former Redevelopment Agency Special Revenue Fund and Low/Moderate Income Housing Fund.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012, (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012, was reported in the private-purpose trust fund as an extraordinary gain (or loss).

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 14: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

A. Loans Receivable

The Agency has made loans to qualifying participants within the City of Grass Valley to provide housing to low- and moderate-income participants and to provide assistance to entities within the redevelopment area.

At June 30, 2024, loans receivable consisted of the following:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Redevelopment Housing:				
Springhill Garden Apts	\$ 717,000	\$ -	\$ -	\$ 717,000
Valley Commons	<u>262,297</u>	<u>-</u>	<u>-</u>	<u>262,297</u>
Total Loans Receivable	<u>\$ 979,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 979,297</u>

Redevelopment Housing

On October 1, 2008, the City of Grass Valley Redevelopment Agency entered into an agreement with Springhill Gardens Associates, L.P. to provide a \$600,000 loan for the development of Springhill Garden Apartments. The loan bears an interest rate of 3 percent and is payable in annual installments commencing in 2011 until January 15, 2040.

B. Long-Term Liabilities

The Agency generally incurs debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The Agency's debt issue and transactions related to governmental activities are summarized below and discussed in detail separately.

Type of Indebtedness	Balance July 1, 2023	Additions	Adjustments/ Retirements	Balance June 30, 2024	Amounts Due Within One Year
2020A Tax Allocation Refunding Bonds	\$ 2,495,000	\$ -	(\$ 160,000)	\$ 2,335,000	\$ 170,000
Plus: premium	284,889	-	(5,874)	279,015	5,874
2020B Tax Allocation Refunding Bonds	4,770,000	-	(190,000)	4,580,000	190,000
Less: discount	(69,780)	-	726	(69,054)	(726)
Total Successor Agency Trust	<u>\$ 7,480,109</u>	<u>\$ -</u>	<u>(\$ 355,148)</u>	<u>\$ 7,124,961</u>	<u>\$ 365,148</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 14: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

B. Long-Term Liabilities (Continued)

Bonds:

2020 Series A Tax Allocation Refunding Bonds, issued on May 28, 2020, in the amount of \$2,955,000 and payable in annual installments of \$145,000 to \$255,000, with an interest rate of 4.00% and maturity on December 1, 2034. The bonds were used to refund the 2010 Tax Allocation Bonds. \$ 2,335,000

2020 Series B Tax Allocation Refunding Bonds, issued on May 28, 2020, in the amount of \$5,300,000 and payable in annual installments of \$175,000 to \$585,000, with an interest rate of 2.00% to 3.60% and maturity on December 1, 2038. The bonds were used to finance redevelopment activities and for the acquisition of capital assets. 4,580,000

Total Bonds \$ 6,915,000

NOTE 15: OTHER INFORMATION

A. Commitments and Contingencies

At June 30, 2024, the City had construction commitments outstanding of approximately \$1,700,908.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2024 through June 10, 2025, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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CITY OF GRASS VALLEY
Required Supplementary Information
City Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024
Last 10 Years

Measurement Date	2013/2014	2014/2015	2015/2016	2016/2017
Miscellaneous				
Proportion of the net pension liability	0.08394%	0.25762%	0.25637%	0.25883%
Proportionate share of the net pension liability	\$ 5,222,688	\$ 7,067,820	\$ 8,905,897	\$ 10,203,070
Covered payroll	3,051,114	2,720,788	2,845,140	2,773,466
Proportionate share of the net pension liability as a percentage of covered payroll	171.17%	259.77%	313.02%	367.88%
Plan fiduciary net position as a percentage of the total pension liability	83.04%	92.07%	72.46%	70.80%
Safety				
Proportion of the net pension liability	0.06786%	0.14104%	0.14610%	0.14705%
Proportionate share of the net pension liability	\$ 5,092,498	\$ 5,811,191	\$ 7,567,090	\$ 8,786,698
Covered payroll	2,460,728	2,776,953	2,575,241	2,902,953
Proportionate share of the net pension liability as a percentage of covered payroll	206.95%	209.27%	293.84%	302.68%
Plan fiduciary net position as a percentage of the total pension liability	81.39%	94.68%	74.20%	73.59%

