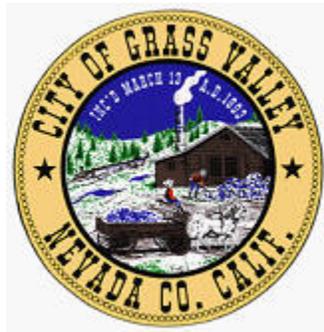


**CITY OF GRASS VALLEY, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

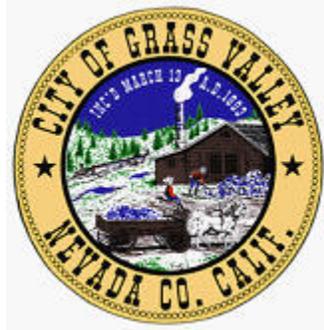
**JUNE 30, 2017**



Prepared by:

**Finance Department**

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**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

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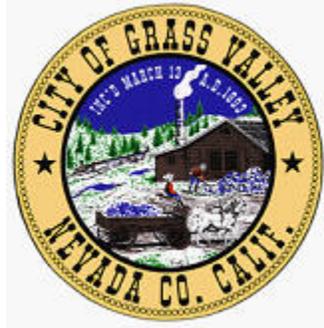
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**Finance  
Department**

**February 26, 2018**

*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, 2017. 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, 2017 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, 2017 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:

<b>Service</b>	<b>Agency</b>
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 \$41.3 million including sewer and water facilities, with a General Fund budget of \$12.1 million and 89 authorized positions. The City's largest source of income is sales tax which accounts for 42.6% of general fund revenues followed by property tax at 21.0% 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. Measure N's operating budget is 4.38 million.

## **Major Initiatives**

The City continued its efforts on a number of significant initiatives in 2016-17 which will have a beneficial effect on fiscal health and quality of life.

- 1) Continued work on the City initiated 450 acre Southern Sphere of Influence Planning and Annexation project completing the pre-zone work. Once our general plan update is complete the next step will be a submittal.
- 2) Utilizing the 2 million dollar CDBG grant, the conversion of the City's LOVE building to a senior center has been completed. This funding also was used to update the City's Housing Element and the sewer relining project in the older downtown will be completed in 2017/18.
- 3) The City has been working with Op-Terra Energy group on energy saving projects on City facilities. Energy upgrades have been completed at City Hall, Treatment Plant facilities, the Police Department and the Memorial Park pool. These upgrades will result in lower energy costs as we utilize our solar facility improvements. This project was completed in fiscal year 2016/17.
- 4) The City continues to utilize funding from the Environmental Protection Agency (EPA) to do property site assessments related to Petroleum and other Hazmat properties. The City was recently awarded another \$598,000 EPA Grant to continue site assessments and clean ups.
- 5) Measure N, the approved ½ cent sales tax ballot measure is continuing to provide funding for our police department personnel and equipment, fire department personnel and equipment and public road improvements such as roadway resurfacing and sealing.
- 6) In January 2017, the heavy winter storms created a sinkhole off Freeman Lane in Grass Valley. Multiple funding sources are being utilized to make repairs and stabilize the area. Work continues into the 2017/18 fiscal year with the cumulative projects costs currently at 2.73 million.

