

CITY OF GRASS VALLEY, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2015



Prepared by:

Finance Department

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City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

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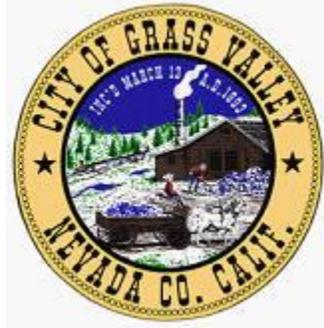
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**Finance
Department**

March 28, 2016

Honorable Mayor and Members of the City Council,

We are pleased to submit the City of Grass Valley Annual Financial Report for the fiscal year ended June 30, 2015. It is the policy of the Council that a licensed certified public accountant conducts an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them.

The Annual Financial Report consists of management's representations concerning the City of Grass Valley's finances. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We believe that the data presented in this report is accurate in all material respects and all statements and disclosures needed for the reader to obtain a thorough understanding of the City's financial activities have been included.

The City's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conforming with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

State statutes require an annual audit of the City's financial records by independent certified public accountants. As noted above, the firm of JJACPA, Inc., Certified Public Accountants audited the City's financial statements. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is combined in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the separately issued single audit report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Grass Valley

The City of Grass Valley is a historic gold mining town located in Sierra Nevada 60 miles northeast of Sacramento and 150 miles north of San Francisco. Grass Valley is the business center of Western Nevada County and is known for its performing arts, fine dining and many year round cultural festivals. The City's charming residential downtown is home to many restored Victorian homes, historic buildings and wooded hillsides. The incorporated area of the City is 5.4 square miles with a sphere of influence of 6.3 square miles.

Grass Valley is home to many high tech companies that have found a welcoming environment for both their growing organization and employees. The City has an array of historic structures including early 1900's architecture and unique shops that adorn historic downtown Mill Street and Main Street. Community events include the month long celebration of a Cornish Christmas as a reminder of its past heritage, lively summer street fairs, the annual Draft Horse Classic, the best County fair in California amongst the tall pines, with its famous treat street, and the annual Fourth of July parade attracting visitors from all over the north state.

The City maintains a number of parks, including a municipal swimming pool. The City has an active historic downtown, and supports a vibrant performing arts community that presents world class events. The City prides itself on listening closely to community residents and working to achieve common goals for the betterment of all of the residents of Grass Valley.

Form of Government

Grass Valley is a Charter City incorporated in 1893. As a Charter City, Grass Valley has more local authority than cities that incorporate under the general laws of the State of California. The Charter is the City's governing document and any changes must be approved by the voters.

The City of Grass Valley operates under a Council-Manager form of government and is governed by a five-member City Council. The Council has the authority to make and enforce all laws and regulations with respect to municipal affairs, subject to the limitations of the City Charter and the State Constitution. Council members are elected at-large and serve overlapping, four-year terms. Council members must be residents of the City. The positions of Mayor and Vice Mayor are chosen by the City Council and serve two-year terms in those positions.

The City Council serves as the policy board for the municipality. As an elected Board of Directors, the City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, and all members of advisory boards, commissions, and committees. All other department heads are appointed by the City Manager.

City Services

The City provides a wide range of municipal services, including police and fire protection, water and sewer utilities, street maintenance, parking, parks and recreation, planning, building and safety, and other general government services. Several municipal services are provided through other governmental agencies or private utility companies, including the following:

Service	Agency
Courts, Health and Social Services	County of Nevada
Elementary and Secondary Schools	Nevada Joint Union High School District Grass Valley School District
Community College	Sierra College
Solid Waste Collection and Disposal	Waste Management
Gas, Electric and Telephone	Private Utility Companies

Financial data for all funds through which services are provided by the City have been included in this report. As required by GAAP, these financial statements present the City (the primary government) and its component units (entities for which the government is considered to be financially accountable). Blended component units (although legally separate entities) are in substance part of the government's operations, and so data from these units are combined with data of the primary government. The City has two component units, the activities of which are accounted for in the applicable City governmental or enterprise funds:

- 1) The Grass Valley Capital Improvements Authority, the Board of which is comprised solely of members of the City Council and which provides financing for the construction and acquisition of City facilities; and
- 2) The Grass Valley Redevelopment Successor Agency, the Oversight Board of which is comprised of members appointed by the participating agencies and which a) ensures that redevelopment projects currently underway are completed, 2) controls the disposition of redevelopment assets and 3) approves biannual Recognized Obligation Payment Schedules (ROPS).

Budgetary Policy and Control

The City Council establishes annual budgets for the General Fund, Proprietary Funds, and all Special Revenue Funds. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager and Finance Director who then, in coordination with department heads, prepare an estimate of revenues and recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City has a total operating budget of \$28.3 million including sewer and water facilities, with a General Fund budget of \$10.8 million and 100 authorized positions. The City's largest source of income is sales tax which accounts for 45.5% of general fund revenues followed by property tax at 23.7% and motor vehicle license fees. In 2012, the citizens of Grass Valley authorized a 10-year general fund ½ cent sales tax to fund additional police officers, fire personnel and road improvements.

Major Initiatives

The City continued its efforts on a number of significant initiatives in 2014-14 which will have a beneficial effect on fiscal health and quality of life.

- 1) Completed the City initiated 450-acre Southern Sphere of Influence Planning and Annexation project;
- 2) Awarded 2 million dollar CDBG grant to start four projects: 1. sewer relining project in older downtown; 2. Convert LOVE building to a senior center; 3. Update the City's Housing Element; 4. Development of an economic strategy for the City;
- 3) Dorsey Drive Interchange Project – Design, bidding, and award of this project were completed in spring 2014. McGuire and Hester was low bidder at \$15,191,873.65, and have started construction in May 2014. Estimated completion is fall 2015;
- 4) Memorial/Condon Park Pedestrian Access Improvements – Awarded \$150,000 of CMAQ funds to construct pedestrian access improvements in Memorial and Condon Parks. The design is complete and the construction project has been awarded with construction during summer 2014;
- 5) Increased service capability with hiring of additional fire personnel and purchase of new fire engine;
- 6) Awarded a grant from Fireman's Fund/Networked Insurance Agents for firefighting equipment and training;
- 7) Enhanced the quality of core police services by utilization of its Community Oriented Policing Program to reduce homeless/transient calls for service and focusing on crime and quality of life complaints;
- 8) Enhanced its excellence in Police customer service by adding additional police officers funded through Measure N to target specific programs requested by the community such as drug enforcement and targeted quality of life issues.

Financial Information

During the past fiscal year, there were no changes to the City's financial policies or items in which policies impacted the financial information or presentation. Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

Acknowledgements

The preparation of this Annual Financial Report could not be accomplished without the year-round efficiency of the Finance Division staff and their special efforts, working in conjunction with the City's independent auditors, to produce this document. We would like to take this opportunity to compliment all those staff members of both the City and our independent auditors who were associated with the preparation of this report. We would also like to thank the Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,

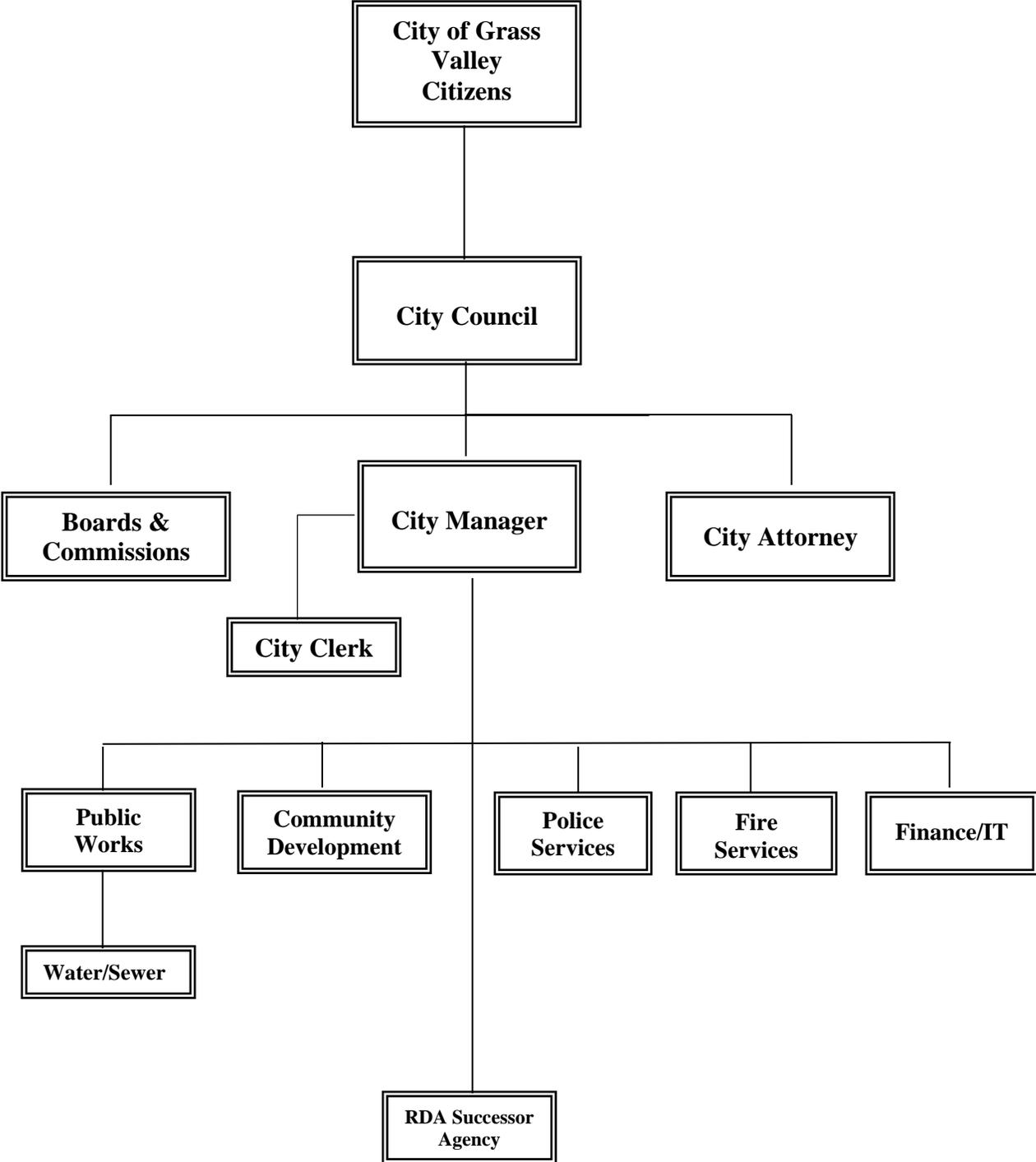
Finance Director

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Organization Chart

City of Grass Valley

Organizational Chart



City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

List of Officials

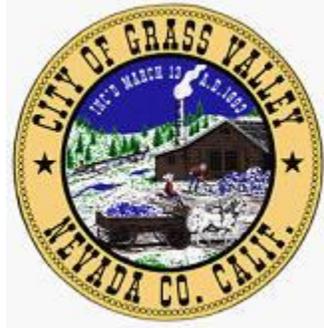
CITY COUNCIL

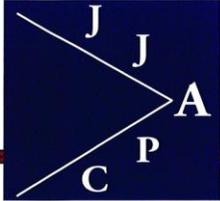
- Dan Miller, Mayor
- Jason Fouyer, Vice Mayor
- Jan Arbuckle, Council Member
- Howard Levine, Council Member
- Lisa Swarthout, Council Member

CITY OFFICIALS

- Robert Richardson, City Manager
- Mette Richardson, Finance Director
- John Foster, Chief of Police
- Tom Kiser, Public Works Director
- Tom Last, Community Development Director
- Mark Buttron, Interim Fire Chief
- Michael G. Colantuono, City Attorney

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and budgetary comparison information of the City of Grass Valley, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and budgetary comparison information of the City of Grass Valley, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements and budgetary comparison schedules and the other information, and introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Implementation of New Accounting Standards

As disclosed in the Note 1 to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance and is included in the City's Single Audit Report.

March 28, 2016

JGACPA, Inc.

JJACPA, Inc.

Dublin, CA

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

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, 2015. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The City's total net position increased by about \$6.8 million over the course of this year's operations after conducting all City operations and programs. The assets of the City exceeded its liabilities by about \$98.0 million at the end of the 2015 fiscal year. Of that amount, about \$28.0 million (the unrestricted net position) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by about \$10.0 million compared to the 2014 fiscal year. Most of the increase resulted from increases in program revenues, particularly grants and contributions; and increases in general revenues, primarily from increased sales tax due to Measure N. The City's total expense of all programs in fiscal year 2015 increased by about \$11.1 million to \$25.8 million compared to 14.7 million in fiscal year 2103.
- ◆ The general fund reported a fund balance of about \$5.7 million at the end of the 2015 fiscal year, an increase of about \$2.5 million. This increase resulted from an increase in revenue, particularly Measure N sales tax, and a decrease in expenditures as compared to budgeted expenditures.
- ◆ The City also ended the fiscal year with \$11.2 million restricted and unrestricted net position reported in the enterprise funds. This is an increase from 2014 of approximately \$1.5 million.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is in two major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information; and,
- 2) **Financial section**, which includes the 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 Fund Financial Statements and Schedules.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

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 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 two categories: governmental funds and proprietary funds.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

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 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, 2015, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- General Fund
- HOME Grant Special Revenue Fund
- Capital Projects Fund
- Special Projects Capital Projects Fund

PROPRIETARY FUNDS:

- Water Enterprise Fund
- Sewer Enterprise Fund

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2015, the City adopted annual appropriated budgets for all governmental funds.

Proprietary funds. The City maintains Enterprise-type and Internal Service 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. Internal service funds are an accounting methodology used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and its information technology assets. 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 all of these operations.

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 45–85 of this report. Required Supplementary Information follows the notes on page 86.

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 90–165 of this report.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

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 \$92,668,027 as of June 30, 2015. The Summary of Net Position as of June 30, 2015, and 2014, follows:

	Summary of Net Position					
	2015			2014		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 23,483,743	\$ 15,186,671	\$ 38,670,414	\$ 22,694,700	\$ 12,454,488	\$ 35,149,188
Noncurrent assets	50,381,140	39,488,930	89,870,070	44,449,967	39,650,567	84,100,534
Total assets	73,864,883	54,675,601	128,540,484	67,144,667	52,105,055	119,249,722
Deferred outflows -	971,470	159,216	1,130,686	-	-	-
Total assets and deferred outflows	74,836,353	54,834,817	129,671,170	67,144,667	52,105,055	119,249,722
Current and other liabilities	1,516,662	2,059,783	3,576,445	2,272,200	2,051,303	4,323,503
Long-term liabilities	13,919,405	16,214,634	30,134,039	3,789,373	13,093,000	16,882,373
Total liabilities	15,436,067	18,274,417	33,710,484	6,061,573	15,144,303	21,205,876
Deferred inflows -	2,829,009	463,650	3,292,659	-	-	-
Total liabilities and deferred inflows	18,265,076	18,738,067	37,003,143	6,061,573	15,144,303	21,205,876
Net position:						
Net investment in capital						
assets	46,997,932	23,855,710	70,853,642	42,155,363	25,779,050	67,934,413
Restricted	1,664,472	3,278,129	4,942,601	1,492,114	630,314	2,122,428
Unrestricted	7,908,873	8,962,911	16,871,784	17,435,617	10,551,388	27,987,005
Total net position	\$ 56,571,277	\$ 36,096,750	\$ 92,668,027	\$ 61,083,094	\$ 36,960,752	\$ 98,043,846

Overall, total net position decreased by \$5,375,819. Of this amount, net position for governmental activities decreased by approximately \$4,511,817 and net position for business-type activities decreased increased by \$864,002. About 76.5 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.

Restricted net position increased by \$2,820,173 and unrestricted net position decreased by \$11,115,221.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$29,420,466 for the fiscal year ended June 30, 2015. Significant revenues for the City for fiscal year 2015 were derived from capital grants and contribution (27.8%), sales taxes (22.4%), and property taxes and assessments (7.1%).

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

- 1. Grants and Contributions – Capital** – The increase in capital grants and contributions was due to the receipt of the State Transportation Improvement Program (STIP) grant in the amount of \$8,468,550 in FY2014-15.
- 2. Sales Tax.** Annual receipts increased by \$2,480,297 primarily as a result of Measure N.
- 3. Property Taxes and Assessments.** Property taxes decreased by \$223,801 primarily due to a decrease in Redevelopment Property Tax Trust Fund (RPTTF) distributions related to the dissolution of the former Grass Valley Redevelopment Agency on January 31, 2012.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2015, and 2014, follows:

	Changes in Net Position					
	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 835,256	\$ 7,172,320	\$ 8,007,576	\$ 795,569	\$ 7,367,106	\$ 8,162,675
Grants and contributions:						
Operating	166,149	266,448	432,597	54,520	64,077	118,597
Capital	4,357,196	-	4,357,196	8,961,392	-	8,961,392
General revenues:						
Property taxes and assessments	2,505,602	-	2,505,602	2,309,356	-	2,309,356
Sales taxes	7,391,561	-	7,391,561	7,332,273	-	7,332,273
Other taxes	2,509,477	-	2,509,477	3,177,004	-	3,177,004
Intergovernmental	2,579,851	-	2,579,851	1,623,894	-	1,623,894
Use of money and property	300,578	48,211	348,789	220,199	58,338	278,537
Contributions	11,314	-	11,314	-	-	-
Other general revenues	747,910	528,593	1,276,503	493,024	257,626	750,650
Total revenues	21,404,894	8,015,572	29,420,466	24,967,231	7,747,147	32,714,378
Expenses:						
Governmental activities:						
General government	3,846,625	-	3,846,625	8,521,348	-	8,521,348
Public safety	6,987,809	-	6,987,809	6,744,034	-	6,744,034
Public ways and facilities	3,280,011	-	3,280,011	2,948,093	-	2,948,093
Community development	1,334,803	-	1,334,803	1,164,943	-	1,164,943
Recreation and culture	272,642	-	272,642	296,431	-	296,431
Interest and fiscal charges	106,213	-	106,213	90,467	-	90,467
Business-type activities:						
Water	-	1,873,661	1,873,661	-	1,957,449	1,957,449
Sewer	-	4,537,818	4,537,818	-	4,126,636	4,126,636
Total expenses	15,828,103	6,411,479	22,239,582	19,765,316	6,084,085	25,849,401
Excess (Deficiency) of revenues over expenditures before transfers	5,576,791	1,604,093	7,180,884	5,201,915	1,663,062	6,864,977
Transfers	699,944	(699,944)	-	9,433	(9,433)	-
Change in net position	6,276,735	904,149	7,180,884	5,211,348	1,653,629	6,864,977
Net position:						
Beginning of year	61,083,094	36,960,752	98,043,846	55,871,746	35,410,944	91,282,690
Adjustments	(10,788,552)	(1,768,151)	(12,556,703)	-	(103,821)	(103,821)
End of year	\$ 56,571,277	\$ 36,096,750	\$ 92,668,027	\$ 61,083,094	\$ 36,960,752	\$ 98,043,846

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$22,239,582. Governmental activity expenses totaled \$15,828,103 or 71.2% of total expenses. Business-type activities incurred \$6,411,479 of expenses during the fiscal year. Public safety costs represented 44.1% of total governmental activities expenses.