<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
0.26760%	0.27139%	0.04686%	-0.16808%	0.08208%	0.09283%
\$ 10,085,168	\$ 10,867,668	\$ 1,976,738	\$ (3,054,690)	\$ 3,840,840	\$ 4,641,661
2,711,644	2,892,638	3,229,280	2,970,991	3,100,793	3,622,706
371.92%	375.70%	61.21%	-102.82%	123.87%	128.13%
71.60%	70.67%	94.71%	107.86%	90.59%	89.04%
0.15134%	0.15536%	0.03239%	-0.10849%	0.06208%	0.07872%
\$ 8,880,045	\$ 9,698,412	\$ 2,157,733	\$ (3,807,408)	\$ 4,265,743	\$ 5,883,924
3,240,879	3,586,719	3,838,273	4,295,879	5,206,157	5,744,399
274.00%	270.40%	56.22%	-88.63%	81.94%	102.43%
75.52%	75.05%	94.82%	108.58%	91.46%	89.26%

CITY OF GRASS VALLEY
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2024
Last 10 Years

Fiscal Year	2014/2015	2015/2016	2016/2017	2017/2018
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 414,652	\$ 423,229	\$ 606,756	\$ 632,072
Contributions in relation to the actuarially determined contributions	<u>(414,652)</u>	<u>(423,229)</u>	<u>(606,756)</u>	<u>(632,072)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,720,788	\$ 2,845,140	\$ 2,773,466	\$ 2,711,644
Contributions as a percentage of covered payroll	15.24%	14.88%	21.88%	23.31%
Safety				
Contractually required contributions (actuarially determined)	\$ 577,372	\$ 644,510	\$ 821,329	\$ 910,702
Contributions in relation to the actuarially determined contributions	<u>(577,372)</u>	<u>(644,510)</u>	<u>(821,329)</u>	<u>(910,702)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,776,953	\$ 2,575,241	\$ 2,902,953	\$ 3,240,879
Contributions as a percentage of covered payroll	20.79%	25.03%	28.29%	28.10%

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
\$ 814,931	\$ 936,148	\$ 388,465	\$ 474,705	\$ 826,721	\$ 403,128
<u>(814,931)</u>	<u>(18,566,415)</u>	<u>(388,465)</u>	<u>(474,705)</u>	<u>(826,721)</u>	<u>(403,128)</u>
<u>\$ -</u>	<u>\$ (17,630,267)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,892,638 28.17%	\$ 3,229,280 574.94%	\$ 2,970,991 13.08%	\$ 3,100,793 15.31%	\$ 3,622,706 22.82%	\$ 3,909,397 10.31%
 \$ 1,035,238	 \$ 1,248,549	 \$ 906,738	 \$ 1,096,345	 \$ 1,897,103	 \$ 1,214,206
<u>(1,035,238)</u>	<u>(1,248,549)</u>	<u>(906,738)</u>	<u>(1,096,345)</u>	<u>(1,897,103)</u>	<u>(1,214,206)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,586,719 28.86%	\$ 3,838,273 32.53%	\$ 4,295,879 21.11%	\$ 5,206,157 21.06%	\$ 5,744,399 33.03%	\$ 6,312,846 19.23%

CITY OF GRASS VALLEY
Required Supplementary Information
City Pension Plan
Notes to City Pension Plan
For the Year Ended June 30, 2024

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Summary of Changes of Benefits or Assumptions

Benefit Changes: None

Changes of Assumption: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2021
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Fair value
Discount Rate	6.80%
Inflation	2.30%
Salary increases	Varies based on entry age and service