## **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,

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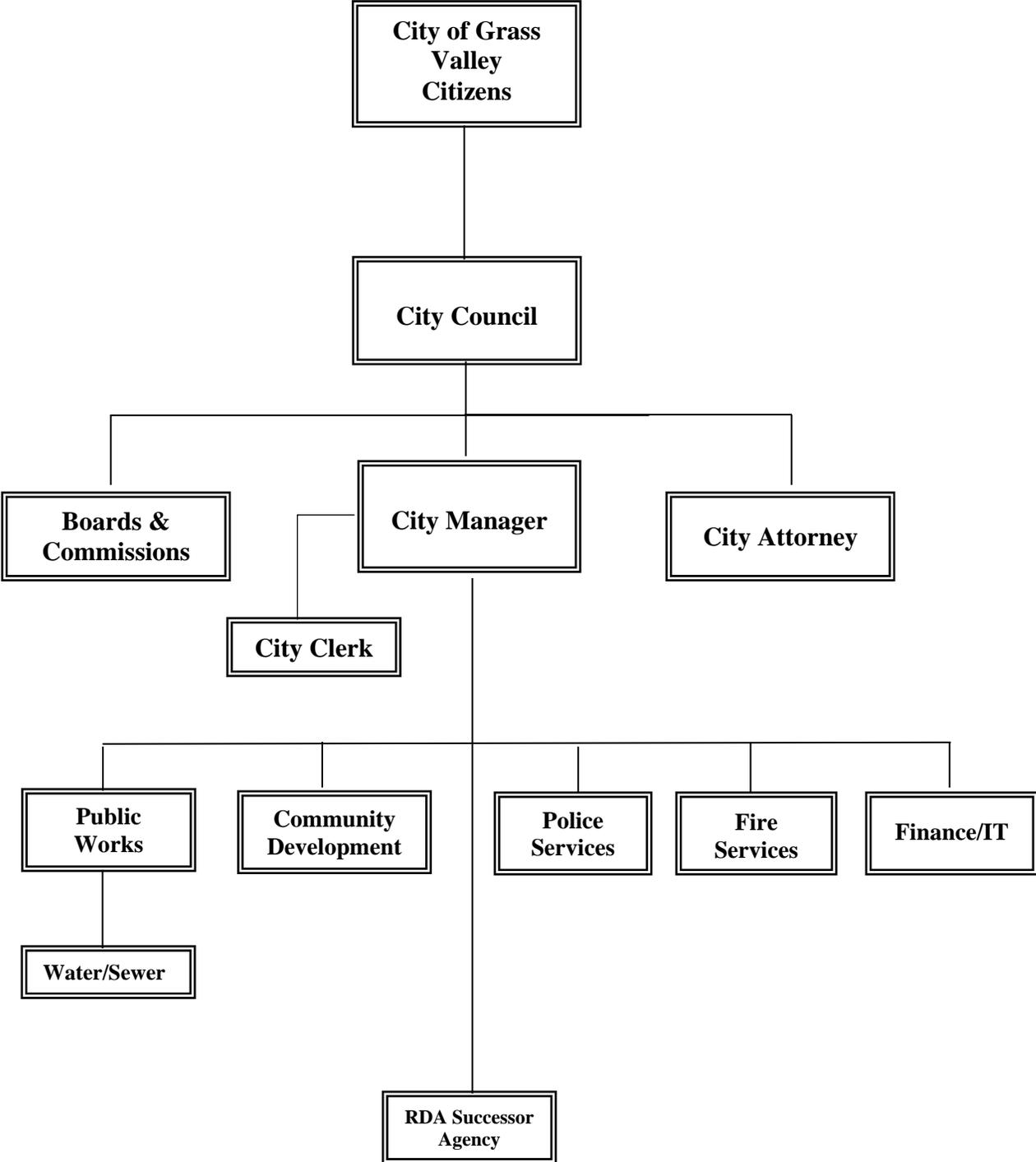
Finance Director

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**Organization Chart**

*City of Grass Valley*

*Organizational Chart*



**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**List of Officials**

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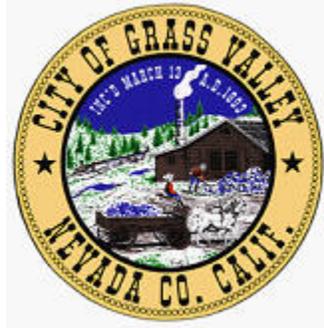
***CITY COUNCIL***

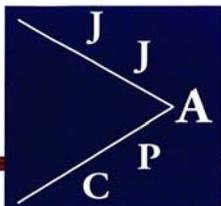
- Howard Levine, Mayor
- Lisa Swarthout, Vice Mayor
- Jason Fouyer, Council Member
- Jan Arbuckle, Council Member
- Ben Aguilar, Council Member

***CITY OFFICIALS***

- Tim Kiser, City Manager
- Andy Heath, Finance Director
- Alex Gammelgard, Chief of Police
- Tom Last, Community Development Director
- Mark Buttron, Fire Chief
- Michael G. Colantuono, City Attorney

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JJACPA, Inc.

A Professional Accounting Services Corp.

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## 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, 2017, 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, 2017, 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, Other Post Employment Benefits Schedule of Funding Progress on page 93, The City's Schedules of Contributions on pages 95-96, and the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 97-98, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2018 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.