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2015, and 2014, are as follows:

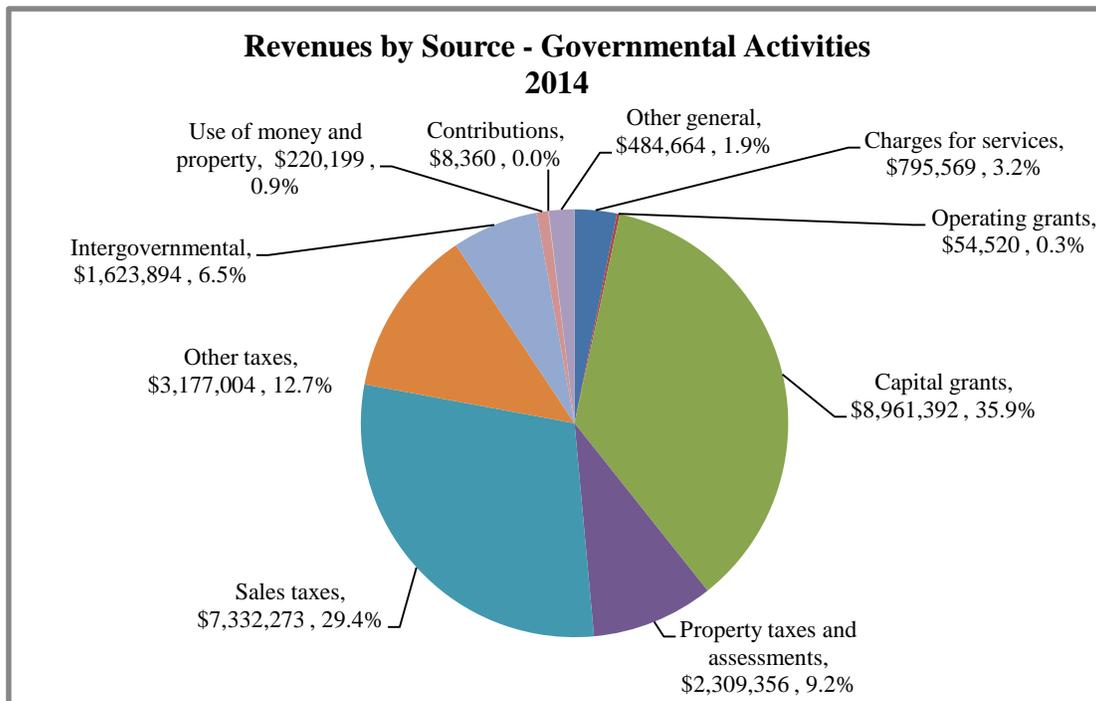
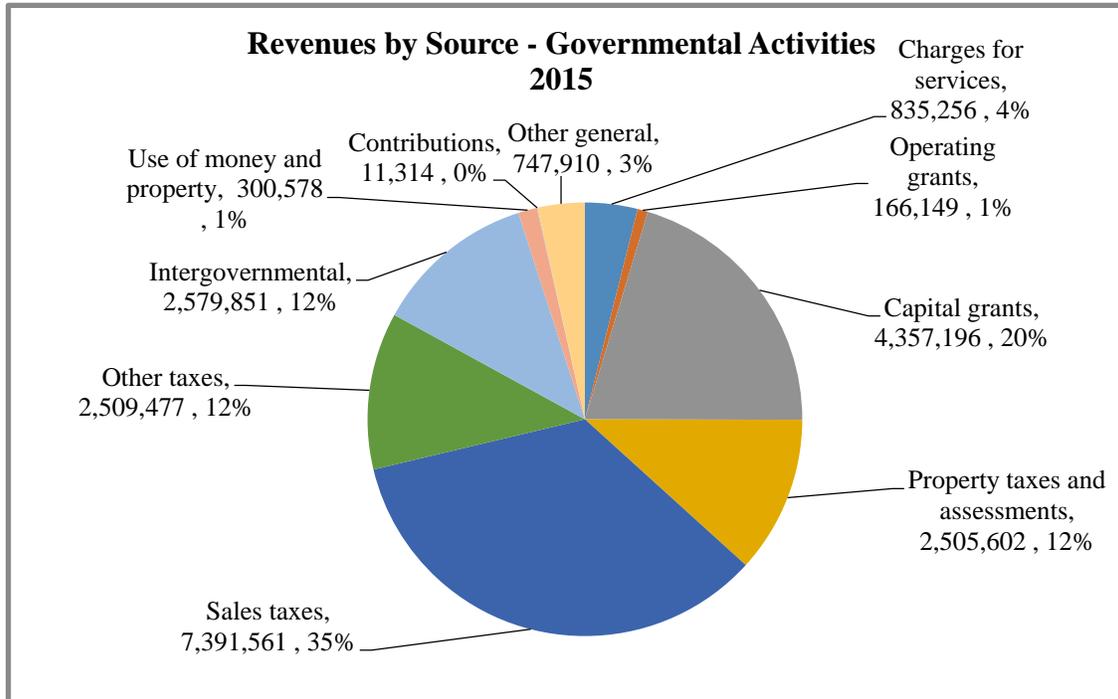
	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,846,625	\$ 3,844,663	\$ 8,521,348	8,519,275
Public safety	6,987,809	6,762,885	6,744,034	6,098,953
Public ways and facilities	3,280,011	(1,303,129)	2,948,093	(6,135,008)
Community development	1,334,803	786,228	1,164,943	1,083,717
Recreation and culture	272,642	272,642	296,431	296,431
Interest and fiscal charges	106,213	106,213	90,467	90,467
Total	<u>\$ 15,828,103</u>	<u>\$ 10,469,502</u>	<u>\$ 19,765,316</u>	<u>\$ 9,953,835</u>

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2015, and 2014, are as follows:

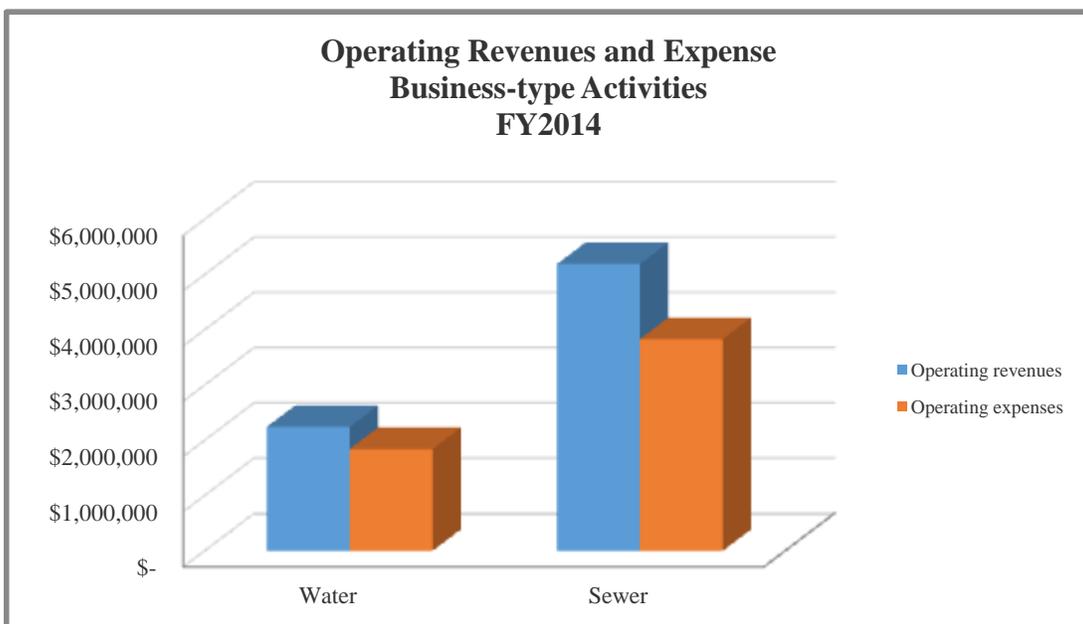
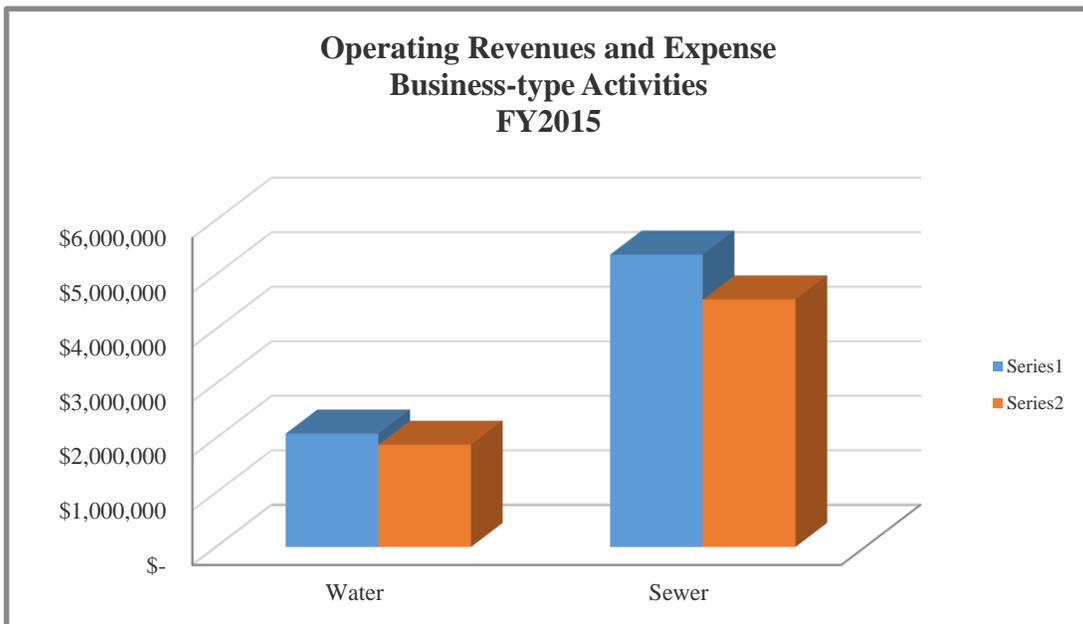


City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities. Business-type activities increased the City’s net position by \$904,149. The City has two business-type activities: Water and Sewer Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2015, and 2014, are as follows:

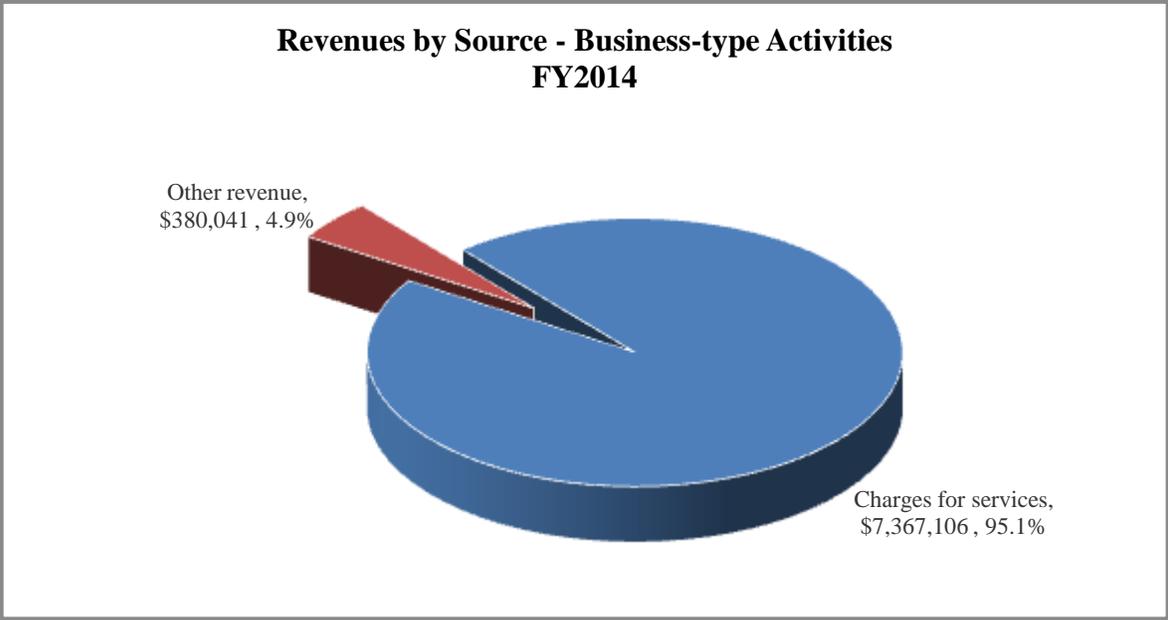
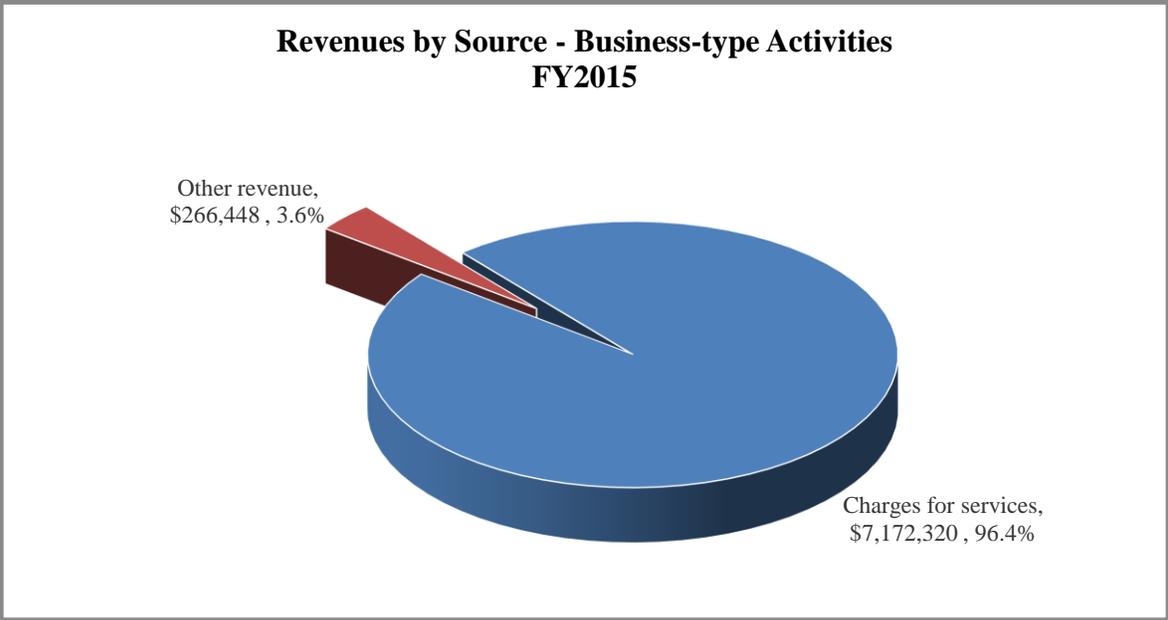


City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2015, and 2014, are as follows:



City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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, 2015, the City's governmental funds reported combined fund balances of \$22,111,255.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2015, General Fund unassigned fund balance totaled \$8,577,755. This is an increase of \$2,919,661 from the prior year.

Proprietary funds. The City's proprietary funds unrestricted net position increased by \$864,002 in the fiscal year ended June 30, 2015. This was due primarily from operating gains realized in the Water and Sewer Funds.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs favorably by \$1,868,249. This was mainly due to an increase in taxes and assessments.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2015, amount to \$89,870,070. 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.

	Capital Assets					
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,997,320	\$ 2,997,320	\$ 239,401	\$ 239,401	\$ 3,236,721	\$ 3,236,721
Construction in progress	20,816,278	14,621,068	2,098,419	1,862,792	22,914,697	16,483,860
Buildings and Improvements	4,188,447	4,595,376	26,536,616	26,893,298	30,725,063	31,488,674
Equipment	2,100,036	1,821,027	159,779	154,569	2,259,815	1,975,596
Infrastructure	20,279,059	20,415,176	10,454,715	10,500,507	30,733,774	30,915,683
Total	\$ 50,381,140	\$ 44,449,967	\$ 39,488,930	\$ 39,650,567	\$ 89,870,070	\$ 84,100,534

More detail of the capital assets and current activity can be found in the notes to the financial statements on [page 52](#) for significant accounting policies and Note 5 on [page 63](#) for other capital asset information.

Economic Outlook

On August 12, 2015, the City Council adopted the FY2015-16 Budget which includes General Fund revenues of \$9.5 million and appropriations of \$9.5 million. As a result of the passage of Measure N in November 2012, the FY14-15 General Fund budget includes projected Measure N sales tax revenues of \$2,618,000 and Measure N expenditures of \$1.2 million (Fire), \$875,000 (Police) and Streets (\$1.8 million).

In October 2015, the City received its FY14-15 assessed value information from the County; City of Grass Valley assessed values for FY 2015-16 increased by 4% in comparison to FY 2014-15, which will result in increased property tax revenue in FY 2015-16 of approximately \$100,000. FY 2014-15 Measure N sales tax revenue totaled \$2,612,171 and is anticipated to be slightly higher in FY2015-16. Regular sales tax revenue is anticipated to increase by approximately 1% in FY 2015-16.

The City, however, will continue to face significant fiscal pressures relating primarily to salaries and benefits expenditures. The City was audited by CalPERS in 2015; as of March 2016, CalPERS has not yet released the results of the audit but the City anticipates receiving a draft audit report shortly. CALPers has also provided actuarial estimates indicating that, in an attempt to increase the funding status of the City’s pooled pension plans, employer pension contribution rates for “classic”, miscellaneous employees will increase by over 13% of payroll by FY19-20 and employer contribution rates for “classic”, Police Safety employees will increase by over 18% of payroll over the same time period.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Economic Outlook, Continued

In January 2016, medical premiums for several of the medical plans offered by the City to its employees increased significantly; premiums for the Blue Shield NetValue plan, the medical plan selected by a majority of the City's employees in 2015, increased by 23.66%. In order to offset these increases, the City increased the employer medical contributions by 14% for Local 39, Management and Executive Service employees, resulting in increased costs to the City of over \$150,000 annually.

In February 2016, the City initiated a plan of reorganization, eliminating several job classifications and creating new job classifications with broader, more analytical responsibilities. The expected cost savings from the reorganization is \$300,000 per year. Additionally, the City is continuing to identify ways to provide the City's residents with excellent service in as cost efficient a manner as possible.

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. Our telephone number is 530-274-4300.

BASIC FINANCIAL STATEMENTS

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City of Grass Valley, California

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Cash and investments	\$ 11,958,411	\$ 10,714,593	\$ 22,673,004
Restricted cash and investments	-	3,278,129	3,278,129
Receivables:			
Taxes	1,456,009	-	1,456,009
Interest	28,758	-	28,758
Accounts	-	1,192,284	1,192,284
Intergovernmental	136,927	1,665	138,592
Loans/Notes receivable	9,436,834	-	9,436,834
Other	464,290	-	464,290
Prepaid items	2,514	-	2,514
Capital assets:			
Nondepreciable	23,813,598	2,337,820	26,151,418
Depreciable	26,567,542	37,151,110	63,718,652
Total assets	73,864,883	54,675,601	128,540,484
Deferred outflows: Pension plan	971,470	159,216	1,130,686
Total assets and deferred outflows	\$ 74,836,353	\$ 54,834,817	\$ 129,671,170
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable and accrued liabilities	\$ 1,142,585	\$ 658,868	\$ 1,801,453
Interest payable	-	196,102	196,102
Deposits payable	67,190	7,507	74,697
Current portion of long-term debt	306,887	1,158,038	1,464,925
Compensated absences - current portion	-	39,268	39,268
Other liabilities	-	-	-
Long-term liabilities:			
Compensated absences	750,830	171,904	922,734
Due after one year	3,075,239	14,475,182	17,550,421
Net OPEB obligation	1,230,665	115,033	1,345,698
Net Pension obligation	8,862,671	1,452,515	10,315,186
Total liabilities	15,436,067	18,274,417	33,710,484
Deferred inflows: Pension plan	2,829,009	463,650	3,292,659
Total liabilities and deferred inflows	18,265,076	18,738,067	37,003,143
NET POSITION			
Net investment in capital assets	46,997,932	23,855,710	70,853,642
Restricted	1,664,472	3,278,129	4,942,601
Unrestricted	7,908,873	8,962,911	16,871,784
Total net position	56,571,277	36,096,750	92,668,027
Total liabilities, deferred inflows and net position	\$ 74,836,353	\$ 54,834,817	\$ 129,671,170

The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California
Statement of Activities
For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,846,625	\$ 1,962	\$ -	\$ -
Public safety	6,987,809	224,924	-	-
Public ways and facilities	3,280,011	59,795	166,149	4,357,196
Community development	1,334,803	548,575	-	-
Recreation and culture	272,642	-	-	-
Interest and fiscal charges	106,213	-	-	-
Total governmental activities	15,828,103	835,256	166,149	4,357,196
Business-type activities:				
Water	1,873,661	2,077,650	-	-
Sewer	4,537,818	5,094,670	266,448	-
Total business-type activities	6,411,479	7,172,320	266,448	-
Total primary government	\$ 22,239,582	\$ 8,007,576	\$ 432,597	\$ 4,357,196

General revenues:
Taxes:
Property taxes, levied for general purposes
Sales taxes
Other taxes
Intergovernmental
Use of money and property
Contributions
Other general revenues
Total general revenues
Transfers
Total general revenues and transfers
Change in net position
Net position:
Beginning of year
Adjustments
Beginning, as adjusted
End of year

The accompanying notes are an integral part of these basic financial statements.

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

Governmental Activities	Business-Type Activities	Totals
\$ (3,844,663)	\$ -	\$ (3,844,663)
(6,762,885)	-	(6,762,885)
1,303,129	-	1,303,129
(786,228)	-	(786,228)
(272,642)	-	(272,642)
(106,213)	-	(106,213)
<u>(10,469,502)</u>	<u>-</u>	<u>(10,469,502)</u>
-	203,989	203,989
-	823,300	823,300
<u>-</u>	<u>1,027,289</u>	<u>1,027,289</u>
<u>(10,469,502)</u>	<u>1,027,289</u>	<u>(9,442,213)</u>
2,505,602	-	2,505,602
7,391,561	-	7,391,561
2,509,477	-	2,509,477
2,579,851	-	2,579,851
300,578	48,211	348,789
11,314	-	11,314
747,910	528,593	1,276,503
<u>16,046,293</u>	<u>576,804</u>	<u>16,623,097</u>
699,944	(699,944)	-
<u>16,746,237</u>	<u>(123,140)</u>	<u>16,623,097</u>
6,276,735	904,149	7,180,884
61,083,094	36,960,752	98,043,846
<u>(10,788,552)</u>	<u>(1,768,151)</u>	<u>(12,556,703)</u>
<u>50,294,542</u>	<u>35,192,601</u>	<u>85,487,143</u>
<u>\$ 56,571,277</u>	<u>\$ 36,096,750</u>	<u>\$ 92,668,027</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
HOME Grant Special Revenue	Accounts for activities related to housing and the related Home Program funding.
Capital Projects Fund	Accounts for funds collected and expended for the construction or purchase of public facilities and projects.
Special Projects Capital Projects Fund	Accounts for funds collected and expended for the construction of special projects.