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CITY OF GRASS VALLEY
Required Supplementary Information
City OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2024
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Total OPEB Liability				
Service Cost	\$ 381,204	\$ 412,855	\$ 439,142	\$ 370,690
Interest	197,059	202,213	209,424	169,035
Difference between expected and actual experience	-	-	(1,532,906)	-
Changes of assumption	190,503	129,461	25,063	469,386
Benefit payments	<u>(170,170)</u>	<u>(172,147)</u>	<u>(207,097)</u>	<u>(240,646)</u>
Net Change in Total OPEB Liability	598,596	572,382	(1,066,374)	768,465
Total OPEB Liability - Beginning	<u>5,999,700</u>	<u>6,598,296</u>	<u>7,170,678</u>	<u>6,104,304</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 6,598,296</u></u>	<u><u>\$ 7,170,678</u></u>	<u><u>\$ 6,104,304</u></u>	<u><u>\$ 6,872,769</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 170,170	\$ 172,147	\$ 207,097	\$ 240,646
Benefit payments	<u>(170,170)</u>	<u>(172,147)</u>	<u>(207,097)</u>	<u>(240,646)</u>
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 6,598,296</u></u>	<u><u>\$ 7,170,678</u></u>	<u><u>\$ 6,104,304</u></u>	<u><u>\$ 6,872,769</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 6,726,880	\$ 7,095,244	\$ 7,445,513	\$ 8,622,451
Net OPEB liability as a percentage of covered-employee payroll	98.09%	101.06%	81.99%	79.71%

* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only seven years are shown.

<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
\$ 428,709	\$ 277,668	\$ 283,740
156,736	211,689	226,046
(234,487)	-	(1,247,724)
(1,984,454)	(23,863)	74,687
(223,563)	(235,158)	(101,472)
(1,857,059)	230,336	(764,723)
6,872,769	5,015,710	5,246,046
<u>\$ 5,015,710</u>	<u>\$ 5,246,046</u>	<u>\$ 4,481,323</u>
\$ 223,563	\$ 235,158	\$ 101,472
(223,563)	(235,158)	(101,472)
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 5,015,710</u>	<u>\$ 5,246,046</u>	<u>\$ 4,481,323</u>
0.00%	0.00%	0.00%
\$ 9,811,616	\$ 11,822,437	\$ 11,554,532
51.12%	44.37%	38.78%

CITY OF GRASS VALLEY
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2024
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Actuarially determined contributions	\$ 170,170	\$ 172,147	\$ 207,097	\$ 240,646
Contributions in relation to the actuarially determined contribution	<u>(170,170)</u>	<u>(172,147)</u>	<u>(207,097)</u>	<u>(240,646)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,726,880	\$ 7,095,244	\$ 7,445,513	\$ 8,622,451
Contributions as a percentage of covered-employee payroll	2.53%	2.43%	2.78%	2.79%

* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only seven years are shown.

<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
\$ 223,563 (223,563)	\$ 235,158 (235,158)	\$ 101,472 (101,472)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,811,616 2.28%	\$ 11,822,437 1.99%	\$ 11,554,532 0.88%

CITY OF GRASS VALLEY
Required Supplementary Information
City OPEB Plan
Note to City OPEB Plan
For the Year Ended June 30, 2024

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Discount Rate: Increased from 4.13 percent to 4.21 percent.

CITY OF GRASS VALLEY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 14,234,029	\$ 13,733,268	\$ 13,908,496	\$ 175,228
Licenses, permits and franchises	191,050	1,600,350	1,742,491	142,141
Fines and forfeitures	-	100	437	337
Intergovernmental revenues	489,924	1,825,227	1,324,272	(500,955)
Use of money and property	200,000	266,075	369,131	103,056
Charges for services	1,673,498	97,500	145,536	48,036
Other revenues	13,000	16,500	348,628	332,128
Total Revenues	16,801,501	17,539,020	17,838,991	299,971
EXPENDITURES				
Current:				
General government	3,126,887	3,166,925	3,507,227	(340,302)
Public protection	9,596,667	10,405,608	10,441,549	(35,941)
Public ways and facilities	1,375,987	1,451,957	1,375,063	76,894
Community development	817,663	755,395	779,004	(23,609)
Recreation and culture	506,002	696,521	865,133	(168,612)
Debt service:				
Principal	906,633	850,388	860,605	(10,217)
Interest	134,825	631,189	608,226	22,963
Capital outlay	55,000	5,000	161,035	(156,035)
Total Expenditures	16,519,664	17,962,983	18,597,842	(634,859)
Excess of Revenues Over (Under) Expenditures	281,837	(423,963)	(758,851)	(334,888)
OTHER FINANCING SOURCES (USES)				
Transfers in	233,000	478,133	453,856	(24,277)
Transfers out	(300,000)	(300,000)	(71,957)	228,043
Total Other Financing Sources (Uses)	(67,000)	178,133	381,899	203,766
Net Change in Fund Balances	214,837	(245,830)	(376,952)	(131,122)
Fund Balances - Beginning	8,667,689	8,667,689	8,667,689	-
Fund Balances - Ending	\$ 8,882,526	\$ 8,421,859	\$ 8,290,737	\$ (131,122)