*JJACPA, Inc.*

February 26, 2018

**JJACPA, Inc.**

**Dublin, CA**

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**Management's Discussion and Analysis, Continued**

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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, 2017. 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 approximately \$380,000 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 \$92.8 million at the end of the 2017 fiscal year. Of that amount, about \$16.8 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 approximately \$2.5 million when compared to the 2016 fiscal year. The majority of the increase resulted from increases in capital grants and contributions related to the upgrade of the Wastewater and Water Treatment Facilities; and decreases in collections of operating grants and contributions for other City projects and programs. The City's total expenses for all programs in fiscal year 2017 increased by about \$3.2 million to \$27.2 million compared to \$23.9 million in fiscal year 2016, primarily due to incurring costs for capital projects related to the January 2017 storm damage and the OPTERRA Solar projects; and higher operating costs citywide.
- ◆ The general fund reported a fund balance of about \$10.8 million at the end of the 2017 fiscal year, an increase of about \$730,000 over fiscal year 2016. This increase can be primarily attributed to higher collections of general sales taxes resulting from a one-time payment related to a year-over-year decrease in Measure N expenditures as a result of deferring projects to the following year.
- ◆ The City ended the fiscal year with \$8.5 million in restricted and unrestricted net position reported in the enterprise funds, a decrease of \$200,000 from the prior year. This decrease can be primarily attributed to a \$450,000 reduction in restricted net position resulting from use of restricted funds towards capital expenditures and investments.

**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, 2017**

**Management's Discussion and Analysis, Continued**

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**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, 2017**

**Management's Discussion and Analysis, Continued**

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**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, 2017, 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, 2017**

**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued**

**Fund Financial Statements, Continued**

For the fiscal year ended June 30, 2017, 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 45–92 of this report. Required Supplementary Information follows the notes on page 93.

**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 102–175 of this report.

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**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 \$92,784,541 as of June 30, 2017. The Summary of Net Position as of June 30, 2017, and 2016, follows:

	Summary of Net Position					
	2017			2016		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 26,150,136	\$ 12,941,961	\$ 39,092,097	\$ 25,279,331	\$ 13,183,616	\$ 38,462,947
Noncurrent assets	48,787,145	39,762,833	88,549,978	51,651,057	37,732,447	89,383,504
Total assets	74,937,281	52,704,794	127,642,075	76,930,388	50,916,063	127,846,451
Deferred outflows -	2,916,513	997,280	3,913,793	1,052,777	341,630	1,394,407
Total assets and deferred outflows	77,853,794	53,702,074	131,555,868	77,983,165	51,257,693	129,240,858
Current and other liabilities	2,298,175	1,976,893	4,275,068	1,346,867	2,324,106	3,670,973
Long-term liabilities	17,162,453	16,683,604	33,846,057	14,637,368	16,807,285	31,444,653
Total liabilities	19,460,628	18,660,497	38,121,125	15,984,235	19,131,391	35,115,626
Deferred inflows -	547,869	174,522	722,391	778,017	252,468	1,030,485
Total liabilities and deferred inflows	20,008,497	18,835,019	38,843,516	16,762,252	19,383,859	36,146,111
Net position:						
Net investment in capital assets	45,944,655	26,386,236	72,330,891	48,575,541	23,213,597	71,789,138
Restricted	2,910,223	631,508	3,541,731	2,917,836	1,087,259	4,005,095
Unrestricted	8,990,419	7,849,311	16,839,730	9,727,536	7,572,978	17,300,514
<b>Total net position</b>	<b>\$ 57,845,297</b>	<b>\$ 34,867,055</b>	<b>\$ 92,712,352</b>	<b>\$ 61,220,913</b>	<b>\$ 31,873,834</b>	<b>\$ 93,094,747</b>

Overall, total net position decreased by approximately \$380,000. Of this amount, net position for governmental activities decreased by approximately \$3.4 million and net position for business-type activities increased by approximately \$3.0 million. About 78.0 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 decreased by approximately \$463,000 and unrestricted net position decreased by approximately \$389,000.

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Revenues**

The City's total revenues for governmental and business-type activities were approximately \$26.9 million for the fiscal year ended June 30, 2017. Significant revenues for the City for fiscal year 2017 were derived from sales taxes (29.1%), charges for services (26.3%), and capital grants and contributions (11.4%).

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

1. **Grants and Contributions – Capital** – The approximately \$2.9 million increase in capital grants and contributions was due to the receipt of grant revenue sources for the City's Wastewater and Water Treatment facilities.
2. **Property Tax.** Annual receipts decreased by approximately \$178,000 primarily as a result of a State audit completed at the County of Nevada which determined the City had received approximately \$250,000 too much in property tax over a three-year period as a result of an annexation.
3. **Sales Tax.** Sales tax revenues decreased by approximately \$176,000 primarily due to a prior year one-time receipt of revenues related to the close out of the "triple flip" sales tax payment methodology.