City of Grass Valley, California
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		
	General Fund	HOME Grant Special Revenue	Capital Projects
ASSETS			
Cash and investments	\$ 7,213,875	\$ -	\$ -
Receivables:			
Taxes	1,452,981	-	-
Interest	28,758	-	-
Intergovernmental	32,991	-	-
Loans/Notes receivable	-	3,985,132	-
Other receivable	454,317	-	9,973
Due from other funds	450,072	-	-
Prepaid items	2,514	-	-
Total assets	\$ 9,635,508	\$ 3,985,132	\$ 9,973
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 992,250	\$ -	\$ 63,380
Due to other funds	-	-	350,245
Deposits payable	62,989	-	-
Total liabilities	1,055,239	-	413,625
Fund balances:			
Nonspendable	2,514	3,985,132	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned (deficit)	8,577,755	-	(403,652)
Total fund balances	8,580,269	3,985,132	(403,652)
Total liabilities and fund balances	\$ 9,635,508	\$ 3,985,132	\$ 9,973

The accompanying notes are an integral part of these basic financial statements.

Special Projects	Nonmajor Governmental Funds	Totals
\$ 127,001	\$ 4,454,822	\$ 11,795,698
-	3,028	1,456,009
-	-	28,758
-	103,936	136,927
-	5,451,702	9,436,834
-	-	464,290
-	100	450,172
-	-	2,514
<u>\$ 127,001</u>	<u>\$ 10,013,588</u>	<u>\$ 23,771,202</u>
\$ -	\$ 86,955	\$ 1,142,585
-	99,927	450,172
-	4,201	67,190
<u>-</u>	<u>191,083</u>	<u>1,659,947</u>
-	5,314,470	9,302,116
-	1,664,472	1,664,472
127,001	2,715,913	2,842,914
-	127,650	8,301,753
<u>127,001</u>	<u>9,822,505</u>	<u>22,111,255</u>
<u>\$ 127,001</u>	<u>\$ 10,013,588</u>	<u>\$ 23,771,202</u>

City of Grass Valley, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total fund balances - total governmental funds \$ 22,111,255

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 48,582,294

Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities

Deferred outflows	971,470	
Deferred inflows	(2,829,009)	(1,857,539)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	\$ (750,830)	
Due within one year	(305,813)	
Due after one year	(3,073,103)	
Net OPEB obligation	(1,230,665)	
Net Pension obligation	(8,862,671)	(14,223,082)

Internal services funds are used by management to charge the costs of certain activities, such as vehicle replacement and technology, to individual funds. The assets and liabilities of the internal service funds are:

Current assets	163,795	
Noncurrent assets	1,798,846	
Accounts payable and accrued liabilities	(2,156)	
Noncurrent liabilities	(2,136)	1,958,349

Net position of governmental activities \$ 56,571,277

The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California
Reconciliation of Fund Basis Balance Sheet to Government-wide
Statement of Net Position Governmental Activities
June 30, 2015

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 11,795,698	\$ -	\$ -	\$ 162,713	\$ 11,958,411
Receivables:					
Taxes	1,456,009	-	-	-	1,456,009
Interest	28,758	-	-	-	28,758
Intergovernmental	136,927	-	-	-	136,927
Loans/Notes receivable	9,436,834	-	-	-	9,436,834
Other receivable	464,290	-	-	-	464,290
Due from other funds	450,172	(451,254)	-	1,082	-
Prepaid items	2,514	-	-	-	2,514
Total current assets	23,771,202	(451,254)	-	163,795	23,483,743
Noncurrent assets:					
Capital assets, net	-	-	48,582,294	1,798,846	50,381,140
Total noncurrent assets	-	-	48,582,294	1,798,846	50,381,140
Deferred outflows - pension plan	-	-	971,470	-	971,470
Total assets	\$ 23,771,202	\$ (451,254)	\$ 49,553,764	\$ 1,962,641	\$ 74,836,353
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,142,585	\$ -	\$ -	\$ -	\$ 1,142,585
Due to other funds	450,172	(451,254)	-	1,082	-
Deposits payable	67,190	-	-	-	67,190
Current portion of long-term debt	-	-	305,813	1,074	306,887
Total current liabilities	1,659,947	(451,254)	305,813	2,156	1,516,662
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	750,830	-	750,830
Due after one year	-	-	3,073,103	2,136	3,075,239
Net OPEB obligation	-	-	1,230,665	-	1,230,665
Net Pension obligation	-	-	8,862,671	-	8,862,671
Total noncurrent liabilities	-	-	13,917,269	2,136	13,919,405
Total liabilities	1,659,947	(451,254)	14,223,082	4,292	15,436,067
Deferred inflows: Pension plan	-	-	2,829,009	-	2,829,009
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	9,302,116	(9,302,116)	-	-	-
Restricted	1,664,472	(1,664,472)	-	-	-
Assigned	2,842,914	(2,842,914)	-	-	-
Unassigned (deficit)	8,301,753	(8,301,753)	-	-	-
Net position:					
Net investment in capital assets	-	-	45,203,378	1,794,554	46,997,932
Restricted	-	-	1,664,472	-	1,664,472
Unrestricted	-	22,111,255	(14,366,177)	163,795	7,908,873
Total fund balances/ net position	22,111,255	-	32,501,673	1,958,349	56,571,277
Total liabilities, deferred inflows and net position	\$ 23,771,202	\$ (451,254)	\$ 49,553,764	\$ 1,962,641	\$ 74,836,353

The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California
Statement of Revenues, Expenditures, and Changes in
Fund Balances Governmental Funds
For the year ended June 30, 2015

	Major Funds		
	General Fund	HOME Grant Special Revenue	Capital Projects
REVENUES:			
Taxes and assessments	\$ 11,771,636	\$ -	\$ -
Fines and forfeitures	34,131	-	-
Intergovernmental	1,155,321	-	4,523,345
Use of money and property	24,817	75,561	(168)
Charges for services	835,256	-	-
Reimbursements	88,808	-	-
Other revenues	433,827	-	-
Total revenues	14,343,796	75,561	4,523,177
EXPENDITURES:			
Current:			
General government	1,906,893	-	-
Public safety	6,785,062	-	-
Public ways and facilities	731,432	-	-
Community development	929,019	-	-
Recreation and culture	268,584	-	-
Capital outlay	-	-	9,663,035
Debt service:			
Principal	367,256	-	-
Interest and fiscal charges	106,213	-	-
Total expenditures	11,094,459	-	9,663,035
REVENUES OVER (UNDER) EXPENDITURES	3,249,337	75,561	(5,139,858)
OTHER FINANCING SOURCES (USES):			
Proceeds from issuance of debt	1,457,916	-	-
Transfers in	65,912	-	5,132,243
Transfers out	(1,856,331)	-	-
Total other financing sources (uses)	(332,503)	-	5,132,243
Net change in fund balances	2,916,834	75,561	(7,615)
FUND BALANCES (DEFICIT):			
Beginning of year	5,663,435	3,909,571	(396,037)
End of year	\$ 8,580,269	\$ 3,985,132	\$ (403,652)

The accompanying notes are an integral part of these basic financial statements.

Special Projects	Other Governmental Funds	Totals
\$ -	\$ 635,004	\$ 12,406,640
-	69,667	103,798
818,167	606,363	7,103,196
80,325	120,043	300,578
-	-	835,256
-	-	88,808
-	132,791	566,618
898,492	1,563,868	21,404,894
-	88,993	1,995,886
-	147,025	6,932,087
-	51,054	782,486
-	405,784	1,334,803
-	-	268,584
-	-	9,663,035
-	-	367,256
-	-	106,213
-	692,856	21,450,350
898,492	871,012	(45,456)
-	-	1,457,916
-	265,121	5,463,276
(2,893,254)	(648,656)	(5,398,241)
(2,893,254)	(383,535)	1,522,951
(1,994,762)	487,477	1,477,495
2,121,763	9,335,028	20,633,760
\$ 127,001	\$ 9,822,505	\$ 22,111,255

City of Grass Valley, California
Reconciliation of Fund Basis Statements to
Government-wide Statement of Activities
For the year ended June 30, 2015

Functions/Programs	Fund Based Totals	Compensated		Internal Service	Depreciation	Capital		Pension Obligation	Government- wide Totals
		Absences/ Debt Service	Service			(Additions)/ Retirements	OPEB Obligation		
Governmental activities:									
General government	\$ 1,995,886	\$ (72,747)	\$ 628,192	\$ 430,364	\$ 744,193	\$ 189,080	\$ (68,343)	\$ 3,846,625	
Public safety	6,932,087	-	-	43,242	12,480	-	-	6,987,809	
Public ways and facilities	782,486	-	-	2,044,515	453,010	-	-	3,280,011	
Community development	1,334,803	-	-	-	-	-	-	1,334,803	
Recreation and culture	268,584	-	-	4,058	-	-	-	272,642	
Capital outlay	9,663,035	-	-	-	(9,663,035)	-	-	-	
Debt service/Interest	473,469	(367,256)	-	-	-	-	-	106,213	
Total governmental activities	\$ 21,450,350	\$ (440,003)	\$ 628,192	\$ 2,522,179	\$ (8,453,352)	\$ 189,080	\$ (68,343)	\$ 15,828,103	

The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2015

Net change in fund balances - total governmental funds \$ 1,477,495

Amounts reported for governmental activities in the Statement of Activities are different from those reported in the governmental funds because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are capitalized and allocated over their useful lives and reported as depreciation expense. The activities associated with capital assets are:

Capital asset purchases capitalized	\$ 8,453,352	
Depreciation expense	<u>(2,522,179)</u>	5,931,173

Debt principal payments are reported as expenditures in the governmental funds. The governmental activities, however, report principal payments as a reduction of long-term debt on the Statement of Net Position:

Debt principal payments		367,256
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Debt issuance proceeds are other financing sources in the governmental funds, but these amounts are included in long-term obligations on the Statement of Net Position.		(1,457,916)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Capital lease obligations		
Change in compensated absences	<u>72,747</u>	72,747

Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net OPEB obligation	(189,080)	
Net Pension obligation	<u>68,343</u>	(120,737)

Internal services funds are used by management to charge the costs of certain activities, such as information technology, to individual funds. The change in net position of the Internal Service Funds \$211,708 is included in the governmental activities in the government-wide Statement of Net Position less amounts due to changes in capital assets \$204,991 reported above for capital assets. The residual enterprise transfer amount of (\$634,909).

211,708	
<u>(204,991)</u>	<u>6,717</u>

Change in net position of governmental activities		\$ <u>6,276,735</u>
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The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget to Actual - General Fund and Major Special Revenue Fund

For the year ended June 30, 2015

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 10,897,067	\$ 13,520,067	\$ 11,771,636	\$ (1,748,431)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	24,450	34,131	9,681
Intergovernmental	1,018,553	1,022,553	1,155,321	132,768
Use of money and property	9,000	1,000	24,817	23,817
Charges for services	663,962	657,032	835,256	178,224
Reimbursements	76,151	-	88,808	88,808
Other revenues	120,652	205,697	433,827	228,130
Total revenues	12,785,385	15,430,799	14,343,796	(1,087,003)
EXPENDITURES:				
Current:				
General government	2,177,282	2,512,785	1,906,893	605,892
Public safety	7,112,895	8,619,568	6,785,062	1,834,506
Public ways and facilities	950,957	235,875	731,432	(495,557)
Community development	664,484	1,138,214	929,019	209,195
Recreation and culture	355,591	376,632	268,584	108,048
Capital outlay	-	-	-	-
Debt service:				
Principal	367,256	734,512	367,256	367,256
Interest and fiscal charges	78,963	186,356	106,213	80,143
Total expenditures	11,707,428	13,803,942	11,094,459	2,709,483
REVENUES OVER (UNDER) EXPENDITURES	1,077,957	1,626,857	3,249,337	1,622,480
OTHER FINANCING SOURCES (USES):				
Transfers in	111,800	111,800	65,912	(45,888)
Transfers out	(2,684,450)	(5,817,726)	(1,856,331)	3,961,395
Total other financing sources (uses)	(2,572,650)	(5,705,926)	(332,503)	5,373,423
Net change in fund balances	(1,494,693)	(4,079,069)	2,916,834	6,995,903
FUND BALANCES:				
Beginning of year	5,663,435	5,663,435	5,663,435	-
End of year	\$ 4,168,742	\$ 1,584,366	\$ 8,580,269	\$ 6,995,903

The accompanying notes are an integral part of these basic financial statements.

HOME Grant Special Revenue Fund				Totals			
Budgeted Amounts		Actual	Variance w/Final Positive (Negative)	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 10,897,067	\$ 13,520,067	\$ 11,771,636	\$ (1,748,431)
-	-	-	-	-	-	-	-
-	-	-	-	-	24,450	34,131	9,681
-	-	-	-	1,018,553	1,022,553	1,155,321	132,768
63,500	63,500	75,561	12,061	72,500	64,500	100,378	35,878
-	-	-	-	663,962	657,032	835,256	178,224
-	-	-	-	76,151	-	88,808	88,808
-	-	-	-	120,652	205,697	433,827	228,130
63,500	63,500	75,561	12,061	12,848,885	15,494,299	14,419,357	(1,074,942)
-	-	-	-	2,177,282	2,512,785	1,906,893	605,892
-	-	-	-	7,112,895	8,619,568	6,785,062	1,834,506
-	-	-	-	950,957	235,875	731,432	(495,557)
-	-	-	-	664,484	1,138,214	929,019	209,195
-	-	-	-	355,591	376,632	268,584	108,048
-	-	-	-	-	-	-	-
-	-	-	-	367,256	734,512	367,256	367,256
-	-	-	-	78,963	186,356	106,213	80,143
-	-	-	-	11,707,428	13,803,942	11,094,459	2,709,483
63,500	63,500	75,561	12,061	1,141,457	1,690,357	3,324,898	1,634,541
-	-	-	-	111,800	111,800	65,912	(45,888)
-	-	-	-	(2,684,450)	(5,817,726)	(1,856,331)	3,961,395
-	-	-	-	(2,572,650)	(5,705,926)	(332,503)	5,373,423
63,500	63,500	75,561	12,061	(1,431,193)	(4,015,569)	2,992,395	7,007,964
3,909,571	3,909,571	3,909,571	-	9,573,006	9,573,006	9,573,006	-
\$ 3,973,071	\$ 3,973,071	\$ 3,985,132	\$ 12,061	\$ 8,141,813	\$ 5,557,437	\$ 12,565,401	\$ 7,007,964

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ENTERPRISE FUNDS

Fund	Description
Major Funds:	
Water Fund	Accounts for the operation and maintenance of the City's water treatment and distribution system.
Sewer Fund	Accounts for the operation and maintenance of the City's wastewater treatment plant and collection facilities.

City of Grass Valley, California
Statement of Net Position
Proprietary Funds
June 30, 2015

	Water Fund	Sewer Fund	Totals	Governmental Activities Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS				
Current assets:				
Cash and investments	\$ 3,432,199	\$ 7,282,394	\$ 10,714,593	\$ 162,713
Restricted cash and investments	361,067	2,917,062	3,278,129	-
Receivables:				
Accounts	351,953	840,331	1,192,284	-
Intergovernmental	417	1,248	1,665	-
Due from other funds	-	-	-	1,082
Total current assets	4,145,636	11,041,035	15,186,671	163,795
Noncurrent assets:				
Capital assets, net	9,448,814	30,040,116	39,488,930	1,798,846
Total noncurrent assets	9,448,814	30,040,116	39,488,930	1,798,846
Total assets	13,594,450	41,081,151	54,675,601	1,962,641
Deferred outflows -	53,786	105,430	159,216	-
Total assets and deferred outflows	\$ 13,648,236	\$ 41,186,581	\$ 54,834,817	\$ 1,962,641
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 190,697	\$ 183,963	\$ 374,660	\$ -
Accrued payroll	15,636	27,772	43,408	-
Due to other funds	-	-	-	1,082
Interest payable	34,950	161,152	196,102	-
Prepaid connection fees	-	240,800	240,800	-
Deposits payable	7,507	-	7,507	-
Long-term liabilities - current portion	225,255	932,783	1,158,038	1,074
Compensated absences - current portion	15,580	23,688	39,268	-
Total current liabilities	489,625	1,570,158	2,059,783	2,156
Noncurrent liabilities:				
Compensated absences	56,563	115,341	171,904	-
Due after one year	3,136,152	11,339,030	14,475,182	2,136
Net OPEB obligation	33,907	81,126	115,033	-
Net Pension obligation	490,684	961,831	1,452,515	-
Total noncurrent liabilities	3,717,306	12,497,328	16,214,634	2,136
Total liabilities	4,206,931	14,067,486	18,274,417	4,292
Deferred inflows -	156,629	307,021	463,650	-
Total liabilities and deferred inflows	4,363,560	14,374,507	18,738,067	4,292
Net Position:				
Net investment in capital assets	6,087,407	17,768,303	23,855,710	1,794,554
Restricted	361,067	2,917,062	3,278,129	-
Unrestricted	2,836,202	6,126,709	8,962,911	163,795
Total net position	9,284,676	26,812,074	36,096,750	1,958,349
Total liabilities, deferred inflows and net position	\$ 13,648,236	\$ 41,186,581	\$ 54,834,817	\$ 1,962,641

The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2015

	Water Fund	Sewer Fund	Totals	Governmental Activities Internal Service Funds
OPERATING REVENUES:				
Charges for service	2,077,650	5,094,670	\$ 7,172,320	\$ -
Other operating revenue	-	266,448	266,448	-
Total operating revenues	2,077,650	5,361,118	7,438,768	-
OPERATING EXPENSES:				
Salaries and benefits	544,548	1,113,854	1,658,402	-
Contractual services	264,071	930,424	1,194,495	-
Materials and supplies	33,254	168,534	201,788	-
Repairs and maintenance	110,267	482,883	593,150	-
Purchased water	304,602	-	304,602	-
Utilities	26,264	340,323	366,587	-
Insurance	35,558	55,196	90,754	-
Allocated overhead	120,819	11,451	132,270	3,831
Depreciation and amortization	376,191	1,269,609	1,645,800	419,731
Total operating expenses	1,815,574	4,372,274	6,187,848	423,562
OPERATING INCOME(LOSS)	262,076	988,844	1,250,920	(423,562)
NONOPERATING REVENUES (EXPENSES):				
Gain on sale of capital assets	63,550	203,489	267,039	-
Connection/Impact fees	126,560	184,911	311,471	-
Interest revenue	16,753	31,458	48,211	704
Interest expense	(121,637)	(369,033)	(490,670)	(343)
Miscellaneous revenues (expenses)	83,433	133,689	217,122	-
Total non-operating revenues, net	168,659	184,514	353,173	361
NET INCOME(LOSS) BEFORE TRANSFERS	430,735	1,173,358	1,604,093	(423,201)
Transfers in	736,784	2,947,419	3,684,203	634,909
Transfers out	(854,389)	(3,529,758)	(4,384,147)	-
Total transfers	(117,605)	(582,339)	(699,944)	634,909
CHANGE IN NET POSITION	313,130	591,019	904,149	211,708
	634909			
NET POSITION:				
Beginning of year	9,568,857	27,391,895	36,960,752	1,746,641
Adjustments	(597,311)	(1,170,840)	(1,768,151)	-
Beginning of year, as adjusted	8,971,546	26,221,055	35,192,601	1,746,641
End of year	<u>\$ 9,284,676</u>	<u>\$ 26,812,074</u>	<u>\$ 36,096,750</u>	<u>\$ 1,958,349</u>

The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/users for services provided	\$ 2,113,956	\$ 5,765,197	\$ 7,879,153	\$ -
Cash payments to suppliers for goods and services	(1,339,374)	(3,070,743)	(4,410,117)	(3,920)
Cash payments to employees for services	15,767	69,024	84,791	-
Net cash provided by operating activities	<u>790,349</u>	<u>2,763,478</u>	<u>3,553,827</u>	<u>(3,920)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	736,784	2,947,419	3,684,203	634,909
Transfers paid	(854,389)	(3,529,758)	(4,384,147)	-
Net cash used by noncapital financing activities	<u>(117,605)</u>	<u>(582,339)</u>	<u>(699,944)</u>	<u>634,909</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Connection/Impact fees received	126,560	184,911	311,471	-
Acquisition and construction of capital assets	(421,070)	(1,063,093)	(1,484,163)	(624,721)
Other income received	83,433	133,689	217,122	-
Principal paid on long term debt	(161,116)	(1,113,639)	(1,274,755)	(3,138)
Interest paid on long term debt	(123,877)	(380,837)	(504,714)	(343)
Net cash (used) by capital and related financing activities	<u>(496,070)</u>	<u>(2,238,969)</u>	<u>(2,735,039)</u>	<u>(628,202)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Change in restricted cash and investments	361,067	2,286,748	2,647,815	-
Investment income received	16,753	31,458	48,211	704
Net cash provided by investing activities	<u>377,820</u>	<u>2,318,206</u>	<u>2,696,026</u>	<u>704</u>
Net increase (decrease) in cash and cash equivalents	<u>554,494</u>	<u>2,260,376</u>	<u>2,814,870</u>	<u>3,491</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	3,238,772	7,939,080	11,177,852	159,222
End of year	<u>\$ 3,793,266</u>	<u>\$ 10,199,456</u>	<u>\$ 13,992,722</u>	<u>\$ 162,713</u>
PRESENTATION IN STATEMENT OF NET POSITION:				
Cash and investments	\$ 3,432,199	\$ 7,282,394	\$ 10,714,593	\$ 162,713
Restricted cash and investments	361,067	2,917,062	3,278,129	-
Total Cash and Cash Equivalents	<u>\$ 3,793,266</u>	<u>\$ 10,199,456</u>	<u>\$ 13,992,722</u>	<u>\$ 162,713</u>
Reconciliation of income from operations to net cash provided by operating activities:				
Operating income	\$ 262,076	\$ 988,844	\$ 1,250,920	\$ (423,562)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	376,191	1,269,609	1,645,800	419,731
Gain(Loss) on sale of assets	63,550	203,489	267,039	-
Prior period adjustments	(597,311)	(1,170,840)	(1,768,151)	-
(Increase) decrease in current assets:				
Accounts receivable	28,243	401,356	429,599	-
Intergovernmental receivables	8,029	33,661	41,690	-
Prepays	-	40	40	-
Increase (decrease) in liabilities and deferred inflows/outflows:				
Accounts payable	89,222	(114,621)	(25,399)	(89)
Accrued payroll	410	4,935	5,345	-
Deposits payable	34	(30,938)	(30,904)	-
Compensated absences	(12,054)	(15,798)	(27,852)	-
Net OPEB obligation	(21,568)	30,319	8,751	-
Net Pension obligation	490,684	961,831	1,452,515	-
Deferred inflows/outflows	102,843	201,591	304,434	-
Net cash provided by operating activities	<u>\$ 790,349</u>	<u>\$ 2,763,478</u>	<u>\$ 3,553,827</u>	<u>\$ (3,920)</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2015.