CITY OF GRASS VALLEY
Required Supplementary Information
Budgetary Comparison Schedule
Measure "E" - Major Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 7,250,000	\$ 7,366,331	\$ 7,062,106	\$ (304,225)
Use of money and property	25,000	25,000	92,830	67,830
Other revenues	5,000	5,000	52,188	47,188
Total Revenues	<u>7,280,000</u>	<u>7,396,331</u>	<u>7,207,124</u>	<u>(189,207)</u>
EXPENDITURES				
Current:				
General government	-	-	140,464	(140,464)
Public safety	3,785,864	4,449,977	3,904,106	545,871
Debt service:				
Principal	654,000	600,000	719,174	(119,174)
Interest	-	54,000	148,484	(94,484)
Capital outlay	2,256,913	196,316	622,321	(426,005)
Total Expenditures	<u>6,696,777</u>	<u>5,300,293</u>	<u>5,534,549</u>	<u>(234,256)</u>
Excess of Revenues Over (Under) Expenditures	<u>583,223</u>	<u>2,096,038</u>	<u>1,672,575</u>	<u>(423,463)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	179,316	179,316
Transfers out	(3,530,000)	(1,146,042)	(2,002,596)	(856,554)
Total Other Financing Sources (Uses)	<u>(3,530,000)</u>	<u>(1,146,042)</u>	<u>(1,823,280)</u>	<u>(677,238)</u>
Net Change in Fund Balances	<u>(2,946,777)</u>	<u>949,996</u>	<u>(150,705)</u>	<u>(1,100,701)</u>
Fund Balances - Beginning	<u>3,833,719</u>	<u>3,833,719</u>	<u>3,833,719</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 886,942</u>	<u>\$ 4,783,715</u>	<u>\$ 3,683,014</u>	<u>\$ (1,100,701)</u>

CITY OF GRASS VALLEY
Required Supplementary Information
Budgetary Comparison Schedule
Housing - Major Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 500,000	\$ -	\$ -	\$ -
Use of money and property	136,100	-	131,302	131,302
Total Revenues	<u>636,100</u>	<u>-</u>	<u>131,302</u>	<u>131,302</u>
EXPENDITURES				
Current:				
Community development	525,000	-	7,470	(7,470)
Total Expenditures	<u>525,000</u>	<u>-</u>	<u>7,470</u>	<u>(7,470)</u>
Excess of Revenues Over (Under) Expenditures	<u>111,100</u>	<u>-</u>	<u>123,832</u>	<u>123,832</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	96,100	-	123,832	123,832
Fund Balances - Beginning	<u>8,623,772</u>	<u>8,623,772</u>	<u>8,623,772</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 8,719,872</u></u>	<u><u>\$ 8,623,772</u></u>	<u><u>\$ 8,747,604</u></u>	<u><u>\$ 123,832</u></u>

CITY OF GRASS VALLEY
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2024

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budget to actual results for the General fund and major special revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

- (1) The City Manager submits to the City Council a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The City Council reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Council also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2024, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures Over Appropriations</u>
General fund	\$ 17,962,983	\$ 18,597,842	\$ 634,859
Measure E	5,300,293	5,534,549	234,256
Housing	-	7,470	7,470

Combining Nonmajor Fund Financial Statements

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Nonmajor Governmental Funds

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CITY OF GRASS VALLEY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds	Permanent Funds	Totals
ASSETS			
Cash and investments	\$ 2,934,796	\$ 106,848	\$ 3,041,644
Receivables:			
Accounts	11,062	-	11,062
Interest	7,657	219	7,876
Taxes	102,634	-	102,634
Intergovernmental	9,321	-	9,321
Loans receivable	868,292	-	868,292
Total Assets	<u>\$ 3,933,762</u>	<u>\$ 107,067</u>	<u>\$ 4,040,829</u>
LIABILITIES			
Accounts payable	\$ 167,335	\$ -	\$ 167,335
Salaries and benefits payable	5,285	-	5,285
Due to other funds	193,660	-	193,660
Total Liabilities	<u>366,280</u>	<u>-</u>	<u>366,280</u>
FUND BALANCES			
Nonspendable	868,292	-	868,292
Restricted	481,347	107,067	588,414
Assigned	2,439,162	-	2,439,162
Unassigned	(221,319)	-	(221,319)
Total Fund Balances	<u>3,567,482</u>	<u>107,067</u>	<u>3,674,549</u>
Total Liabilities and Fund Balances	<u>\$ 3,933,762</u>	<u>\$ 107,067</u>	<u>\$ 4,040,829</u>