The accompanying notes are an integral part of these basic financial statements.

FIDUCIARY ACTIVITIES

Fund	Description
Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.	
Private Purpose Trust Funds	
Successor Agency - Grass Valley Redevelopment Agency	Accounts for funds collected and disbursed for the dissolution of the former Grass Valley Redevelopment Agency related to Administration and Retirement of enforceable obligations
Housing	Accounts for funds collected and disbursed for the dissolution of the former Grass Valley Redevelopment Agency's housing related debts.
Agency Funds	
Whispering Pines Morgan Ranch Redemption	Accounts for assessments made for debt service of the Whispering Pines Morgan Ranch Redemption AD bonds for which the City is not obligated.
Whispering Pines Morgan Ranch Reserve 2001	Accounts for assessments made for debt service of the Whispering Pines Morgan Ranch Reserve 2001 AD bonds for which the City is not obligated.
Whispering Pines Morgan Ranch Redemption 2001	Accounts for assessments made for debt service of the Whispering Pines Morgan Ranch Redemption 2001 AD bonds for which the City is not obligated.

City of Grass Valley, California

Statement of Fiduciary Net Position

Fiduciary Activities

June 30, 2015

	Successor Agency		
	Former Grass Valley Redevelopment		
	Agency	Housing	Agency Funds
Current assets:			
Cash and investments	\$ 636,978	\$ -	\$ 338,120
Cash and investments with trustee/fiscal agent	987,019	-	227,071
Notes/Loans receivable	57,610	927,508	-
Assessments receivable	-	-	24
Other receivables	1,842	-	-
Total current assets	<u>1,683,449</u>	<u>927,508</u>	<u>565,215</u>
Total assets	<u>\$ 1,683,449</u>	<u>\$ 927,508</u>	<u>\$ 565,215</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 12,459	\$ -	\$ -
Due to others	-	-	565,215
Current portion of long-term debt	268,923	-	-
Total current liabilities	<u>281,382</u>	<u>-</u>	<u>565,215</u>
Long-term liabilities:			
Due after one year	9,337,602	-	-
Total long-term liabilities	<u>9,337,602</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>9,618,984</u>	<u>-</u>	<u>\$ 565,215</u>
Net Position (Deficit):			
Restricted for:			
Debt service	987,019	-	
Net position held in trust for			
Redevelopment Dissolution	<u>(8,922,554)</u>	<u>927,508</u>	
Total net position (deficit)	<u>(7,935,535)</u>	<u>927,508</u>	
Total liabilities and net position	<u>\$ 1,683,449</u>	<u>\$ 927,508</u>	

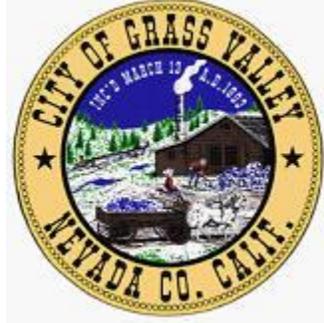
The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the year ended June 30, 2015

	Successor Agency		
	Former Grass Valley Redevelopment Agency	Housing	Totals
	Agency	Housing	Totals
ADDITIONS:			
Property taxes	\$ 671,991	\$ -	\$ 671,991
Investment income	6,134	25,447	31,581
Other	1,841	-	1,841
Total additions	<u>679,966</u>	<u>25,447</u>	<u>705,413</u>
DEDUCTIONS:			
Community development	868,029	-	868,029
Note receivable writeoff	(252,216)	-	(252,216)
Interest and trustee fees	-	-	-
Loss on refunding	-	-	-
Total deductions	<u>587,033</u>	<u>-</u>	<u>587,033</u>
Transfers in	10,629	-	10,629
Transfers out	-	(10,629)	(10,629)
Total transfers	<u>10,629</u>	<u>(10,629)</u>	<u>-</u>
CHANGE IN FIDUCIARY NET POSITION	<u>103,562</u>	<u>14,818</u>	<u>118,380</u>
NET POSITION (DEFICIT):			
Beginning of year	(8,039,097)	912,690	(7,126,407)
End of year	<u>\$ (7,935,535)</u>	<u>\$ 927,508</u>	<u>\$ (7,008,027)</u>

The accompanying notes are an integral part of these basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2015

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City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grass Valley (City) operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, health and sanitation, recreation-culture, public improvements, public improvements, planning and zoning, general administrative services, water, and sewer.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements to its activities.

In addition, the City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Financial Reporting Entity

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Financial Reporting Entity, Continued

As required by GAAP, these financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. This component unit is on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component unit, if applicable as indicated below, may be obtained by writing to the City of Grass Valley, City of Grass Valley, Finance Department, 125 East Main Street, Grass Valley, CA, 95945.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

The City reports the following major governmental funds:

- General Fund
- HOME Grant Special Revenue Fund
- Capital Projects Fund
- Special Projects Fund

The City reports the following major proprietary funds:

- Water Fund
- Sewer Fund

The City reports the following additional fund types:

- Special Revenue Funds
- Internal Service Funds
- Permanent Funds
- Private Purpose Trust Funds
- Agency Funds

Descriptions of these funds are included on the divider page preceding the Governmental Funds Balance Sheet.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

Capital Project Funds

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Internal Service Funds

Internal Service Funds are used to account for financial transactions related to the City's Garage Department and Information Technology Department. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds account for resources held for other individuals or entities in a manner similar to private enterprise.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Position and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Position, which serves as an indicator of financial position.

In the fund financial statements, the "current financial resources" measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Measurement Focus, Continued

The enterprise funds and private purpose trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund and private purpose trust funds equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means the amount is collectible within the current period or soon enough thereafter to pay current liabilities. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end, with the exception of grant revenues.

Grant revenues are considered to be available if collected within 180 days of the end of the current fiscal period.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The enterprise funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity

Cash Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, utility user taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, utility user tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Inventory

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

Government-Wide Statements

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized, since then these assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

The range of estimated useful lives by type of asset is as follows:

Equipment	3 – 25 years
Structures and improvements	5 – 50 years
Infrastructure	20 – 75 years

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Compensated Absences

Employees accrue vacation, sick, holiday, and compensatory time off benefits. City employees have vested interests in the amount of accrued time off, with the exception of sick time, and are paid on termination. Also, annually an employee may elect to be compensated for up to 40 hours of unused annual leave. However, this is contingent upon the employee using at least 40 hours during the previous year and the employee having a minimum balance of 80 annual leave hours after the payment. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements and is currently payable. The City had no employee resignations or retirements for which compensated absences should be accrued in governmental funds at year-end. The general fund is typically used to liquidate compensated absences.

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 net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has only has one item that qualifies for reporting in this category. It is the deferred charge on pension plan contributions 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item reported as a deferred inflow of resources. The deferred inflow our resources is the net difference between projected and actual earnings on pension plan investments and is reported on the statement of net position.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

- a. *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.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or bylaws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Equity Classification, Continued

Committed Fund Balance –

- Self imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council resolution is required to be taken to establish, modify or rescind a fund balance commitment

Assigned Fund Balance –

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- Assigned amounts for a specific purpose are as authorized by the City's Finance Director through its fund balance policy.

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

Revenues, Expenditures, and Expenses

Property Tax

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes.

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.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property Tax, Continued

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

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Implementation of GASB Statements 68 and 71 related to Pension Plan

The GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

In addition, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, "Accounting and Financial Reporting for Pensions".

The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

In implementing these Statements, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the Plan reflected in an actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the City's prior Plan year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change in the liability. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Implementation of GASB Statements 68 and 71 related to Pension Plan, Continued

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the City’s pension plan with CalPERS and additions to/deductions from the plan’s 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 benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

Prior Period Adjustment

Due to the City’s adoption of GASB 68, net position was adjusted at June 30, 2015. The following is a reconciliation of the total net position as previously reported at July 1, 2014, to the restated net position.

	Governmental Activities	Proprietary - Water	Proprietary - Sewer
Net Position at June 30, 2014	\$ 61,083,094	\$ 9,568,857	\$ 27,391,895
Adjustment:			
Adoption of GASB 68, pensions	<u>(10,788,552)</u>	<u>(597,311)</u>	<u>(1,170,840)</u>
Total Adjustments	<u>(10,788,552)</u>	<u>(597,311)</u>	<u>(1,170,840)</u>
Net Position at July 1, 2014, as adjusted	<u>\$ 50,294,542</u>	<u>\$ 8,971,546</u>	<u>\$ 26,221,055</u>

Budgetary Accounting

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year’s budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Budgetary Accounting, Continued

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2015. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS

At June 30, 2015, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

<u>Cash, cash equivalents and investments pooled</u>	Maturities (in years)			Deposits	Fair		
	<1	1 to 3	3 to 5		Market Value		
<u>Pooled cash, at fair value</u>							
Cash in bank	\$ -	\$ -	\$ -	\$ 778,199	\$ 778,199		
Petty cash	-	-	-	850	850		
Total pooled items	-	-	-	779,049	779,049		
<u>Pooled investments, at fair value</u>							
Interest obligations							
	<u>Par</u>	<u>Rate</u>					
\$ 2,365,000	0.0 - 0.8%	Federal Agency Securities	87,563	2,268,514	795,375	-	3,151,452
		Certificate of Deposits	251,190	2,013,488	-	-	2,264,678
		Money market	5,730,851	-	-	-	5,730,851
State of California Local Agency Investment Fund			16,214,291	-	-	-	16,214,291
Total pooled investments - interest obligations			22,283,895	4,282,002	795,375	-	27,361,272
Total cash equivalents and investments pooled			\$ 22,283,895	\$ 4,282,002	\$ 795,375	\$ 779,049	\$ 28,140,321

Amounts reported in:

Governmental activities	\$ 11,958,411
Business-type activities	10,714,593
Business-type activities - Restricted	3,278,129
Fiduciary activities	975,098
Fiduciary activities - Restricted	1,214,090
Total	\$ 28,140,321

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal agency securities	3,151,452	2.53
Certificates of deposits	2,264,678	N/A
Money market funds	5,730,851	N/A
Local Agency Investment Fund	16,214,291	N/A
Total fair value	\$ 27,361,272	
Weighted average of maturity		0.92

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code of the City’s investment policy. During the year ended June 30, 2015, the City’s permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Bankers' Acceptances	180 days	40%	None
Certificates of Deposits	180 days	20%	None
Negotiable Certificates of Deposit	180 days	30%	None
Commercial Paper	180 days	15%	None
State of California Local Agency Investment Fund (State Pool)	N/A	Unlimited	\$50 Million per entity
Medium Term Notes	5 years	30%	None
Money Market Funds	N/A	Unlimited	None
Passbook Savings and Money Market Accounts (Insured)	None	Unlimited	None
U.S. Treasury Obligations	None	Unlimited	None
U.S. Government Agency Issues	None	Unlimited	None
Repurchase Agreements	30 days	10%	None
Mortgage pass-through and asset backed securities	5 years	20%	None

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund (State Pool)	N/A	None	None
Certificates of Deposit with Banks and Savings and Loans	None	None	None
Municipal Obligations	None	None	None

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

Credit risk – As of June 30, 2015, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

Concentration of credit risk – The City’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government’s total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City’s Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 1.88% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

Custodial credit risk – deposits. For deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2015, the carrying amount of the City's deposits was \$778,199 and the balances in financial institutions were \$312,927. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$62,927 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2015, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

Custodial credit risk – investments. For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2015 was \$21,495,234,784 of which the City had a balance of \$16,214,291. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015 has a portfolio with market valuation of \$69,672,945,000. Of the total invested, 99.03% was invested in non-derivative financial products and 0.97% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2015:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Current:				
Taxes and assessments	\$ 1,456,009	\$ -	\$ -	\$ 1,456,009
Interest	28,758	-	-	28,758
Accounts	-	1,192,284	-	1,192,284
Intergovernmental	136,927	1,665	-	138,592
Other receivable	464,290	-	1,866	466,156
Total current	<u>2,085,984</u>	<u>1,193,949</u>	<u>1,866</u>	<u>3,281,799</u>
Noncurrent:				
Loans receivable	9,436,834	-	985,118	10,421,952
Total noncurrent	<u>9,436,834</u>	<u>-</u>	<u>985,118</u>	<u>10,421,952</u>
Total receivables	<u>\$ 11,522,818</u>	<u>\$ 1,193,949</u>	<u>\$ 986,984</u>	<u>\$ 13,703,751</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	11.6%
Individuals/Businesses	84.8%
Financial	0.2%
Other	3.4%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. LOANS AND NOTES RECEIVABLE

Through the City’s various housing rehabilitation funds and first-time home buyer’s funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest. Some of these loans were transferred to the successor agency and are reported in the respective trust fund.

Loans and notes receivable for governmental activities for the year ended June 30, 2015, consisted of the following:

	Beginning July 1, 2014	Additions	Deletions	Ending June 30, 2015
Community Development Block Grant	\$ 1,051,109	\$ -	\$ (137,272)	\$ 913,837
HOME loans	6,930,162	152,629	-	7,082,791
STBG	495,854	-	(9,332)	486,522
Business Revolving Loans	418,107	137,232	(25,012)	530,327
Rehabilitation loans	427,332	-	(3,975)	423,357
Total loans/notes receivable	<u>\$ 9,322,564</u>	<u>\$ 289,861</u>	<u>\$ (175,591)</u>	<u>\$ 9,436,834</u>

The following is a summary of the loans and notes receivable outstanding as of June 30, 2015:

Community Development Block Grant – The City participates in a CDBG Revolving loan program. The program is federally funded and provides housing rehabilitation loans to eligible applicants. The City makes loans to resident homeowners who qualify as low income, some of which are deferred and are not repaid until the title to property changes. The balance of these loans at June 30, 2015, was \$913,837.

HOME Loans – The City participates in a HOME Loan program. The program is federally funded and provides loans for first-time homebuyers to eligible participants. The City makes loans available to resident homeowners who qualify as low income. These loans are deferred and the City maintains an equity sharing agreement with the participant.

Basic Business Revolving Loans – These loans are made from unrestricted program income for the purpose of assisting local business with economic development loans for specifically identified purposes.

Business Loan: Grass Valley Theatre – During 2008, the City loaned money to the owners of a historic theatre in downtown district for rehabilitation.

Mobile Home Park Low Income Housing Assistance – The City began a program of housing assistance to help low and moderate income individuals with purchases of a mobile home. Qualifying individuals receive down payment assistance with the loan deferred as long as it is an owner-occupied dwelling. Interest and/or principal may be waived if certain terms are met by the borrower.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. LOANS AND NOTES RECEIVABLE, Continued

First-Time Home Buyers – The City maintains loans receivable for Low and Moderate Income Housing. The notes receivable principal balances are recorded in the fund-based statements as loans receivable. Interest on certain loans may be waived by the City if the loan remains outstanding for the full term; therefore, interest income is recorded when received.

Rehabilitation Loan – The City loaned \$880,000 to the Nevada Bay Housing and Development Corporation for Low and Moderate Income Housing for Janes Creek Meadows. Land purchased by the City was deposited into the Community Land Trust for development purposes. The notes receivable principal balances are recorded in the fund-based statements as loans receivable. Upon development, the principal and interest on the loan may be waived by the City if the loan remains outstanding for the full term and the development is accepted by the City; therefore, interest income is recorded when received.

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2015, was as follows:

Governmental activities	Balance July 1, 2014	Additions	Deletions	Adjustments / Transfers	Balance June 30, 2015
Nondepreciable assets:					
Land	\$ 2,997,320	\$ -	\$ -	\$ -	\$ 2,997,320
Construction in progress	14,621,068	9,663,035	(3,467,825)	-	20,816,278
Total nondepreciable assets	17,618,388	9,663,035	(3,467,825)	-	23,813,598
Depreciable assets:					
Buildings and Improvements	10,527,082	-	-	-	10,527,082
Equipment	6,714,911	756,673	-	-	7,471,584
Infrastructure	42,892,461	1,501,467	-	2	44,393,930
Total depreciable assets	60,134,454	2,258,140	-	2	62,392,596
Total	77,752,842	11,921,175	(3,467,825)	2	86,206,194
Accumulated depreciation:					
Buildings and Improvements	(5,931,706)	(406,929)	-	-	(6,338,635)
Equipment	(4,893,884)	(477,664)	-	-	(5,371,548)
Infrastructure	(22,477,285)	(1,637,586)	-	-	(24,114,871)
Total accumulated depreciation	(33,302,875)	(2,522,179)	-	-	(35,825,054)
Net depreciable assets	26,831,579	(264,039)	-	2	26,567,542
Total net capital assets	\$ 44,449,967	\$ 9,398,996	\$ (3,467,825)	\$ 2	\$ 50,381,140

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. CAPITAL ASSETS, Continued

Depreciation expense for Governmental Activities capital assets was charged to functions as follows:

General government	\$ 430,364
Public safety	43,242
Public ways and facilities	2,044,515
Community development	-
Parks and recreation	4,058
	<u>\$ 2,522,179</u>

Business-type capital asset activity for the year ended June 30, 2015, was as follows:

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<u>Business-type activities</u>	Balance July 1, 2014	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2015
<u>Nondepreciable assets:</u>					
Land	\$ 239,401	\$ -	\$ -	\$ -	\$ 239,401
Construction in progress	1,862,792	1,720,129	(1,484,502)	-	2,098,419
Total nondepreciable assets	<u>2,102,193</u>	<u>1,720,129</u>	<u>(1,484,502)</u>	<u>-</u>	<u>2,337,820</u>
<u>Depreciable assets:</u>					
Buildings and Improvements	46,512,802	843,007	-	-	47,355,809
Equipment	851,926	34,211	-	-	886,137
Infrastructure	18,987,123	402,879	-	-	19,390,002
Total depreciable assets	<u>66,351,851</u>	<u>1,280,097</u>	<u>-</u>	<u>-</u>	<u>67,631,948</u>
Total assets	<u>68,454,044</u>	<u>3,000,226</u>	<u>(1,484,502)</u>	<u>-</u>	<u>69,969,768</u>
<u>Accumulated depreciation:</u>					
Buildings and Improvements	(19,619,504)	(1,199,689)	-	-	(20,819,193)
Equipment	(697,357)	(29,001)	-	-	(726,358)
Infrastructure	(8,486,616)	(448,671)	-	-	(8,935,287)
Total accumulated depreciation	<u>(28,803,477)</u>	<u>(1,677,361)</u>	<u>-</u>	<u>-</u>	<u>(30,480,838)</u>
Net depreciable assets	<u>37,548,374</u>	<u>(397,264)</u>	<u>-</u>	<u>-</u>	<u>37,151,110</u>
Total net capital assets	<u>\$ 39,650,567</u>	<u>\$ 1,322,865</u>	<u>\$ (1,484,502)</u>	<u>\$ -</u>	<u>\$ 39,488,930</u>

Depreciation expense for Business-type activities capital assets was charged to functions as follows:

Water	\$ 368,666
Sewer	1,308,695
	<u>\$ 1,677,361</u>

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2015:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 893,538	\$ 615,460	\$ 12,459	\$ 1,521,457
Interest payable	-	196,102	-	196,102
Deposits payable	67,190	7,507	-	74,697
Accrued payroll and related liabilities	249,047	43,408	-	292,455
Total	\$ 1,209,775	\$ 862,477	\$ 12,459	\$ 2,084,711

These amounts resulted in the following concentrations in payables:

Vendors	86.0%
Employees	14.0%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Governmental activities:					
Capital leases	\$ 104,604	\$ 1,457,916	\$ (101,394)	\$ 1,461,126	\$ 15,886
2013 Bank Loan- Pension Obligation	2,190,000	-	(269,000)	1,921,000	291,000
Compensated absences	823,577	-	(72,747)	750,830	-
Net OPEB obligation	1,041,585	189,080	-	1,230,665	-
Total governmental activities liabilities	\$ 4,159,766	\$ 1,646,996	\$ (443,141)	\$ 5,363,621	\$ 306,886
Business-type activities:					
2011 Wastewater refunding bonds	\$ 5,285,000	\$ -	\$ (350,000)	\$ 4,935,000	\$ 350,000
Premium paid in refunding	472,390	-	(39,086)	433,304	39,086
Bond discount	(3,359)	-	-	(3,359)	-
Net 2011 Wastewater refunding bonds	5,754,031	-	(389,086)	5,364,945	389,086
California Department of Water Resources safe drinking water loan	1,693,899	-	(92,321)	1,601,578	95,352
California Water Resources Control Board revolving loan	4,479,804	-	(462,927)	4,016,877	543,697
Capital lease - Banc of America Leasing	1,943,783	-	(124,035)	1,819,748	129,903
Capital leases	-	2,830,072	-	2,830,072	28,755
Total business-type activity debt	13,871,517	2,830,072	(1,068,369)	15,633,220	1,186,793
Compensated absences	239,024	-	(27,852)	211,172	39,628
Net OPEB obligation	106,282	8,751	-	115,033	-
Total business-type activities liabilities	\$ 19,970,854	\$ 2,838,823	\$ (1,485,307)	\$ 21,324,370	\$ 1,615,507

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM LIABILITIES, Continued

Governmental Activities:

Lease Obligations

In fiscal year 2014, the City entered into an agreement with US Bank to lease copier machines for five years in the amount of \$6,735.77. The principal and interest are payable in equal monthly installments of \$110.83 starting from May 2014. The last installment is due on April 2018. The lease obligation was paid with a \$3,210 balance at June 30, 2015.

In fiscal year 2015, the City entered into an agreement with Municipal Finance Corporation. The principal and interest are payable in quarterly installments starting from March 2015. The last installment is due on September 2035. The City is making a portion of the payments from the General, Water, and Sewer Funds.

2014 Bank Loan

On May 1, 2014, the City entered into an agreement to obtain financing from Umpqua Bank in the amount of \$2,437,000 to fund the City's unfunded liability to CalPERS related to the City's miscellaneous, fire-safety and police-safety pension groups. The principal is payable annually starting from May 1, 2015 in an amount ranging from \$247,000 to \$348,000. The last principal payment is due on May 1, 2021. The bonds bear an interest rate of 3.45% per annum. Interest is payable semi-annually on November 1 and May 1. The first interest payment was made on November 1, 2014 and the final payment is due on May 1, 2021. As of June 30, 2015, the outstanding balance of the loan was \$1,921,000.

Business-type Activities:

2011 Wastewater Refunding Bonds

On August 1, 2011, the City issued the 2011 Wastewater Refunding Bonds in the amount of \$5,930,000. The Bonds bear interest rates of 2.0% to 5.0% per annum and matures on August 1, 2025. The principals are payable in annual installments of \$310,000 to \$555,000 on the anniversary of the bond issuance and interests are payable semi-annually on February 1 and August 1. These bonds were used to refund the Wastewater Certificates of Participation.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM LIABILITIES, Continued

California Department of Water Resources

On March 12, 1991, the City obtained \$3,255,000 California Department of Water Resources Safe Drinking Water Loan. The loan bears an interest rate of 3.37% per annum and matures on September 30, 2028. The principal and interests are amortized in equal semi-annual payments of \$74,329. This loan was used to finance improvements to the City's water system.

State of California - State Water Resources Control Board

On November 19, 1999, the City obtained a revolving loan from The State of California – State Water Resources Control Board in the amount of \$10,833,312. The loan bears no interest and the principal is payable in 20 equal annual installments of \$543,697. The first installment was paid on July 31, 2003 and the last is due on July 31, 2022. The loan was used to finance sewer plant expansion.

Capital Lease Obligations

On June 30, 2011, the City entered into an agreement with Banc of America Leasing to lease automated meter reading system for \$2,283,276. 75.5% of the lease amount or \$1,723,873 is borne by the Water Fund and the remaining \$559,402.62 by the Sewer Fund. The lease obligations are payable semi-annually beginning August 22, 2011 until February 22, 2026. The water fund and sewer portion of the semi-annual principal payments are \$80,594 and \$26,153, respectively. As at June 30, 2015, the outstanding balance of the lease amounted to \$1,943,783.

Compensated Absences

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$823,577 for governmental activities and \$239,024 for business-type activities at June 30, 2015, of those amounts \$55,454 is expected to be paid within a year.

Net OPEB Obligation

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2015, the City had a Net OPEB Obligation of \$1,041,585 for governmental activities and \$106,282 for business-type activities. See Note 12 for further discussion on OPEB.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM LIABILITIES, Continued

Future debt service for Governmental Activities at June 30, 2015, is as follows for all debt except compensated absences and the Net OPEB obligation:

Year Ending June 30,	Governmental Activities					
	US Bank		Municipal Finance Corporation		2013 Umpqua Bank	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,073	\$ 256	\$ 14,813	\$ 56,715	\$ 291,000	\$ 66,275
2017	1,138	193	9,553	56,090	304,000	56,235
2018	999	110	9,289	55,788	315,000	45,748
2019	-	-	13,893	55,360	326,000	34,880
2020	-	-	18,876	54,747	337,000	23,632
2021-2025	-	-	212,027	254,598	348,000	12,006
2026-2031	-	-	421,032	195,002	-	-
2032-2036	-	-	714,012	87,357	-	-
2037	-	-	44,421	433	-	-
Total	\$ 3,210	\$ 559	\$ 1,457,916	\$ 816,090	\$ 1,921,000	\$ 238,776
Due within one year	\$ 1,073	\$ 256	\$ 14,813	\$ 56,715	\$ 291,000	\$ 66,275
Due after one year	2,137	303	1,443,103	759,375	1,630,000	172,501
	\$ 3,210	\$ 559	\$ 1,457,916	\$ 816,090	\$ 1,921,000	\$ 238,776

Year Ending June 30,	Total	
	Principal	Interest
2016	\$ 306,886	\$ 123,246
2017	314,691	112,518
2018	325,288	101,646
2019	339,893	90,240
2020	355,876	78,379
2021-2025	560,027	266,604
2026-2031	421,032	195,002
2032-2036	714,012	87,357
2037	44,421	433
Total	\$ 3,382,126	\$ 1,055,425
Due within one year	\$ 306,886	\$ 123,246
Due after one year	3,075,240	932,179
	\$ 3,382,126	\$ 1,055,425

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. LONG-TERM LIABILITIES, Continued

Future debt service for Business-type Activities at June 30, 2015, is as follows for all debt except compensated absences and the Net OPEB obligation:

Year Ending June 30,	Business Type Activities					
	2011 Wastewater refunding bonds		California Department of Water Resources		State of California - State Water Resources Control Board	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 350,000	\$ 218,238	\$ 95,352	\$ 53,306	\$ 543,697	\$ -
2017	370,000	201,988	98,806	49,852	543,697	-
2018	390,000	182,988	102,061	46,597	543,697	-
2019	405,000	163,113	105,530	43,128	543,697	-
2020	425,000	146,613	109,038	39,619	543,697	-
2021-2025	2,440,000	410,613	603,885	139,405	1,298,392	-
2026-2029	555,000	11,794	486,906	33,398	-	-
Total	<u>\$ 4,935,000</u>	<u>\$ 1,335,347</u>	<u>\$ 1,601,578</u>	<u>\$ 405,305</u>	<u>\$ 4,016,877</u>	<u>\$ -</u>
Due within one year	\$ 350,000	\$ 218,238	\$ 95,352	\$ 53,306	\$ 543,697	\$ -
Due after one year	4,585,000	1,117,109	1,506,226	351,999	3,473,180	-
Total	4,935,000	\$ 1,335,347	\$ 1,601,578	\$ 405,305	\$ 4,016,877	\$ -
Premium on refunding	433,304					
Total	<u>\$ 5,368,304</u>					

Year Ending June 30,	Business Type Activities					
	Capital lease Banc of America Leasing		Capital lease Municipal Finance Corporation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 129,903	\$ 83,590	\$ 28,755	\$ 110,094	\$ 1,147,707	\$ 465,228
2017	136,049	77,445	18,543	108,881	1,167,095	438,166
2018	142,485	71,009	18,032	108,295	1,196,275	408,889
2019	149,225	64,268	26,969	107,464	1,230,421	377,973
2020	156,284	57,210	36,641	106,273	1,270,660	349,715
2021-2025	899,569	151,322	411,581	494,219	5,653,427	1,195,559
2026-2030	206,233	23,836	817,297	378,533	2,065,436	447,561
2031-2035	-	-	1,386,024	169,576	1,386,024	169,576
2036	-	-	86,230	840	86,230	840
Total	<u>\$ 1,819,748</u>	<u>\$ 528,680</u>	<u>\$ 2,830,072</u>	<u>\$ 1,584,175</u>	<u>\$ 15,203,275</u>	<u>\$ 3,853,507</u>
Premium on refunding					433,304	
Total					<u>\$ 15,636,579</u>	
Due within one year	\$ 129,903	\$ 83,590	\$ 28,755	\$ 110,094	\$ 1,147,707	\$ 465,228
Due after one year	1,689,845	445,090	2,801,317	1,474,081	14,055,568	3,388,279
Total	<u>\$ 1,819,748</u>	<u>\$ 528,680</u>	<u>\$ 2,830,072</u>	<u>\$ 1,584,175</u>	<u>\$ 15,203,275</u>	<u>\$ 3,853,507</u>

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. NET POSITION/FUND BALANCES

Net Position

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Net investment in capital assets	\$ 46,997,932	\$ 23,855,710	\$ 70,853,642
Restricted	1,664,472	3,278,129	4,942,601
Unrestricted	<u>7,908,873</u>	<u>8,962,911</u>	<u>16,871,784</u>
Total	<u>\$ 56,571,277</u>	<u>\$ 36,096,750</u>	<u>\$ 92,668,027</u>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions on the top of **Page 72.**

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. NET POSITION/FUND BALANCES, Continued

Fund Balances

Nonspendable and Restricted fund balances consisted of the following at June 30, 2015:

<u>Nonspendable:</u>	
General fund	\$ 2,514
HOME grant special revenue fund	3,985,132
Special projects	-
Block grant special revenue funds	1,793,454
Housing special revenue funds	3,521,016
Total Nonspendable	<u>\$ 9,302,116</u>
<u>Restricted:</u>	
Governmental funds:	
Special revenue funds	
Gas tax	\$ 981,965
Traffic safety	11,999
Maintenance district	122,103
Block grant	428,169
Housing	3
Permanent funds	
Elizabeth Daniels	91,583
Animal shelter	28,650
Total Restricted	<u>\$ 1,664,472</u>
<u>Assigned</u>	2,842,914
<u>Unassigned:</u>	
General Fund	8,577,755
Unassigned (deficit)	<u>(276,002)</u>
Total Unassigned	<u>8,301,753</u>
Total Fund Balance	<u><u>\$ 22,111,255</u></u>

The following describes the purpose of each nonspendable and restricted category used by the City:

Nonspendable

- **General Fund** – used to segregate that portion of fund balance to indicate that prepaid amounts do not represent available, spendable resources even though they are components of assets
- **HOME Grant** – represents nonspendable amounts classified as notes receivable.
- **Special Projects** – represents nonspendable amounts classified as prepaid items.
- **Block Grant** – represents nonspendable amounts classified as notes receivable.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. NET POSITION/FUND BALANCES, Continued

Nonspendable, Continued

- **Housing** – represents amounts restricted for the City’s HOME revolving loan program and CDBG housing activities as these programs are supported by specific grants requiring the restriction.

Restricted

- **Gas Tax** – represents amounts restricted for street purposes by the California Streets and Highways Code.
- **Traffic Safety** – represents amounts restricted for Traffic Safety
- **Maintenance District** – represents amounts restricted for use on the Maintenance District.
- **Block Grant** – represents amounts restricted for special purposes per grant directive.
- **Housing** – represents amounts restricted for the City’s HOME revolving loan program and CDBG housing activities as these programs are supported by specific grants requiring the restriction.
- **Elizabeth Daniels** – represents amounts restricted for a special purpose.
- **Animal Shelter** – represents amounts restricted for a special purpose.

Fund Balance Deficits

Deficit fund balances consisted of the following:

Major Funds:	
Capital Projects	\$ (403,652)
Nonmajor Special Revenue Funds:	
EPA Brownfield	(6,367)
CDBG	(21,061)

The above deficit fund balances have occurred due to the spending of funds prior to the receipt of revenues (cost reimbursements). The Fund balances will be restored in the near future as revenues are received.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. NET POSITION/FUND BALANCES, Continued

Excess of Expenditures and Transfers over Appropriations:

Expenditures and transfers exceeded appropriations for the year ended June 30, 2015, for the following funds:

Fund	Final Appropriations	Expenditures and Transfers	Excess
<u>Nonmajor Funds</u>			
<u>Special Revenue Funds:</u>			
Parks and Recreation	-	-	-
EPA Brownfield	-	-	-
95-STBG 897 Block Grant	-	-	-
97-STBG 1118 Block Grant	-	-	-
CDBG Doris Dr	-	-	-
HOME Grant*	-	-	-
99-HOME 0369 Grant	-	-	-
Housing Rehabilitation	-	-	-
* Indicates Fund is not budgeted			

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2015:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 450,072	\$ -
Capital Projects Fund	-	350,245
Total Major Funds	<u>450,072</u>	<u>350,245</u>
Non-major Funds:		
EPA Brownfield	-	45,530
CDBG	-	100
CDBG Revolving	100	-
Home 8564	-	54,184
99-Home 0369	-	113
Total Non-major Funds	<u>100</u>	<u>99,927</u>
Total Governmental Funds	450,172	450,172
<u>Proprietary Funds</u>		
Vehicle Replacement Fund	-	1,082
Technology Fund	1,082	-
Total Proprietary Funds	1,082	1,082
Total	<u>\$ 451,254</u>	<u>\$ 451,254</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. INTERFUND TRANSACTIONS, Continued

Transfers consisted of the following at June 30, 2015:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General fund	\$ 65,912	\$ 1,856,331
Capital projects	5,132,243	-
Special projects	-	2,893,254
Total major funds	<u>5,198,155</u>	<u>4,749,585</u>
Non-major Funds:		
Special Revenue Funds		
Gas tax	-	203,460
Traffic safety	75,000	-
Impact fees	-	255,075
Block grant funds	169,591	159,639
Housing funds	20,530	30,482
Total non-major funds Special Revenue Funds	<u>265,121</u>	<u>648,656</u>
Total Governmental Funds	<u>5,463,276</u>	<u>5,398,241</u>
<u>Proprietary Funds</u>		
Internal Service Funds:		
Vehicle replacement fund	634,909	-
Major Enterprise Funds:		
Water	736,784	854,389
Sewer	2,947,419	3,529,758
Total Proprietary Funds	<u>4,319,112</u>	<u>4,384,147</u>
<u>Fiduciary Funds</u>		
Private Purpose Trust Funds:		
Successor Agency - Former Grass Valley Redevelopment Agency	10,629	-
Housing	-	10,629
Total Fiduciary Funds	<u>10,629</u>	<u>10,629</u>
Total Transfers	<u>\$ 9,793,017</u>	<u>\$ 9,793,017</u>

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

10. 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. The City has joined together with other municipalities to participate in the Public Agency Risk Sharing Authority of California (PARSAC) for general liability, auto liability, and errors and omissions purposes. PARSAC is a public entity risk pool which serves as a common risk management and insurance program for 37 member cities. 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.

The City continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years. 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.

<u>Amount</u>	<u>Coverage Provider</u>	<u>Payment Source</u>
General & Auto Liability Claims: \$775,000 per occurrence excess of Member's \$25,000 retention	PARSAC	City Funds
Workers' Compensation Claims: \$475,000 excess of Member's \$25,000 retention	PARSAC	City Funds
All-Risk Property Insurance Claims: \$1,000,000,000 per occurrence, \$5,000 deductible	Various Providers	City Funds

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

[if the Plan is closed to new entrants, disclosure should be included, as required by paragraph 76b of Statement 68.]

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	X.XX%
Required employer contribution rates	XX.XXX%	X.XX%
	Safety - Police	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9%	XX.XXX%
Required employer contribution rates	XX.XXX%	XX.XXX%
	PEPRA Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	X.XX%
Required employer contribution rates	XX.XXX%	X.XX%

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Plan provisions, Continued

	Tier 2 Safety - Police	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9%	XX.XXX%
Required employer contribution rates	XX.XXX%	XX.XXX%

	Fire Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9%	XX.XXX%
Required employer contribution rates	XX.XXX%	XX.XXX%

	PEPRA - Fire Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9%	XX.XXX%
Required employer contribution rates	XX.XXX%	XX.XXX%

[Benefit Formulas and Contribution Rates above are examples only. The specific Plan Provisions should be customized and any additional benefit tiers should be disclosed.]

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 both 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.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	Tier 2 Safety - Police	Fire Safety	PEPRA - Fire Safety
Contributions - employer	\$ 408,389	\$ 353,531	\$ 6,263	\$ 21,733	\$ 188,868	\$ 13,240
Contributions - employee (paid employer)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 5,222,328
Safety - Police	4,222,691
PEPRA Miscellaneous	360
Tier 2 Safety - Police	124
Fire Safety	869,647
PEPRA - Fire Safety	36
Total Net Pension Liability	\$ 10,315,186

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	Tier 2 Safety - Police	Fire Safety	PEPRA - Fire Safety
Proportion - June 30, 2013	N/A	N/A	N/A	N/A	N/A	N/A
Proportion - June 30, 2014	0.04472%	0.05059%	0.00000%	0.00000%	0.00090%	0.00090%
Change - Increase (Decrease)	N/A	N/A	N/A	N/A	N/A	N/A

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2015, the City recognized pension expense of \$997,478. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	\$ 1,077,022	
Differences between actual and expected experience	-	
Changes in assumptions	-	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of the contributions	53,664	
Net differences between projected and actual earnings on plan investments	-	\$ 3,292,659
Total	<u>\$ 1,130,686</u>	<u>\$ 3,292,659</u>

\$1,130,686 reported as deferred outflows of resources related to contributions subsequent to the measurement date and changes in proportions of contributions that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2016	\$ (264,197)
2017	866,489
2018	866,489
2019	697,692
2020	-
Thereafter	-

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Valuation Date	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
Measurement	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
Actuarial Cost Method	Entry-Age Normal Cost Method				
Actuarial Assumptions:					
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3%	3%	3%	3%	3%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)
Mortality	XXX	XXX	XXX	XXX	XXX

(1) Depending on age, service, and type of employment

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology. The long -term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

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

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, 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 each Plan, calculated using the discount rate for each 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:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
1% Decrease	6.50%	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	\$ 4,910,861	\$ 4,792,685	\$ 90	\$ 91	\$ 96,179
Current Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	\$ 2,782,487	\$ 3,148,254	\$ 51	\$ 53	\$ 55,890
1% Increase	8.50%	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	\$ 1,016,138	\$ 1,793,315	\$ 18	\$ 22	\$ 22,694

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$__ for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015. *[Discuss any other liabilities, applicable, as required by paragraph 122 of Statement 68]*

12. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City contributes to California Public Employees Retirement System (CalPERS), a cost sharing multiple employer defined benefit postemployment healthcare plan administrator (“the Retiree Health Plan”). An employee is eligible for lifetime medical benefits under the Plan, along with his/her spouse at the time of retirement, if he or she retires from the City under CalPERS.

The City also provides additional benefits to long-service retirees who meet other age and/or service requirements. An employee cannot terminate service with the City before meeting the age condition and be entitled to receive benefits.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

12. OTHER POST EMPLOYMENT BENEFITS, Continued

Funding Policy

The Minimum Employer Contribution, subject to adjustments per AB2544, is paid on behalf of eligible retirees by the City in accordance with PEMHCA requirements. Additionally, if an employee meets certain age and service conditions and until such time as the employee is eligible for Medicare or is hired and has healthcare coverage available from new employment, the City will contribution an amount (varying between \$250 and \$500, depending upon the individual’s bargaining unit, date of hire and date of retirement) towards the cost of retiree medical coverage. The benefit amount is fixed for each employee at the date of his or her retirement. Different benefit amounts are payable to employees who retired prior to July 1, 2006.

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the City’s funding policy is to continue to pay healthcare premiums for retirees as they fall due. The City has elected not to establish an irrevocable trust at this time. The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation.

Annual required contribution	\$ 297,413
Interest on net OPEB obligation	45,915
Adjustment to annual required contribution	<u>(44,109)</u>
Annual OPEB cost (expense)	\$ 299,219
Contributions made	<u>(101,388)</u>
Increase in net OPEB obligation	\$ 197,831
Net OPEB obligation - beginning of year	<u>1,147,867</u>
Net OPEB obligation - end of year	<u><u>\$ 1,345,698</u></u>

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

12. OTHER POST EMPLOYMENT BENEFITS, Continued

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	281,558	35.85%	956,859
6/30/14	293,798	35.00%	1,147,867
6/30/15	299,219	33.88%	1,345,698

Funded Status and Funding Progress

The funded status of the Plan as of April 1, 2012, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 3,345,028
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 3,345,028
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan participants)	\$ 6,439,431
UAAL as a percentage of covered payroll	52%

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (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. On February 1, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency.

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).

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

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).