CITY OF GRASS VALLEY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds	Permanent Funds	Totals
REVENUES			
Taxes and assessments	\$ 225,151	\$ -	\$ 225,151
Fines and forfeitures	42,499	-	42,499
Intergovernmental revenues	1,507,155	-	1,507,155
Use of money and property	177,266	3,936	181,202
Total Revenues	<u>1,952,071</u>	<u>3,936</u>	<u>1,956,007</u>
EXPENDITURES			
Current:			
General government	417,891	-	417,891
Public protection	321,982	-	321,982
Public ways and facilities	69,602	-	69,602
Community development	126,226	-	126,226
Debt Service:			
Principal	11,532	-	11,532
Capital outlay	447,346	-	447,346
Total Expenditures	<u>1,394,579</u>	<u>-</u>	<u>1,394,579</u>
Excess of Revenues Over (Under) Expenditures	<u>557,492</u>	<u>3,936</u>	<u>561,428</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	46,085	-	46,085
Transfers in	173,169	-	173,169
Transfers out	(1,468,993)	-	(1,468,993)
Total Other Financing Sources (Uses)	<u>(1,249,739)</u>	<u>-</u>	<u>(1,249,739)</u>
Net Change in Fund Balances	<u>(692,247)</u>	<u>3,936</u>	<u>(688,311)</u>
Fund Balances - Beginning	<u>4,259,729</u>	<u>103,131</u>	<u>4,362,860</u>
Fund Balances - Ending	<u><u>\$ 3,567,482</u></u>	<u><u>\$ 107,067</u></u>	<u><u>\$ 3,674,549</u></u>

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF GRASS VALLEY
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Gas Tax	Traffic Safety	Fire Reserve	DUI Grant
ASSETS				
Cash and investments	\$ 190,584	\$ 19,673	\$ 186,667	\$ -
Receivables:				
Accounts	-	10,261	177	-
Interest	1,016	-	440	-
Taxes	98,547	-	-	-
Intergovernmental	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	\$ 290,147	\$ 29,934	\$ 187,284	\$ -
LIABILITIES				
Accounts payable	\$ -	\$ 29,934	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	29,934	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	290,147	-	-	-
Assigned	-	-	187,284	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	290,147	-	187,284	-
Total Liabilities and Fund Balances	\$ 290,147	\$ 29,934	\$ 187,284	\$ -

EPA Brownfields	Developer Fees	Vehicle Replacement	Maintenance Districts	Block Grants	Prop 64	Downtown Assessment	Totals
\$ -	\$ 2,241,714	\$ 13,842	\$ 188,632	\$ 6,038	\$ -	\$ 87,646	\$ 2,934,796
-	-	-	-	-	-	624	11,062
-	5,389	34	437	218	-	123	7,657
-	-	-	4,087	-	-	-	102,634
9,321	-	-	-	-	-	-	9,321
-	-	-	-	868,292	-	-	868,292
<u>\$ 9,321</u>	<u>\$ 2,247,103</u>	<u>\$ 13,876</u>	<u>\$ 193,156</u>	<u>\$ 874,548</u>	<u>\$ -</u>	<u>\$ 88,393</u>	<u>\$ 3,933,762</u>
\$ 10,024	\$ 37,494	\$ -	\$ 6,702	\$ 1,510	\$ 21,671	\$ 60,000	\$ 167,335
-	-	-	-	-	5,285	-	\$ 5,285
3,039	-	-	-	-	190,621	-	193,660
<u>13,063</u>	<u>37,494</u>	<u>-</u>	<u>6,702</u>	<u>1,510</u>	<u>217,577</u>	<u>60,000</u>	<u>366,280</u>
-	-	-	-	868,292	-	-	868,292
-	-	-	186,454	4,746	-	-	481,347
-	2,209,609	13,876	-	-	-	28,393	2,439,162
(3,742)	-	-	-	-	(217,577)	-	(221,319)
<u>(3,742)</u>	<u>2,209,609</u>	<u>13,876</u>	<u>186,454</u>	<u>873,038</u>	<u>(217,577)</u>	<u>28,393</u>	<u>3,567,482</u>
<u>\$ 9,321</u>	<u>\$ 2,247,103</u>	<u>\$ 13,876</u>	<u>\$ 193,156</u>	<u>\$ 874,548</u>	<u>\$ -</u>	<u>\$ 88,393</u>	<u>\$ 3,933,762</u>