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.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

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, 2015, loans receivable consisted of the following:

	Beginning July 1, 2014	Additions	Deletions	Ending June 30, 2015
Redevelopment Housing:				
Springhill Garden Apts	\$ 657,000	\$ 13,000	\$ -	\$ 670,000
Valley Commons	255,690	1,818	-	257,508
Redevelopment Projects (Non-Housing):				
Center for the Arts	67,610	-	(10,000)	57,610
Total loans receivable	<u>\$ 980,300</u>	<u>\$ 14,818</u>	<u>\$ (10,000)</u>	<u>\$ 985,118</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% and is payable in annual installments commencing in 2011 until January 15, 2040.

Valley Commons loan dated March 10, 2011, payable in annual installments commencing in 2016, with an interest rate of 3% and maturity in 30 years.

Redevelopment Projects

Center for the Arts loan dated January 14, 2011, payable in annual installments commencing September 1, 2011, with an interest rate of 2% and maturity on September 1, 2016.

Deferred outflows of resources consist of issuance costs of 2008 Tax Allocation Bonds and 2010 Tax Allocation Bonds. The total issuance costs amounted to \$484,123 and are amortized over the term of the bonds. Accumulated amortization as of June 30, 2015, was \$216,467 with amortization expense of \$11,327 for the fiscal year.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

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 subsequently.

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due within one year
2002 ABAG Lease Revenue Bonds	\$ 925,000	\$ -	\$ (55,000)	\$ 870,000	\$ 60,000
2013 Tax Allocation Refunding Bonds	6,005,000	-	(150,000)	5,855,000	160,000
2010 Tax Allocation Bonds	3,110,000		(65,000)	3,045,000	60,000
Less: Discount	(171,136)	-	7,661	(163,475)	(7,662)
Total governmental activities	<u>\$ 9,868,864</u>	<u>\$ -</u>	<u>\$ (262,339)</u>	<u>\$ 9,606,525</u>	<u>\$ 272,338</u>

Association of Bay Area Governments Lease Revenue Bonds, issued on January 1, 2002, in the amount of \$1,470,000 and payable in annual installments of \$35,000 to \$100,000, with an interest rate of 3.00% to 5.00% and maturity on December 1, 2025. The bonds were used to advance refund the 1995 tax allocation bonds used to purchase Grass Valley Memorial Park and Police Facilities.

2008 Tax Allocation Bonds, issued on December 3, 2008, in the amount of \$5,980,000 and payable in annual installments of \$55,000 to \$660,000, with an interest rate of 4.00% to 7.125% and maturity on December 1, 2038. The bonds were used to finance redevelopment activities and for the acquisition of capital assets. On December 1, 2014, the City issued the 2014 Subordinate Tax Allocation Refunding Bonds to defease the outstanding balance of the 2008 Tax Allocation Bonds.

2010 Tax Allocation Bonds, issued on April 14, 2010, in the amount of \$3,170,000 and payable in annual installments of \$60,000 to \$300,000, with an interest rate of 3.00% to 5.25% and maturity on December 1, 2034. The bonds were used to refund the 2000 Tax Allocation Bonds.

2014 Tax Allocation Refunding Bonds was issued on December 1, 2014 in the amount of \$6,005,000. The 2014 bonds bear interest rates in the range of 2.00% to 4.375% per annum and interest is payable semiannually on June 1 and December 1, commencing on June 1, 2015. Principal is payable in annual installments starting from December 1, 2015 in amounts ranging from \$150,000 to \$605,000. The bonds will mature on December 1, 2038. The bonds were used to defease the outstanding 2008 Tax Allocation Bonds.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

Future debt service for Fiduciary Activities at June 30, 2015, is as follows:

June 30,	2002 ABAG Lease Revenue Bonds		2013 Tax Allocation Refunding Bonds		
	Principal	Interest	Principal	Discount	Interest
2016	\$ 60,000	\$ 41,681	\$ 160,000	(3,416)	\$ 254,237
2017	65,000	38,713	175,000	(3,416)	249,437
2018	65,000	35,584	180,000	(3,416)	244,188
2019	70,000	32,250	190,000	(3,416)	238,788
2020	75,000	28,625	190,000	(3,416)	233,088
2021-2025	435,000	81,125	1,055,000	(17,080)	1,074,106
2026-2030	100,000	2,500	785,000	(17,080)	894,419
2031-2035	-	-	870,000	(17,080)	712,531
2036-2039	-	-	2,250,000	(10,235)	295,456
	<u>\$ 870,000</u>	<u>\$ 260,478</u>	<u>\$ 5,855,000</u>	<u>\$ (78,555)</u>	<u>\$ 4,196,250</u>
Due within one year	\$ 60,000	\$ 41,681	\$ 160,000	\$ (3,416)	\$ 254,237
Due after one year	810,000	218,797	5,695,000	(75,139)	3,942,013
	<u>\$ 870,000</u>	<u>\$ 260,478</u>	<u>\$ 5,855,000</u>	<u>\$ (78,555)</u>	<u>\$ 4,196,250</u>

June 30,	2010 Tax Allocation Bonds			Totals		
	Principal	Discount	Interest	Principal	Discount	Interest
2016	\$ 60,000	(4,246)	\$ 149,087	\$ 280,000	(7,662)	\$ 445,005
2017	60,000	(4,246)	146,688	300,000	(7,662)	434,838
2018	65,000	(4,246)	144,187	310,000	(7,662)	423,959
2019	65,000	(4,246)	141,588	325,000	(7,662)	412,626
2020	70,000	(4,246)	138,844	335,000	(7,662)	400,557
2021-2025	390,000	(21,230)	644,188	1,880,000	(38,310)	1,799,419
2026-2030	970,000	(21,230)	491,887	1,855,000	(38,310)	1,388,806
2031-2035	1,365,000	(21,230)	186,200	2,235,000	(38,310)	898,731
2036-2039	-	-	-	2,250,000	(10,235)	295,456
	<u>\$ 3,045,000</u>	<u>\$ (84,920)</u>	<u>\$ 2,042,669</u>	<u>\$ 9,770,000</u>	<u>\$ (163,475)</u>	<u>\$ 6,499,397</u>
Due within one year	\$ 60,000	\$ (4,246)	\$ 149,087	\$ 280,000	\$ (7,662)	\$ 445,005
Due after one year	2,985,000	(80,674)	1,893,582	9,490,000	(155,813)	6,054,392
Total	<u>\$ 3,045,000</u>	<u>\$ (84,920)</u>	<u>\$ 2,042,669</u>	<u>\$ 9,770,000</u>	<u>\$ (163,475)</u>	<u>\$ 6,499,397</u>

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

14. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants and Allocations

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

Commitments

The City had no significant unexpended contractual commitments as of June 30, 2015.

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, "Fair Value Measurement and Application". The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.

The GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, "Financial Reporting for Pension Plans", and Statement 68 for pension plans and pensions that are within their respective scopes.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City will evaluate the applicability of the provisions of this Statement and implement it in the applicable year, accordingly.

The GASB has issued Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The City will implement this Statement in fiscal year ending June 30, 2017.

The GASB has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, for OPEB. Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.

The GASB has issued Statement No. 77, “Tax Abatement Disclosures”. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2017.

City of Grass Valley, California
Required Supplementary Information
For the year ended June 30, 2015

Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/1/2012	\$ -	\$ 2,969,594	\$ 2,969,594	0.0%	\$ 5,243,462	56.6%

City of Grass Valley, California
Required Supplementary Information - Schedule of Contributions
Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2014</u>
Actuarially determined contribution	\$ 408,389
Contributions in relation to the actuarially determined contributions	<u>(408,389)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 3,026,691
Contribution as a percentage of covered-employee payroll	13.49%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of Contributions
Safety - Police

Last 10 Fiscal Years*

	<u>2014</u>
Actuarially determined contribution	\$ 353,531
Contributions in relation to the actuarially determined contributions	<u>(353,531)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 1,514,775
Contribution as a percentage of covered-employee payroll	23.34%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of Contributions
PEPRA - Miscellaneous

Last 10 Fiscal Years*

	<u>2014</u>
Actuarially determined contribution	\$ 6,263
Contributions in relation to the actuarially determined contributions	<u>(6,263)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 24,423
Contribution as a percentage of covered-employee payroll	25.64%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of Contributions
Tier 2 Safety - Police

Last 10 Fiscal Years*

	<u>2014</u>
Actuarially determined contribution	\$ 21,733
Contributions in relation to the actuarially determined contributions	<u>(21,733)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 49,737
Contribution as a percentage of covered-employee payroll	43.70%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of Contributions
Fire Safety

Last 10 Fiscal Years*

	<u>2014</u>
Actuarially determined contribution	\$ 188,868
Contributions in relation to the actuarially determined contributions	<u>(188,868)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 854,090
Contribution as a percentage of covered-employee payroll	22.11%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of Contributions
PEPRA - Fire Safety

Last 10 Fiscal Years*

	<u>2014</u>
Actuarially determined contribution	\$ 13,240
Contributions in relation to the actuarially determined contributions	<u>(13,240)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 42,126
Contribution as a percentage of covered-employee payroll	31.43%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of the City's Proportionate
Share of the Net Pension Liability
Miscellaneous Plan

Last 10 Fiscal Years*

	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.08393%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,222,328
Plan's Covered-Employee Payroll	\$ 3,026,691
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	172.54%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 690,894

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of the City's Proportionate
Share of the Net Pension Liability
Safety - Police

Last 10 Fiscal Years*

	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.06786%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 4,222,691
Plan's Covered-Employee Payroll	\$ 1,514,775
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	278.77%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 523,834

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of the City's Proportionate
Share of the Net Pension Liability
PEPRA - Miscellaneous

Last 10 Fiscal Years*

	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.00001%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 360
Plan's Covered-Employee Payroll	\$ 24,423
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	1.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.04%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 48

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability

Tier 2 Safety - Police

Last 10 Fiscal Years*

	<u>2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 124
Plan's Covered-Employee Payroll	\$ 49,737
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.25%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.46%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 15

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of the City's Proportionate
Share of the Net Pension Liability
Fire Safety

Last 10 Fiscal Years*

	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.01398%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 869,647
Plan's Covered-Employee Payroll	\$ 854,090
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	101.82%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 107,882

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Grass Valley, California
Required Supplementary Information - Schedule of the City's Proportionate
Share of the Net Pension Liability
PEPRA - Fire Safety

Last 10 Fiscal Years*

	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 36
Plan's Covered-Employee Payroll	\$ 42,126
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.09%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.25%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 4

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

Fund Type	Description
Special Revenue	These funds account specific revenues that are legally or otherwise restricted to expenditures for particular purposes.
Permanent	These funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the City's programs.

City of Grass Valley, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Permanent Funds	
ASSETS			
Cash and investments	\$ 4,331,024	\$ 123,798	\$ 4,454,822
Receivables:			
Taxes	3,028	-	3,028
Intergovernmental	103,936	-	103,936
Loans/Notes receivable	5,451,702	-	5,451,702
Due from other funds	100	-	100
Total assets	<u>\$ 9,889,790</u>	<u>\$ 123,798</u>	<u>\$ 10,013,588</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 86,955	\$ -	\$ 86,955
Due to other funds	99,927	-	99,927
Total liabilities	<u>191,083</u>	<u>-</u>	<u>191,083</u>
Fund Balances:			
Nonspendable	5,314,470	-	5,314,470
Restricted	1,544,239	120,233	1,664,472
Assigned	2,712,348	3,565	2,715,913
Unassigned (deficit)	127,650	-	127,650
Total fund balances	<u>9,698,707</u>	<u>123,798</u>	<u>9,822,505</u>
Total liabilities and fund balances	<u>\$ 9,889,790</u>	<u>\$ 123,798</u>	<u>\$ 10,013,588</u>

City of Grass Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2015

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Permanent Funds	
REVENUES:			
Taxes and assessments	\$ 635,004	\$ -	\$ 635,004
Fines and forfeitures	69,667	-	69,667
Intergovernmental	606,363	-	606,363
Use of money and property	119,487	556	120,043
Charges for services	-	-	-
Reimbursements	-	-	-
Other revenues	132,791	-	132,791
Total revenues	1,563,312	556	1,563,868
EXPENDITURES:			
Current:			
General government	88,993	-	88,993
Public safety	147,025	-	147,025
Public ways and facilities	51,054	-	51,054
Community development	405,784	-	405,784
Total expenditures	692,856	-	692,856
REVENUES OVER (UNDER) EXPENDITURES	870,456	556	871,012
OTHER FINANCING SOURCES (USES):			
Transfers in	265,121	-	265,121
Transfers out	(648,656)	-	(648,656)
Total other financing sources (uses)	(383,535)	-	(383,535)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	486,921	556	487,477
FUND BALANCES:			
Beginning of year	9,211,786	123,242	9,335,028
End of year	\$ 9,698,707	\$ 123,798	\$ 9,822,505

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Gas Tax Funds	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
Traffic Safety	Accounts for revenue received for the City's programs associated with the maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention.
DUI Grant	Accounts for revenues received for the State DUI grant related to prevention programs.
COPS Grant	Accounts for revenues and expenditures associated with community policing grants.
SB325	Accounts for funds received and expended for transportation purposes as a result of Senate Bill 325.
Developer Fees	Accounts for funds received as a result of development impact on City infrastructure and systems.
Downtown Assessment	Accounts for funds received to be utilized in the beautification and maintenance of the Downtown Assessment area.
Fire Reserve	Accounts for funds received related to fire equipment maintenance and replacement.
Fire Assessment	Accounts for funds received related to fire operating activities.
Parks and Recreation	Accounts for fees collected for parks and recreation programs.
EPA Brownfield	Accounts for funds received and expended on an approved project.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Maintenance District Funds:	Accounts for revenues and expenditures associated with the repairs and maintenance of landscaping, lighting and infrastructure within the District boundaries.
Whispering Pines Improvement District - Landscape and Lighting	
Litton - Landscape and Lighting	
Morgan Ranch Improvement District - Landscape and Lighting	
Morgan Ranch Assessment District 2003-1	
Morgan Ranch Reassessment District 2010-1	
Morgan Ranch West Landscape and Lighting No 1988-2 Annex	
Ventana Sierra	
Scotia Pines	
Block Grant Funds:	Accounts for revenues and expenditures associated with block grant programs.
CDBG	
CDBG Revolving	
Revolving Loan	
04-STBG 1960	
86-STBG 217	
91-STBG 467	
95-STBG 897	
97-STBG 1118	
99-STBG 1362	
H-RLF Woodstove	
CDBG Doris Dr	
CDBG Housing	
Housing Funds:	Accounts for revenues and expenditures associated with HOME grant programs.
HOME Grant	
09-HOME 6272	
99-HOME 0369	
Housing Rehabilitation	
00-HOME 0461	

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City of Grass Valley, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Gas Tax	Traffic Safety	DUI Grant
ASSETS			
Cash and investments	\$ 981,965	\$ 23,491	\$ 34,000
Receivables:			
Taxes	-	-	-
Intergovernmental	-	3,887	-
Loans/Notes receivable	-	-	-
Due from other funds	-	-	-
Total assets	\$ 981,965	\$ 27,378	\$ 34,000
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 15,379	\$ -
Due to other funds	-	-	-
Due to other governments	-	-	-
Total liabilities	-	15,379	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	981,965	11,999	-
Assigned	-	-	34,000
Unassigned (deficit)	-	-	-
Total fund balances	981,965	11,999	34,000
Total liabilities and fund balances	\$ 981,965	\$ 27,378	\$ 34,000

Impact Fees	Downtown Assessment	Fire Reserve	EPA Brownfield
\$ 2,672,610	\$ 37,882	\$ 9,958	\$ -
-	-	-	-
-	-	-	45,693
-	-	-	-
-	-	-	-
<u>\$ 2,672,610</u>	<u>\$ 37,882</u>	<u>\$ 9,958</u>	<u>\$ 45,693</u>

\$ 1,152	\$ 36,749	\$ -	\$ 6,530
-	-	-	45,530
4,201	-	-	-
<u>5,353</u>	<u>36,749</u>	<u>-</u>	<u>52,060</u>
-	-	-	-
-	-	-	-
2,667,257	1,133	9,958	-
-	-	-	(6,367)
<u>2,667,257</u>	<u>1,133</u>	<u>9,958</u>	<u>(6,367)</u>
<u>\$ 2,672,610</u>	<u>\$ 37,882</u>	<u>\$ 9,958</u>	<u>\$ 45,693</u>

(continued)

City of Grass Valley, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2015

	Maintenance District Funds	Block Grant Funds	Housing Funds	Totals
ASSETS				
Cash and investments	\$ 121,985	\$ 449,130	\$ 3	\$ 4,331,024
Receivables:				
Taxes	3,028	-	-	3,028
Intergovernmental	-	-	54,356	103,936
Loans/Notes receivable	-	1,793,454	3,658,248	5,451,702
Due from other funds	-	100	-	100
Total assets	\$ 125,013	\$ 2,242,684	\$ 3,712,607	\$ 9,889,790
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,910	\$ 20,961	\$ 3,274	\$ 86,955
Due to other funds	-	100	54,297	99,927
Due to other governments	-	-	-	4,201
Total liabilities	2,910	21,061	57,571	191,083
Fund Balances:				
Nonspendable	-	1,793,454	3,521,016	5,314,470
Restricted	122,103	428,169	3	1,544,239
Assigned	-	-	-	2,712,348
Unassigned (deficit)	-	-	134,017	127,650
Total fund balances	122,103	2,221,623	3,655,036	9,698,707
Total liabilities and fund balances	\$ 125,013	\$ 2,242,684	\$ 3,712,607	\$ 9,889,790

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City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2015

	Gas Tax	Traffic Safety	DUI Grant
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	69,667	-
Intergovernmental	389,305	-	-
Use of money and property	4,181	185	-
Other revenues	-	-	-
Total revenues	393,486	69,852	-
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	147,025	-
Public ways and facilities	-	-	-
Community development	-	-	-
Total expenditures	-	147,025	-
REVENUES OVER (UNDER) EXPENDITURES	393,486	(77,173)	-
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of assets	-	-	-
Transfers in	-	75,000	-
Transfers out	(203,460)	-	-
Total other financing sources and uses	(203,460)	75,000	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	190,026	(2,173)	-
FUND BALANCES (DEFICITS):			
Beginning of year	791,939	14,172	34,000
End of year	\$ 981,965	\$ 11,999	\$ 34,000

Impact Fees	Downtown Assessment	Fire Reserve	EPA Brownfield
\$ 520,760	\$ 53,863	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	88,869
13,288	175	45	-
-	-	-	-
<u>534,048</u>	<u>54,038</u>	<u>45</u>	<u>88,869</u>
-	-	-	88,993
-	-	-	-
-	-	-	-
-	53,863	-	-
<u>-</u>	<u>53,863</u>	<u>-</u>	<u>88,993</u>
<u>534,048</u>	<u>175</u>	<u>45</u>	<u>(124)</u>
-	-	-	-
-	-	-	-
<u>(255,075)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(255,075)	-	-	-
278,973	175	45	(124)
<u>2,388,284</u>	<u>958</u>	<u>9,913</u>	<u>(6,243)</u>
<u>\$ 2,667,257</u>	<u>\$ 1,133</u>	<u>\$ 9,958</u>	<u>\$ (6,367)</u>

(continued)

City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds, continued
For the year ended June 30, 2015

	Maintenance District Funds	Block Grant Funds	Housing Funds	Totals
REVENUES:				
Taxes and assessments	\$ 60,381	\$ -	\$ -	\$ 635,004
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	69,667
Intergovernmental	-	-	128,189	606,363
Use of money and property	508	32,651	68,454	119,487
Other revenues	-	-	132,791	132,791
Total revenues	60,889	32,651	329,434	1,563,312
EXPENDITURES:				
Current:				
General government	-	-	-	88,993
Public safety	-	-	-	147,025
Public ways and facilities	51,054	-	-	51,054
Community development	-	131,786	220,135	405,784
Total expenditures	51,054	131,786	220,135	692,856
REVENUES OVER (UNDER) EXPENDITURES	9,835	(99,135)	109,299	870,456
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	169,591	20,530	265,121
Transfers out	-	(159,639)	(30,482)	(648,656)
Total other financing sources and uses	-	9,952	(9,952)	(383,535)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	9,835	(89,183)	99,347	486,921
FUND BALANCES (DEFICITS):				
Beginning of year	112,268	2,310,806	3,555,689	9,211,786
End of year	\$ 122,103	\$ 2,221,623	\$ 3,655,036	\$ 9,698,707

(concluded)

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 332,267	\$ 332,267	\$ 389,305	\$ 57,038
Use of money and property	1,834	1,834	4,181	2,347
Total revenues	<u>334,101</u>	<u>334,101</u>	<u>393,486</u>	<u>59,385</u>
EXPENDITURES:				
Current:				
Public ways and facilities	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>334,101</u>	<u>334,101</u>	<u>393,486</u>	<u>59,385</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(917,500)	(917,500)	(203,460)	714,040
Total other financing sources (uses)	<u>(917,500)</u>	<u>(917,500)</u>	<u>(203,460)</u>	<u>714,040</u>
Net change in fund balances	<u>(583,399)</u>	<u>(583,399)</u>	<u>190,026</u>	<u>773,425</u>
FUND BALANCES:				
Beginning of year	791,939	791,939	791,939	-
End of year	<u>\$ 208,540</u>	<u>\$ 208,540</u>	<u>\$ 981,965</u>	<u>\$ 773,425</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Traffic Safety Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 75,000	\$ 75,000	\$ 69,667	\$ (5,333)
Intergovernmental	-	-	-	-
Use of money and property	20	20	185	165
Total revenues	75,020	75,040	69,852	(5,188)
EXPENDITURES:				
Current:				
Public safety	191,221	191,221	147,025	44,196
Total expenditures	191,221	191,221	147,025	44,196
REVENUES OVER (UNDER) EXPENDITURES	(116,201)	(116,181)	(77,173)	39,008
OTHER FINANCING SOURCES (USES):				
Transfers in	75,000	75,000	75,000	-
Total other financing sources (uses)	75,000	75,000	75,000	-
Net change in fund balances	(41,201)	(41,181)	(2,173)	39,008
FUND BALANCES (DEFICIT):				
Beginning of year	14,172	14,172	14,172	-
End of year	\$ (27,029)	\$ (27,009)	\$ 11,999	\$ 39,008

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

DUI Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES:				
Beginning of year	34,000	34,000	34,000	-
End of year	\$ 34,000	\$ 34,000	\$ 34,000	\$ -

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Impact Fees Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 157,700	\$ 157,700	\$ 520,760	\$ 363,060
Use of money and property	4,000	4,000	13,288	9,288
Total revenues	<u>161,700</u>	<u>161,700</u>	<u>534,048</u>	<u>372,348</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>161,700</u>	<u>161,700</u>	<u>534,048</u>	<u>372,348</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(600,778)	(600,778)	(255,075)	345,703
Total other financing sources (uses)	<u>(600,778)</u>	<u>(600,778)</u>	<u>(255,075)</u>	<u>345,703</u>
Net change in fund balances	<u>(439,078)</u>	<u>(439,078)</u>	<u>278,973</u>	<u>718,051</u>
FUND BALANCES:				
Beginning of year	<u>2,388,284</u>	<u>2,388,284</u>	<u>2,388,284</u>	<u>-</u>
End of year	<u>\$ 1,949,206</u>	<u>\$ 1,949,206</u>	<u>\$ 2,667,257</u>	<u>\$ 718,051</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Downtown Assessment Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 98,000	\$ 98,000	\$ 53,863	\$ (44,137)
Use of money and property	100	100	175	75
Total revenues	98,100	98,100	54,038	(44,062)
EXPENDITURES:				
Current:				
Community development	98,020	98,020	53,863	44,157
Total expenditures	98,020	98,020	53,863	44,157
REVENUES OVER (UNDER) EXPENDITURES	80	80	175	95
Net change in fund balances	80	80	175	95
FUND BALANCES:				
Beginning of year	958	958	958	-
End of year	\$ 1,038	\$ 1,038	\$ 1,133	\$ 95

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Fire Reserve Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 160	\$ 160	\$ 45	\$ (115)
Total revenues	<u>160</u>	<u>160</u>	<u>45</u>	<u>(115)</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>160</u>	<u>160</u>	<u>45</u>	<u>(115)</u>
Net change in fund balances	160	160	45	(115)
FUND BALANCES:				
Beginning of year	9,913	9,913	9,913	-
End of year	<u>\$ 10,073</u>	<u>\$ 10,073</u>	<u>\$ 9,958</u>	<u>\$ (115)</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

EPA Brownfield Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 88,869	\$ 88,869
Use of money and property	-	-	-	-
Total revenues	-	-	88,869	88,869
EXPENDITURES:				
Current:				
General government	-	-	88,993	(88,993)
Total expenditures	-	-	88,993	(88,993)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(124)	(124)
Net change in fund balances	-	-	(124)	(124)
FUND BALANCES (DEFICIT):				
Beginning of year	(6,243)	(6,243)	(6,243)	-
End of year	<u>\$ (6,243)</u>	<u>\$ (6,243)</u>	<u>\$ (6,367)</u>	<u>\$ (124)</u>

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City of Grass Valley, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2015

	Whispering Pines <u>Landscape & Lighting</u>	Litton <u>Landscape & Lighting</u>	Morgan Ranch <u>Landscape & Lighting</u>
ASSETS			
Cash and investments	\$ 33,231	\$ 17,077	\$ 14,904
Receivables:			
Taxes	<u>1,072</u>	<u>244</u>	<u>1,061</u>
Total assets	<u><u>\$ 34,303</u></u>	<u><u>\$ 17,321</u></u>	<u><u>\$ 15,965</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,439	\$ 220	\$ 1,033
Total liabilities	<u>1,439</u>	<u>220</u>	<u>1,033</u>
Fund Balances:			
Restricted	<u>32,864</u>	<u>17,101</u>	<u>14,932</u>
Total fund balances	<u>32,864</u>	<u>17,101</u>	<u>14,932</u>
Total liabilities and fund balances	<u><u>\$ 34,303</u></u>	<u><u>\$ 17,321</u></u>	<u><u>\$ 15,965</u></u>

Morgan Ranch Assessment Dist 2003-1	Morgan Ranch West Assessment Dist 2010-1	Morgan Ranch West Landscape & Lighting 1988-2 Annex	Ventana Sierra	Scotia Pines	Totals
\$ 15,160	\$ 6,887	\$ 3,535	\$ 17,651	\$ 13,540	\$ 121,985
98	100	68	217	168	3,028
<u>\$ 15,258</u>	<u>\$ 6,987</u>	<u>\$ 3,603</u>	<u>\$ 17,868</u>	<u>\$ 13,708</u>	<u>\$ 125,013</u>
\$ -	\$ -	\$ 18	\$ 101	\$ 99	\$ 2,910
-	-	18	101	99	2,910
15,258	6,987	3,585	17,767	13,609	122,103
15,258	6,987	3,585	17,767	13,609	122,103
<u>\$ 15,258</u>	<u>\$ 6,987</u>	<u>\$ 3,603</u>	<u>\$ 17,868</u>	<u>\$ 13,708</u>	<u>\$ 125,013</u>

City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Maintenance District Special Revenue Funds
For the year ended June 30, 2015

	Whispering Pines Landscape & Lighting	Litton Landscape & Lighting	Morgan Ranch Landscape & Lighting
REVENUES:			
Taxes and assessments	21,388	4,877	\$ 21,158
Use of money and property	128	78	53
Total revenues	<u>21,516</u>	<u>4,955</u>	<u>21,211</u>
EXPENDITURES:			
Current:			
Public ways and facilities	22,760	7,294	16,790
Total expenditures	<u>22,760</u>	<u>7,294</u>	<u>16,790</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,244)</u>	<u>(2,339)</u>	<u>4,421</u>
FUND BALANCES:			
Beginning of year	34,108	19,440	10,511
End of year	<u>\$ 32,864</u>	<u>\$ 17,101</u>	<u>\$ 14,932</u>

Morgan Ranch Assessment Dist 2003-1	Morgan Ranch West Assessment Dist 2010-1	Morgan Ranch West Landscape & Lighting 1988-2 Annex	Ventana Sierra	Scotia Pines	Totals
\$ 1,946	\$ 1,990	\$ 1,352	4,326	\$ 3,344	\$ 60,381
68	29	15	79	58	508
2,014	2,019	1,367	4,405	3,402	60,889
138	217	364	2,053	1,438	51,054
138	217	364	2,053	1,438	51,054
1,876	1,802	1,003	2,352	1,964	9,835
13,382	5,185	2,582	15,415	11,645	112,268
\$ 15,258	\$ 6,987	\$ 3,585	\$ 17,767	\$ 13,609	\$ 122,103

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Whispering Pines Improvement District Landscape & Lighting Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 43,288	\$ 43,288	\$ 21,388	\$ (21,900)
Use of money and property	130	130	128	(2)
Total revenues	43,418	43,418	21,516	(21,902)
EXPENDITURES:				
Current:				
Public ways and facilities	37,950	75,900	22,760	53,140
Total expenditures	37,950	75,900	22,760	53,140
REVENUES OVER (UNDER) EXPENDITURES	5,468	(32,482)	(1,244)	31,238
Net change in fund balances	5,468	(32,482)	(1,244)	31,238
FUND BALANCES (DEFICIT):				
Beginning of year	34,108	34,108	34,108	-
End of year	\$ 39,576	\$ 1,626	\$ 32,864	\$ 31,238

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Litton Landscape & Lighting Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 9,754	\$ 9,754	\$ 4,877	\$ (4,877)
Use of money and property	100	100	78	(22)
Total revenues	9,854	9,854	4,955	(4,899)
EXPENDITURES:				
Current:				
Public ways and facilities	10,977	21,954	7,294	14,660
Total expenditures	10,977	21,954	7,294	14,660
REVENUES OVER (UNDER) EXPENDITURES	(1,123)	(12,100)	(2,339)	9,761
Net change in fund balances	(1,123)	(12,100)	(2,339)	9,761
FUND BALANCES:				
Beginning of year	19,440	19,440	19,440	-
End of year	\$ 18,317	\$ 7,340	\$ 17,101	\$ 9,761

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Morgan Ranch Improvement District Landscape & Lighting Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 42,318	\$ 42,318	\$ 21,158	\$ (21,160)
Use of money and property	28	28	53	25
Total revenues	42,346	42,346	21,211	(21,135)
EXPENDITURES:				
Current:				
Public ways and facilities	41,160	41,160	16,790	24,370
Total expenditures	41,160	41,160	16,790	24,370
REVENUES OVER (UNDER) EXPENDITURES	1,186	1,186	4,421	3,235
Net change in fund balances	1,186	1,186	4,421	3,235
FUND BALANCES:				
Beginning of year	10,511	10,511	10,511	-
End of year	\$ 11,697	\$ 11,697	\$ 14,932	\$ 3,235

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Morgan Ranch Assessment District 2003-1 Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 3,892	\$ 3,892	\$ 1,946	\$ (1,946)
Use of money and property	40	40	68	28
Total revenues	3,932	3,932	2,014	(1,918)
EXPENDITURES:				
Current:				
Public ways and facilities	15,330	15,330	138	15,192
Total expenditures	15,330	15,330	138	15,192
REVENUES OVER (UNDER) EXPENDITURES	(11,398)	(11,398)	1,876	13,274
Net change in fund balances	(11,398)	(11,398)	1,876	13,274
FUND BALANCES:				
Beginning of year	13,382	13,382	13,382	-
End of year	\$ 1,984	\$ 1,984	\$ 15,258	\$ 13,274

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Morgan Ranch West Reassessment District 2010-1 Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 3,978	\$ 3,978	\$ 1,990	\$ (1,988)
Use of money and property	12	12	29	17
Total revenues	3,990	3,990	2,019	(1,971)
EXPENDITURES:				
Current:				
Public ways and facilities	6,330	6,330	217	6,113
Total expenditures	6,330	6,330	217	6,113
REVENUES OVER (UNDER) EXPENDITURES	(2,340)	(2,340)	1,802	4,142
Net change in fund balances	(2,340)	(2,340)	1,802	4,142
FUND BALANCES:				
Beginning of year	5,185	5,185	5,185	-
End of year	\$ 2,845	\$ 2,845	\$ 6,987	\$ 4,142

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Morgan Ranch West Landscape & Lighting No 1988-2 Annex Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 1,352	\$ 2,704	\$ 1,352	\$ (1,352)
Use of money and property	4	8	15	7
Total revenues	1,356	2,712	1,367	(1,345)
EXPENDITURES:				
Current:				
Public ways and facilities	1,323	2,646	364	2,282
Total expenditures	1,323	2,646	364	2,282
REVENUES OVER (UNDER) EXPENDITURES	33	66	1,003	937
Net change in fund balances	33	66	1,003	937
FUND BALANCES:				
Beginning of year	2,582	2,582	2,582	-
End of year	\$ 2,615	\$ 2,648	\$ 3,585	\$ 937

City of Grass Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Ventana Sierra Special Revenue Fund
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 8,652	\$ 8,652	\$ 4,326	\$ (4,326)
Use of money and property	44	44	79	35
Total revenues	8,696	8,696	4,405	(4,291)
EXPENDITURES:				
Current:				
Public ways and facilities	27,154	27,154	2,053	25,101
Total expenditures	27,154	27,154	2,053	25,101
REVENUES OVER (UNDER) EXPENDITURES	(18,458)	(18,458)	2,352	20,810
Net change in fund balances	(18,458)	(18,458)	2,352	20,810
FUND BALANCES:				
Beginning of year	15,415	15,415	15,415	-
End of year	\$ (3,043)	\$ (3,043)	\$ 17,767	\$ 20,810

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Scotia Pines Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 6,688	\$ 6,688	\$ 3,344	\$ (3,344)
Use of money and property	32	32	58	26
Total revenues	6,720	6,720	3,402	(3,318)
EXPENDITURES:				
Current:				
Public ways and facilities	11,230	11,230	1,438	9,792
Total expenditures	11,230	11,230	1,438	9,792
REVENUES OVER (UNDER) EXPENDITURES	(4,510)	(4,510)	1,964	6,474
Net change in fund balances	(4,510)	(4,510)	1,964	6,474
FUND BALANCES:				
Beginning of year	11,645	11,645	11,645	-
End of year	\$ 7,135	\$ 7,135	\$ 13,609	\$ 6,474

City of Grass Valley, California
Combining Balance Sheet
Block Grant Special Revenue Funds
June 30, 2015

ASSETS	<u>CDBG</u>	<u>CDBG Revolving</u>	<u>Revolving Loan</u>	<u>04-STBG 1960</u>
Cash and investments	\$ -	\$ 208,177	\$ 240,953	\$ -
Receivables:				
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	657,548	393,095	272,333
Due from other funds	-	100	-	-
Total assets	<u>\$ -</u>	<u>\$ 865,825</u>	<u>\$ 634,048</u>	<u>\$ 272,333</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 20,961	\$ -	\$ -	\$ -
Due to other funds	100	-	-	-
Total liabilities	<u>21,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	657,548	393,095	272,333
Restricted	(21,061)	208,277	240,953	-
Total fund balances	<u>(21,061)</u>	<u>865,825</u>	<u>634,048</u>	<u>272,333</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 865,825</u>	<u>\$ 634,048</u>	<u>\$ 272,333</u>

<u>86-STBG 217</u>	<u>91-STBG 467</u>	<u>95-STBG 897</u>	<u>97-STBG 1118</u>	<u>99-STBG 1362</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
8,705	118,066	40,000	64,189	110,000
-	-	-	-	-
<u>\$ 8,705</u>	<u>\$ 118,066</u>	<u>\$ 40,000</u>	<u>\$ 64,189</u>	<u>\$ 110,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
8,705	118,066	40,000	64,189	110,000
-	-	-	-	-
<u>8,705</u>	<u>118,066</u>	<u>40,000</u>	<u>64,189</u>	<u>110,000</u>
<u>\$ 8,705</u>	<u>\$ 118,066</u>	<u>\$ 40,000</u>	<u>\$ 64,189</u>	<u>\$ 110,000</u>

(continued)

City of Grass Valley, California
Combining Balance Sheet
Block Grant Special Revenue Funds
June 30, 2015

	H-RLF Woodstove	CDBG Doris Dr	CDBG Housing	Totals
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 449,130
Receivables:				
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	56,458	73,060	1,793,454
Due from other funds	-	-	-	100
Total assets	\$ -	\$ 56,458	\$ 73,060	\$ 2,242,684
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 20,961
Due to other funds	-	-	-	100
Total liabilities	-	-	-	21,061
Fund Balances:				
Nonspendable	-	56,458	73,060	1,793,454
Restricted	-	-	-	428,169
Total fund balances	-	56,458	73,060	2,221,623
Total liabilities and fund balances	\$ -	\$ 56,458	\$ 73,060	\$ 2,242,684

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City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Block Grant Special Revenue Funds
For the year ended June 30, 2015

	<u>CDBG</u>	<u>CDBG Revolving</u>	<u>Revolving Loan</u>	<u>04-STBG 1960</u>
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	57	10,749	12,169	2,612
Total revenues	<u>57</u>	<u>10,749</u>	<u>12,169</u>	<u>2,612</u>
EXPENDITURES:				
Current:				
Community development	121,150	9,831	805	-
Total expenditures	<u>121,150</u>	<u>9,831</u>	<u>805</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(121,093)</u>	<u>918</u>	<u>11,364</u>	<u>2,612</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	99,803	69,788	-	-
Transfers out	-	(99,803)	-	(12,956)
Total other financing sources and uses	<u>99,803</u>	<u>(30,015)</u>	<u>-</u>	<u>(12,956)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(21,290)</u>	<u>(29,097)</u>	<u>11,364</u>	<u>(10,344)</u>
FUND BALANCES:				
Beginning of year	229	894,922	622,684	282,677
End of year	<u>\$ (21,061)</u>	<u>\$ 865,825</u>	<u>\$ 634,048</u>	<u>\$ 272,333</u>

86-STBG 217	91-STBG 467	95-STBG 897	97-STBG 1118	99-STBG 1362
\$ -	\$ -	\$ -	\$ -	\$ -
393	1,657	3,312	1,276	-
393	1,657	3,312	1,276	-
-	-	-	-	-
-	-	-	-	-
393	1,657	3,312	1,276	-
-	-	-	-	-
(32,413)	(1,436)	(3,312)	(264)	-
(32,413)	(1,436)	(3,312)	(264)	-
(32,020)	221	-	1,012	-
40,725	117,845	40,000	63,177	110,000
\$ 8,705	\$ 118,066	\$ 40,000	\$ 64,189	\$ 110,000

(continued)

City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Block Grant Special Revenue Funds
For the year ended June 30, 2015

	<u>H-RLF Woodstove</u>	<u>CDBG Doris Dr</u>	<u>CDBG Housing</u>	<u>Totals</u>
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	426	-	32,651
Total revenues	<u>-</u>	<u>426</u>	<u>-</u>	<u>32,651</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	131,786
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,786</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>426</u>	<u>-</u>	<u>(99,135)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	169,591
Transfers out	(5,936)	(3,519)	-	(159,639)
Total other financing sources and uses	<u>(5,936)</u>	<u>(3,519)</u>	<u>-</u>	<u>9,952</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(5,936)</u>	<u>(3,093)</u>	<u>-</u>	<u>(89,183)</u>
FUND BALANCES:				
Beginning of year	5,936	59,551	73,060	2,310,806
End of year	<u>\$ -</u>	<u>\$ 56,458</u>	<u>\$ 73,060</u>	<u>\$ 2,221,623</u>

(concluded)

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CDBG Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 1,963,920	\$ -	\$ (1,963,920)
Use of money and property	-	-	57	57
Total revenues	-	1,963,920	57	(1,963,863)
EXPENDITURES:				
Current:				
Community development	-	3,802,340	121,150	3,681,190
Total expenditures	-	3,802,340	121,150	3,681,190
REVENUES OVER (UNDER) EXPENDITURES	-	(1,838,420)	(121,093)	1,717,327
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	99,803	99,803
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	99,803	99,803
Net change in fund balances	-	(1,838,420)	(21,290)	1,817,130
FUND BALANCES:				
Beginning of year	229	229	229	-
End of year	\$ 229	\$ (1,838,191)	\$ (21,061)	\$ 1,817,130

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CDBG Revolving Block Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 16,200	\$ 16,200	\$ 10,749	\$ (5,451)
Total revenues	<u>16,200</u>	<u>16,200</u>	<u>10,749</u>	<u>(5,451)</u>
EXPENDITURES:				
Current:				
Community development	49,094	49,094	9,831	39,263
Total expenditures	<u>49,094</u>	<u>49,094</u>	<u>9,831</u>	<u>39,263</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(32,894)</u>	<u>(32,894)</u>	<u>918</u>	<u>33,812</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	8,370	8,370	69,788	61,418
Transfers out	(31,342)	(31,342)	(99,803)	(68,461)
Total other financing sources (uses)	<u>(22,972)</u>	<u>(22,972)</u>	<u>(30,015)</u>	<u>(7,043)</u>
Net change in fund balances	<u>(55,866)</u>	<u>(55,866)</u>	<u>(29,097)</u>	<u>26,769</u>
FUND BALANCES:				
Beginning of year	894,922	894,922	894,922	-
End of year	<u>\$ 839,056</u>	<u>\$ 839,056</u>	<u>\$ 865,825</u>	<u>\$ 26,769</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Revolving Loan Block Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 12,169	\$ 2,169
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>12,169</u>	<u>2,169</u>
EXPENDITURES:				
Current:				
Community development	47,497	94,994	805	94,189
Total expenditures	<u>47,497</u>	<u>94,994</u>	<u>805</u>	<u>94,189</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(37,497)</u>	<u>(84,994)</u>	<u>11,364</u>	<u>96,358</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	79,646	79,646	-	(79,646)
Transfers out	(6,124)	(6,124)	-	6,124
Total other financing sources (uses)	<u>73,522</u>	<u>73,522</u>	<u>-</u>	<u>(73,522)</u>
Net change in fund balances	<u>36,025</u>	<u>(11,472)</u>	<u>11,364</u>	<u>22,836</u>
FUND BALANCES:				
Beginning of year	622,684	622,684	622,684	-
End of year	<u>\$ 658,709</u>	<u>\$ 611,212</u>	<u>\$ 634,048</u>	<u>\$ 22,836</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