CITY OF GRASS VALLEY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

	Gas Tax	Traffic Safety	Fire Reserve	DUI Grant
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	42,499	-	-
Intergovernmental revenues	784,390	-	78,040	-
Use of money and property	32,036	-	8,213	119
Total Revenues	816,426	42,499	86,253	119
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	-	211,054	110,928	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	211,054	110,928	-
Excess of Revenues Over (Under) Expenditures	816,426	(168,555)	(24,675)	119
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	167,506	-	5,663
Transfers out	(788,069)	-	-	-
Total Other Financing Sources (Uses)	(788,069)	167,506	-	5,663
Net Change in Fund Balances	28,357	(1,049)	(24,675)	5,782
Fund Balances - Beginning (Deficits)	261,790	1,049	211,959	(5,782)
Fund Balances - Ending (Deficits)	\$ 290,147	\$ -	\$ 187,284	\$ -

EPA Brownfields	Developer Fees	Vehicle Replacement	Maintenance Districts	Block Grants	Prop 64	Downtown Assessment	Totals
\$ -	\$ 80,386	\$ -	\$ 81,737	\$ -	\$ -	\$ 63,028	\$ 225,151
-	-	-	-	-	-	-	42,499
261,906	-	-	-	-	382,819	-	1,507,155
-	114,000	679	5,932	14,245	-	2,042	177,266
261,906	194,386	679	87,669	14,245	382,819	65,070	1,952,071
182,632	3,863	-	-	-	231,396	-	417,891
-	-	-	-	-	-	-	321,982
-	-	7,021	62,581	-	-	-	69,602
-	-	-	-	6,226	-	120,000	126,226
-	-	11,532	-	-	-	-	11,532
-	50,000	28,346	-	-	369,000	-	447,346
182,632	53,863	46,899	62,581	6,226	600,396	120,000	1,394,579
79,274	140,523	(46,220)	25,088	8,019	(217,577)	(54,930)	557,492
-	-	46,085	-	-	-	-	46,085
-	-	-	-	-	-	-	173,169
-	(545,677)	-	-	(135,247)	-	-	(1,468,993)
-	(545,677)	46,085	-	(135,247)	-	-	(1,249,739)
79,274	(405,154)	(135)	25,088	(127,228)	(217,577)	(54,930)	(692,247)
(83,016)	2,614,763	14,011	161,366	1,000,266	-	83,323	4,259,729
\$ (3,742)	\$ 2,209,609	\$ 13,876	\$ 186,454	\$ 873,038	\$ (217,577)	\$ 28,393	\$ 3,567,482

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Nonmajor Governmental Funds

- **Permanent Funds**

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CITY OF GRASS VALLEY
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2024

	Elizabeth Daniels Park	Animal Shelter	Totals
ASSETS			
Cash and investments	\$ 104,670	\$ 2,178	\$ 106,848
Receivables:			
Interest	215	4	219
Total Assets	<u>\$ 104,885</u>	<u>\$ 2,182</u>	<u>\$ 107,067</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	104,885	2,182	107,067
Total Fund Balances	<u>104,885</u>	<u>2,182</u>	<u>107,067</u>
Total Liabilities and Fund Balances	<u>\$ 104,885</u>	<u>\$ 2,182</u>	<u>\$ 107,067</u>