04-STBG 1960 Block Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,400	\$ 5,400	\$ 2,612	\$ (2,788)
Total revenues	<u>5,400</u>	<u>5,400</u>	<u>2,612</u>	<u>(2,788)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,400</u>	<u>5,400</u>	<u>2,612</u>	<u>(2,788)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(24,120)	(24,120)	(12,956)	11,164
Total other financing sources (uses)	<u>(24,120)</u>	<u>(24,120)</u>	<u>(12,956)</u>	<u>11,164</u>
Net change in fund balances	<u>(18,720)</u>	<u>(18,720)</u>	<u>(10,344)</u>	<u>8,376</u>
FUND BALANCES:				
Beginning of year	282,677	282,677	282,677	-
End of year	<u>\$ 263,957</u>	<u>\$ 263,957</u>	<u>\$ 272,333</u>	<u>\$ 8,376</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

86-STBG 217 Block Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 520	\$ 1,040	\$ 393	(647)
Total revenues	<u>520</u>	<u>1,040</u>	<u>393</u>	<u>(647)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>520</u>	<u>1,040</u>	<u>393</u>	<u>(647)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,320)	(4,640)	(32,413)	(27,773)
Total other financing sources (uses)	<u>(2,320)</u>	<u>(4,640)</u>	<u>(32,413)</u>	<u>(27,773)</u>
Net change in fund balances	(1,800)	(3,600)	(32,020)	(28,420)
FUND BALANCES:				
Beginning of year	40,725	40,725	40,725	-
End of year	<u>\$ 38,925</u>	<u>\$ 37,125</u>	<u>\$ 8,705</u>	<u>\$ (28,420)</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

91-STBG 467 Block Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,524	\$ 3,048	\$ 1,657	\$ (1,391)
Total revenues	<u>1,524</u>	<u>3,048</u>	<u>1,657</u>	<u>(1,391)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,524</u>	<u>3,048</u>	<u>1,657</u>	<u>(1,391)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,212)	(2,424)	(1,436)	988
Total other financing sources (uses)	<u>(1,212)</u>	<u>(2,424)</u>	<u>(1,436)</u>	<u>988</u>
Net change in fund balances	312	624	221	(403)
FUND BALANCES:				
Beginning of year	117,845	117,845	117,845	-
End of year	<u>\$ 118,157</u>	<u>\$ 118,469</u>	<u>\$ 118,066</u>	<u>\$ (403)</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

95-STBG 897 Block Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,624	\$ 6,624	\$ 3,312	\$ (3,312)
Total revenues	<u>6,624</u>	<u>6,624</u>	<u>3,312</u>	<u>(3,312)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>6,624</u>	<u>6,624</u>	<u>3,312</u>	<u>(3,312)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(6,624)	(6,624)	(3,312)	3,312
Total other financing sources (uses)	<u>(6,624)</u>	<u>(6,624)</u>	<u>(3,312)</u>	<u>3,312</u>
Net change in fund balances	-	-	-	-
FUND BALANCES:				
Beginning of year	40,000	40,000	40,000	-
End of year	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

97-STBG 1118 Block Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,628	\$ 2,628	\$ 1,276	\$ (1,352)
Total revenues	<u>2,628</u>	<u>2,628</u>	<u>1,276</u>	<u>(1,352)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,628</u>	<u>2,628</u>	<u>1,276</u>	<u>(1,352)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(530)	(530)	(264)	266
Total other financing sources (uses)	<u>(530)</u>	<u>(530)</u>	<u>(264)</u>	<u>266</u>
Net change in fund balances	2,098	2,098	1,012	(1,086)
FUND BALANCES:				
Beginning of year	63,177	63,177	63,177	-
End of year	<u>\$ 65,275</u>	<u>\$ 65,275</u>	<u>\$ 64,189</u>	<u>\$ (1,086)</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

99-STBG 1362 Block Grant Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES:				
Beginning of year	110,000	110,000	110,000	-
End of year	\$ 110,000	\$ 110,000	\$ 110,000	\$ -

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

H-RLF Woodstove Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public ways and facilities	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(5,936)	(5,936)
Total other financing sources (uses)	-	-	(5,936)	(5,936)
Net change in fund balances	-	-	(5,936)	(5,936)
FUND BALANCES:				
Beginning of year	5,936	5,936	5,936	-
End of year	\$ 5,936	\$ 5,936	\$ -	\$ (5,936)

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CDBG Doris Dr Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 420	\$ 420	\$ 426	\$ 6
Total revenues	<u>420</u>	<u>420</u>	<u>426</u>	<u>6</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>420</u>	<u>420</u>	<u>426</u>	<u>6</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,412)	(3,412)	(3,519)	(107)
Total other financing sources (uses)	<u>(3,412)</u>	<u>(3,412)</u>	<u>(3,519)</u>	<u>(107)</u>
Net change in fund balances	<u>(2,992)</u>	<u>(2,992)</u>	<u>(3,093)</u>	<u>(101)</u>
FUND BALANCES:				
Beginning of year	59,551	59,551	59,551	-
End of year	<u>\$ 56,559</u>	<u>\$ 56,559</u>	<u>\$ 56,458</u>	<u>\$ (101)</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CDBG Housing Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 580	\$ 580	\$ -	\$ (580)
Total revenues	580	580	-	(580)
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	580	580	-	(580)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	580	580	-	(580)
FUND BALANCES:				
Beginning of year	73,060	73,060	73,060	-
End of year	\$ 73,640	\$ 73,640	\$ 73,060	\$ (580)

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City of Grass Valley, California
Combining Balance Sheet
Housing Special Revenue Funds
June 30, 2015

ASSETS	<u>HOME Grant</u>	<u>09-HOME 6272</u>	<u>HOME 8564</u>
Cash and investments	\$ 3	\$ -	\$ -
Receivables:			
Taxes	-	-	-
Interest	-	-	-
Intergovernmental	-	-	54,356
Loans/Notes receivable	568,515	510,470	137,232
Other receivable	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 568,518</u>	<u>\$ 510,470</u>	<u>\$ 191,588</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 3,274
Due to other funds	-	-	54,184
Total liabilities	<u>-</u>	<u>-</u>	<u>57,458</u>
Fund Balances:			
Nonspendable	568,515	510,470	-
Restricted	3	-	-
Unassigned (deficit)	-	-	134,130
Total fund balances	<u>568,518</u>	<u>510,470</u>	<u>134,130</u>
Total liabilities and fund balances	<u>\$ 568,518</u>	<u>\$ 510,470</u>	<u>\$ 191,588</u>

<u>99-HOME 0369</u>	<u>Housing Rehabilitation</u>	<u>00-HOME 0461</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 3
-	-	-	-
-	-	-	54,356
486,229	423,357	1,532,445	3,658,248
-	-	-	-
-	-	-	-
<u>\$ 486,229</u>	<u>\$ 423,357</u>	<u>\$ 1,532,445</u>	<u>\$ 3,712,607</u>
\$ -	\$ -	\$ -	\$ 3,274
113	-	-	54,297
<u>113</u>	<u>-</u>	<u>-</u>	<u>57,571</u>
486,229	423,357	1,532,445	3,521,016
-	-	-	3
(113)	-	-	134,017
<u>486,116</u>	<u>423,357</u>	<u>1,532,445</u>	<u>3,655,036</u>
<u>\$ 486,229</u>	<u>\$ 423,357</u>	<u>\$ 1,532,445</u>	<u>\$ 3,712,607</u>

City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Housing Special Revenue Funds
For the year ended June 30, 2015

	<u>HOME Grant</u>	<u>09-HOME 6272</u>	<u>HOME 8564</u>
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ 128,189
Use of money and property	122	13,521	1,620
Other revenues	-	-	132,791
Total revenues	<u>122</u>	<u>13,521</u>	<u>262,600</u>
EXPENDITURES:			
Current:			
Community development	-	-	149,000
Total expenditures	<u>-</u>	<u>-</u>	<u>149,000</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>122</u>	<u>13,521</u>	<u>113,600</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	20,530
Transfers out	<u>(3,226)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(3,226)</u>	<u>-</u>	<u>20,530</u>
REVENUES AND OTHER FINANCING SOURCES			
OVER (UNDER) EXPENDITURES AND OTHER			
FINANCING (USES)	(3,104)	13,521	134,130
FUND BALANCES:			
Beginning of year	<u>571,622</u>	<u>496,949</u>	<u>-</u>
End of year	<u>\$ 568,518</u>	<u>\$ 510,470</u>	<u>\$ 134,130</u>

<u>99-HOME 0369</u>	<u>Housing Rehabilitation</u>	<u>00-HOME 0461</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 128,189
(309)	5,976	47,524	68,454
-	-	-	132,791
<u>(309)</u>	<u>5,976</u>	<u>47,524</u>	<u>329,434</u>
<u>71,135</u>	<u>-</u>	<u>-</u>	<u>220,135</u>
<u>71,135</u>	<u>-</u>	<u>-</u>	<u>220,135</u>
<u>(71,444)</u>	<u>5,976</u>	<u>47,524</u>	<u>109,299</u>
-	-	-	20,530
<u>(691)</u>	<u>(9,951)</u>	<u>(16,614)</u>	<u>(30,482)</u>
(691)	(9,951)	(16,614)	(9,952)
(72,135)	(3,975)	30,910	99,347
<u>558,251</u>	<u>427,332</u>	<u>1,501,535</u>	<u>3,555,689</u>
<u>\$ 486,116</u>	<u>\$ 423,357</u>	<u>\$ 1,532,445</u>	<u>\$ 3,655,036</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

HOME Grant - Housing Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 122	\$ 122
Total revenues	-	-	122	122
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	122	122
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(3,226)	(3,226)
Total other financing sources (uses)	-	-	(3,226)	(3,226)
Net change in fund balances	-	-	(3,104)	(3,104)
FUND BALANCES:				
Beginning of year	571,622	571,622	571,622	-
End of year	\$ 571,622	\$ 571,622	\$ 568,518	\$ (3,104)

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

09-HOME 6272 Grant - Housing Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 27,606	\$ 27,606	\$ 13,521	\$ (14,085)
Total revenues	<u>27,606</u>	<u>27,606</u>	<u>13,521</u>	<u>(14,085)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>27,606</u>	<u>27,606</u>	<u>13,521</u>	<u>(14,085)</u>
Net change in fund balances	27,606	27,606	13,521	(14,085)
FUND BALANCES:				
Beginning of year	496,949	496,949	496,949	-
End of year	<u>\$ 524,555</u>	<u>\$ 524,555</u>	<u>\$ 510,470</u>	<u>\$ (14,085)</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

HOME 8564 Grant - Housing Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 128,189	\$ 128,189
Use of money and property	-	-	1,620	1,620
Other revenues	355,250	355,250	132,791	(222,459)
Total revenues	355,250	355,250	262,600	(92,650)
EXPENDITURES:				
Current:				
Community development	760,500	760,500	149,000	611,500
Total expenditures	760,500	760,500	149,000	611,500
REVENUES OVER (UNDER)				
EXPENDITURES	(405,250)	(405,250)	113,600	518,850
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	20,530	20,530
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	20,530	20,530
Net change in fund balances	(405,250)	(405,250)	134,130	539,380
FUND BALANCES:				
Beginning of year	-	-	-	-
End of year	\$ (405,250)	\$ (405,250)	\$ 134,130	\$ 539,380

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

99-HOME 0369 Grant - Housing Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 42	\$ 42	\$ (309)	\$ (351)
Total revenues	<u>42</u>	<u>42</u>	<u>(309)</u>	<u>(351)</u>
EXPENDITURES:				
Current:				
Community development	60	60	71,135	(71,075)
Total expenditures	<u>60</u>	<u>60</u>	<u>71,135</u>	<u>(71,075)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(18)</u>	<u>(18)</u>	<u>(71,444)</u>	<u>(71,426)</u>
Net change in fund balances	(18)	(18)	(71,444)	(71,426)
FUND BALANCES:				
Beginning of year	558,251	558,251	558,251	-
End of year	<u>\$ 558,233</u>	<u>\$ 558,233</u>	<u>\$ 486,807</u>	<u>\$ (71,426)</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Housing Rehabilitation - Housing Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,652	\$ 5,652	\$ 5,976	\$ 324
Total revenues	<u>5,652</u>	<u>5,652</u>	<u>5,976</u>	<u>324</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,652</u>	<u>5,652</u>	<u>5,976</u>	<u>324</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(10,032)	(10,032)	(9,951)	81
Total other financing sources (uses)	<u>(10,032)</u>	<u>(10,032)</u>	<u>(9,951)</u>	<u>81</u>
Net change in fund balances	<u>(4,380)</u>	<u>(4,380)</u>	<u>(3,975)</u>	<u>405</u>
FUND BALANCES:				
Beginning of year	427,332	427,332	427,332	-
End of year	<u>\$ 422,952</u>	<u>\$ 422,952</u>	<u>\$ 423,357</u>	<u>\$ 405</u>

City of Grass Valley, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

00-HOME 0461 Grant - Housing Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 95,046	\$ 95,046	\$ 47,524	\$ (47,522)
Total revenues	<u>95,046</u>	<u>95,046</u>	<u>47,524</u>	<u>(47,522)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>95,046</u>	<u>95,046</u>	<u>47,524</u>	<u>(47,522)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(16,614)	(16,614)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(16,614)</u>	<u>(16,614)</u>
Net change in fund balances	<u>95,046</u>	<u>95,046</u>	<u>30,910</u>	<u>(64,136)</u>
FUND BALANCES:				
Beginning of year	<u>1,501,535</u>	<u>1,501,535</u>	<u>1,501,535</u>	<u>-</u>
End of year	<u>\$ 1,596,581</u>	<u>\$ 1,596,581</u>	<u>\$ 1,532,445</u>	<u>\$ (64,136)</u>

NON-MAJOR PERMANENT FUNDS

Fund	Description
Elizabeth Daniels	Accounts for funds received for the Elizabeth Daniels Park.
Animal Shelter	Accounts for funds received for the Animal Shelter.

City of Grass Valley, California
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2015

	Permanent Funds		Non-Major Permanent Funds Totals
	Elizabeth Daniels	Animal Shelter	
ASSETS			
Cash and investments	\$ 94,513	\$ 29,285	\$ 123,798
Total assets	\$ 94,513	\$ 29,285	\$ 123,798
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balances:			
Restricted	91,583	28,650	120,233
Assigned	2,930	635	3,565
Total fund balances	94,513	29,285	123,798
Total liabilities and fund balances	\$ 94,513	\$ 29,285	\$ 123,798

City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2015

	Permanent Funds		Non-Major Permanent Funds Totals
	Elizabeth Daniels	Animal Shelter	
REVENUES:			
Use of money and property	\$ 425	\$ 131	\$ 556
Total revenues	<u>425</u>	<u>131</u>	<u>556</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>425</u>	<u>131</u>	<u>556</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	425	131	556
FUND BALANCES:			
Beginning of year	94,088	29,154	123,242
End of year	<u>\$ 94,513</u>	<u>\$ 29,285</u>	<u>\$ 123,798</u>

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INTERNAL SERVICE FUNDS

Fund Type	Description
Vehicle Replacement Fund	Accounts for all activities of the City's vehicle replacement program, the costs of which are distributed among designated user departments.
Technology Fund	Accounts for all activities of the City's computer networks, the costs of which are distributed among user departments using equitable formulas.

City of Grass Valley, California
Combining Statement of Net Position
Internal Service Funds
For the year ended June 30, 2015

ASSETS	Vehicle Replacement Fund	Technology Fund	Totals
Current assets:			
Cash and investments	\$ 162,713	\$ -	\$ 162,713
Due from other funds	1,082	-	1,082
Total current assets	<u>163,795</u>	<u>-</u>	<u>163,795</u>
Noncurrent assets:			
Capital assets, net	1,791,897	6,949	1,798,846
Total noncurrent assets	<u>1,791,897</u>	<u>6,949</u>	<u>1,798,846</u>
Total assets	<u>\$ 1,955,692</u>	<u>\$ 6,949</u>	<u>\$ 1,962,641</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	1,082	1,082
Capital lease payable - current portion	-	1,074	1,074
Total current liabilities	<u>-</u>	<u>2,156</u>	<u>2,156</u>
Noncurrent liabilities:			
Capital lease payable	-	2,136	2,136
Total noncurrent liabilities	<u>-</u>	<u>2,136</u>	<u>2,136</u>
Total liabilities	<u>-</u>	<u>4,292</u>	<u>4,292</u>
Net Position:			
Net investment in capital assets	1,791,897	2,657	1,794,554
Unrestricted (deficit)	163,795	-	163,795
Total net position	<u>1,955,692</u>	<u>2,657</u>	<u>1,958,349</u>
Total liabilities and net position	<u>\$ 1,955,692</u>	<u>\$ 6,949</u>	<u>\$ 1,962,641</u>

City of Grass Valley, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2015

	Vehicle Replacement Fund	Technology Fund	Totals
OPERATING REVENUES:			
Interdepartmental charges	\$ -	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES:			
Allocated overhead	-	3,831	3,831
Depreciation	392,496	27,235	419,731
Total operating expenses	<u>392,496</u>	<u>31,066</u>	<u>423,562</u>
OPERATING INCOME (LOSS)	<u>(392,496)</u>	<u>(31,066)</u>	<u>(423,562)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	715	(11)	704
Interest expense	-	(343)	(343)
Total non-operating revenues (expenses)	<u>715</u>	<u>(354)</u>	<u>361</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(391,781)	(31,420)	(423,201)
Transfers in	634,909	-	634,909
Transfers out	-	-	-
Total transfers	<u>634,909</u>	<u>-</u>	<u>634,909</u>
Change in net position	243,128	(31,420)	211,708
NET POSITION (DEFICIT):			
Beginning of year	1,712,564	34,077	1,746,641
End of year	<u>\$ 1,955,692</u>	<u>\$ 2,657</u>	<u>\$ 1,958,349</u>

City of Grass Valley, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2015

	Vehicle Replacement Fund	Technology Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash paid to suppliers for goods and services	\$ (89)	\$ (3,831)	\$ (3,920)
Net cash provided (used) by operating activities	(89)	(3,831)	(3,920)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received	633,827	1,082	634,909
Net cash provided (used) by noncapital financing activities	633,827	1,082	634,909
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(624,721)	-	(624,721)
Principal paid on long-term debt	-	(3,138)	(3,138)
Interest paid on long-term debt	-	(343)	(343)
Net cash (used) by capital and related financing activities	(624,721)	(3,481)	(628,202)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	715	(11)	704
Net cash provided by investing activities	715	(11)	704
Net increase (decrease) in cash and cash equivalents	9,732	(6,241)	3,491
CASH AND CASH EQUIVALENTS:			
Beginning of year	152,981	6,241	159,222
End of year	<u>\$ 162,713</u>	<u>\$ -</u>	<u>\$ 162,713</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (392,496)	\$ (31,066)	\$ (423,562)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	392,496	27,235	419,731
(Increase) decrease in current assets:			
Intergovernmental receivables	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	(89)	-	(89)
Net cash provided by operating activities	\$ (89)	\$ (3,831)	\$ (3,920)

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City of Grass Valley, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2015

Whispering Pines Morgan Ranch Redemption	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 131,955	\$ 133,314	\$ (131,955)	\$ 133,314
Total assets	<u>\$ 131,955</u>	<u>\$ 133,314</u>	<u>\$ (131,955)</u>	<u>\$ 133,314</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	131,955	133,314	(131,955)	133,314
Total liabilities	<u>\$ 131,955</u>	<u>\$ 133,314</u>	<u>\$ (131,955)</u>	<u>\$ 133,314</u>
Whispering Pines Morgan Ranch Reserve 2001				
ASSETS				
Cash and investments	\$ 6,013	\$ 6,075	\$ (6,013)	\$ 6,075
Cash and investments held by trustees	508,513	227,038	(508,513)	227,038
Total assets	<u>\$ 514,526</u>	<u>\$ 233,113</u>	<u>\$ (514,526)</u>	<u>\$ 233,113</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	514,526	233,113	(514,526)	233,113
Total liabilities	<u>\$ 514,526</u>	<u>\$ 233,113</u>	<u>\$ (514,526)</u>	<u>\$ 233,113</u>
Whispering Pines Morgan Ranch Redemption 2001				
ASSETS				
Cash and investments	\$ 223,889	\$ 198,731	\$ (223,889)	\$ 198,731
Cash and investments held by trustees	33	33	(33)	33
Receivables:				
Assessments	47	24	(47)	24
Total assets	<u>\$ 223,969</u>	<u>\$ 198,788</u>	<u>\$ (223,969)</u>	<u>\$ 198,788</u>
LIABILITIES				
Deposits payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	223,969	198,788	(223,969)	198,788
Total liabilities	<u>\$ 223,969</u>	<u>\$ 198,788</u>	<u>\$ (223,969)</u>	<u>\$ 198,788</u>

City of Grass Valley, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds, Continued
For the year ended June 30, 2015

Totals	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 361,857	\$ 338,120	\$ (361,857)	\$ 338,120
Cash and investments held by trustees	508,546	227,071	(508,546)	227,071
Receivables:				
Assessments	47	24	(47)	24
Total assets	<u>\$ 870,450</u>	<u>\$ 565,215</u>	<u>\$ (870,450)</u>	<u>\$ 565,215</u>
LIABILITIES				
Due to (from) others	\$ 870,450	\$ 565,215	\$ (870,450)	\$ 565,215
Total liabilities	<u>\$ 870,450</u>	<u>\$ 565,215</u>	<u>\$ (870,450)</u>	<u>\$ 565,215</u>