CITY OF GRASS VALLEY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2024

	Elizabeth Daniels Park	Animal Shelter	Totals
REVENUES			
Use of money and property	\$ 3,857	\$ 79	\$ 3,936
Total Revenues	<u>3,857</u>	<u>79</u>	<u>3,936</u>
EXPENDITURES			
Current:			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,857	79	3,936
Fund Balances - Beginning	<u>101,028</u>	<u>2,103</u>	<u>103,131</u>
Fund Balances - Ending	<u><u>\$ 104,885</u></u>	<u><u>\$ 2,182</u></u>	<u><u>\$ 107,067</u></u>

Fiduciary Funds

- **Private Purpose Trust Funds**
- **Custodial Funds**

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CITY OF GRASS VALLEY
Combining Statement of Net Position
Fiduciary Funds
June 30, 2024

	<u>Private Purpose Trust Funds</u>		<u>Custodial Funds</u>		
	<u>Successor Agency to the Redevelopment Agency of the City of Grass Valley</u>		<u>Whispering Pines Morgan Ranch Reserve 2001</u>	<u>Whispering Pines Morgan Ranch Redemption 2001</u>	
	<u>Projects</u>	<u>Housing</u>			<u>Totals</u>
ASSETS					
Current Assets:					
Cash and investments	\$ 600,429	\$ 238,734	\$ -	\$ 34,320	\$ 873,483
Cash with fiscal agent	675	-	-	-	675
Receivables:					
Accounts	-	59,319	-	-	59,319
Interest	1,445	-	-	-	1,445
Loans receivable	-	979,297	-	-	979,297
Total Assets	<u>602,549</u>	<u>1,277,350</u>	<u>-</u>	<u>34,320</u>	<u>1,914,219</u>
LIABILITIES					
Current Liabilities:					
Salaries and benefits payable	4,050	-	-	-	4,050
Due to other funds	-	-	30,899	-	30,899
Loans payable	365,148	-	-	-	365,148
Total Current Liabilities	<u>369,198</u>	<u>-</u>	<u>30,899</u>	<u>-</u>	<u>400,097</u>
Noncurrent Liabilities:					
Loans payable	6,759,813	-	-	-	6,759,813
Total Noncurrent Liabilities	<u>6,759,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,759,813</u>
Total Liabilities	<u>7,129,011</u>	<u>-</u>	<u>30,899</u>	<u>-</u>	<u>7,159,910</u>
NET POSITION					
Restricted for:					
Successor Agency to the Redevelopment Agency	(6,526,462)	1,277,350	-	-	(5,249,112)
Individuals, organizations, and other governments	-	-	(30,899)	34,320	3,421
Total Net Position	<u>\$ (6,526,462)</u>	<u>\$ 1,277,350</u>	<u>\$ (30,899)</u>	<u>\$ 34,320</u>	<u>\$ (5,245,691)</u>

CITY OF GRASS VALLEY
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	<u>Private Purpose Trust Funds</u>		<u>Custodial Funds</u>		
	<u>Successor Agency to the Redevelopment Agency of the City of Grass Valley</u>		<u>Whispering Pines Morgan Ranch Reserve 2001</u>	<u>Whispering Pines Morgan Ranch Redemption 2001</u>	
	<u>Projects</u>	<u>Housing</u>			<u>Totals</u>
ADDITIONS					
Property taxes collected for other governments	\$ 573,831	\$ -	\$ -	\$ -	\$ 573,831
Interest and investment earnings	22,122	-	-	-	22,122
Other contributions	-	69,318	-	-	69,318
Total Additions	<u>595,953</u>	<u>69,318</u>	<u>-</u>	<u>-</u>	<u>665,271</u>
DEDUCTIONS					
Expenses of former redevelopment agency	12,940	-	-	-	12,940
Interest expense	245,890	-	-	-	245,890
Amortization	(5,148)	-	-	-	(5,148)
Total Deductions	<u>253,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,682</u>
Net Increase (Decrease) in Fiduciary Net Position	342,271	69,318	-	-	411,589
Total Net Position - Beginning	<u>(6,868,733)</u>	<u>1,208,032</u>	<u>(30,899)</u>	<u>34,320</u>	<u>(5,657,280)</u>
Total Net Position - Ending	<u><u>\$ (6,526,462)</u></u>	<u><u>\$ 1,277,350</u></u>	<u><u>\$ (30,899)</u></u>	<u><u>\$ 34,320</u></u>	<u><u>\$ (5,245,691)</u></u>