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net position for the fiscal years ended June 30, 2017, and 2015, follows:

	Changes in Net Position					
	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 639,000	\$ 7,000,195	\$ 7,639,195	\$ 726,473	\$ 6,811,076	\$ 7,537,549
Grants and contributions:						
Operating	24,053	4,416	28,469	104,696	127,591	232,287
Capital	6,414	3,341,027	3,347,441	402,182	-	402,182
General revenues:						
Property taxes and assessments	2,484,885	-	2,484,885	2,662,668	-	2,662,668
Sales taxes	7,828,486	-	7,828,486	8,004,542	-	8,004,542
Other taxes	2,297,487	-	2,297,487	2,098,688	-	2,098,688
Intergovernmental	1,747,664	-	1,747,664	2,093,944	-	2,093,944
Use of money and property	223,274	44,167	267,441	242,766	73,016	315,782
Contributions	26,415	-	26,415	226,801	-	226,801
Other general revenues	957,414	246,740	1,204,154	474,670	314,245	788,915
Total revenues	16,235,092	10,636,545	26,871,637	17,037,430	7,325,928	24,363,358
Expenses:						
Governmental activities:						
General government	2,680,108	-	2,680,108	1,391,815	-	1,391,815
Public safety	7,641,902	-	7,641,902	7,441,747	-	7,441,747
Public ways and facilities	7,510,028	-	7,510,028	2,696,561	-	2,696,561
Community development	1,887,066	-	1,887,066	2,671,930	-	2,671,930
Recreation and culture	301,602	-	301,602	226,122	-	226,122
Interest and fiscal charges	153,955	-	153,955	123,297	-	123,297
Business-type activities:						
Water	-	1,885,325	1,885,325	-	3,011,551	3,011,551
Sewer	-	5,194,046	5,194,046	-	6,373,615	6,373,615
Total expenses	20,174,661	7,079,371	27,254,032	14,551,472	9,385,166	23,936,638
Excess (Deficiency) of revenues over expenditures before transfers	(3,939,569)	3,557,174	(382,395)	2,485,958	(2,059,238)	426,720
Transfers	563,953	(563,953)	-	2,163,678	(2,163,678)	-
Change in net position	(3,375,616)	2,993,221	(382,395)	4,649,636	(4,222,916)	426,720
Net position:						
Beginning of year	61,220,913	31,873,834	93,094,747	56,571,277	36,096,750	92,668,027
End of year	\$ 57,845,297	\$ 34,867,055	\$ 92,712,352	\$ 61,220,913	\$ 31,873,834	\$ 93,094,747

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**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 approximately \$27.3 million. Governmental activity expenses totaled approximately \$20.2 million or 74.0% of total expenses. Business-type activities incurred approximately \$7.1 million of expenses during the fiscal year. Public safety costs represented 51.1% 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, 2017, and 2016, are as follows:

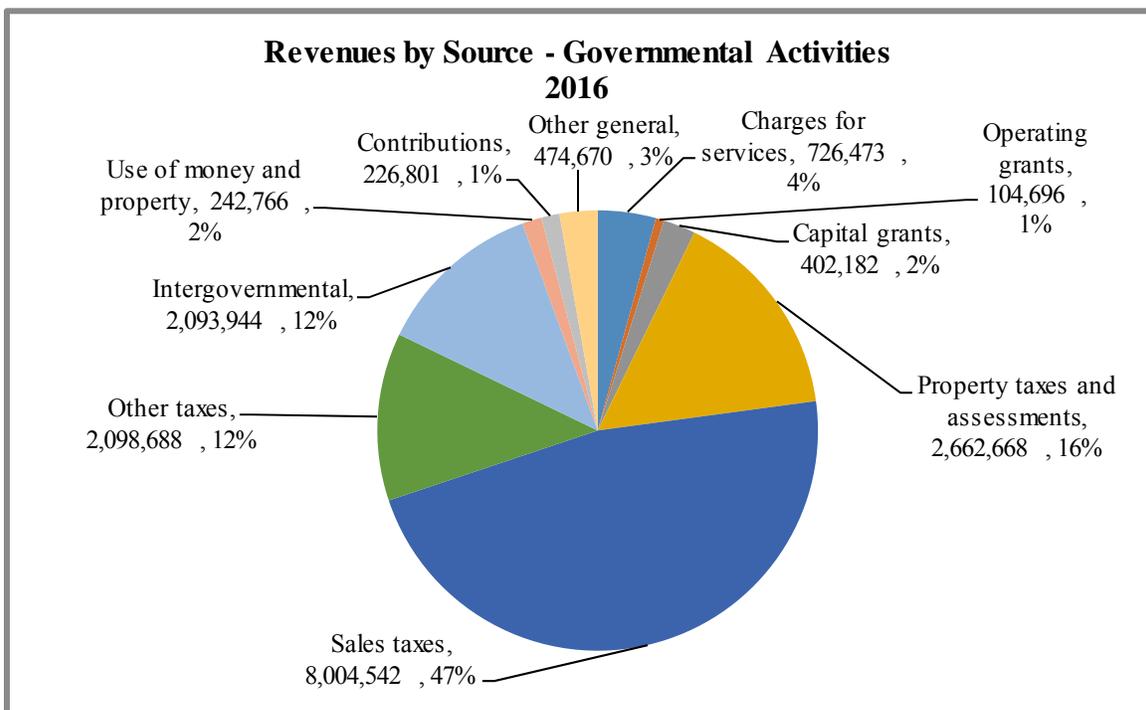
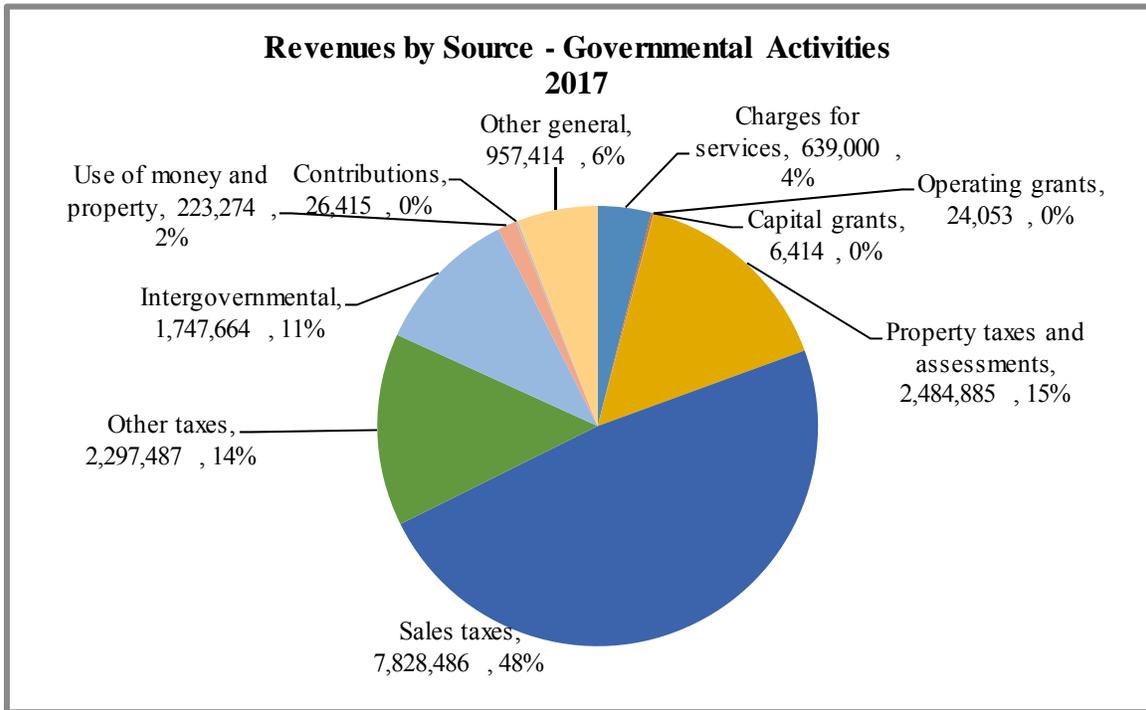
	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,680,108	\$ 2,678,184	\$ 1,391,815	\$ 1,389,586
Public safety	7,641,902	7,426,959	7,441,747	7,238,947
Public ways and facilities	7,510,028	7,410,201	2,696,561	2,108,600
Community development	1,887,066	1,534,293	2,671,930	2,231,569
Recreation and culture	301,602	301,602	226,122	226,122
Interest and fiscal charges	153,955	153,955	123,297	123,297
Total	<u>\$ 20,174,661</u>	<u>\$ 19,505,194</u>	<u>\$ 14,551,472</u>	<u>\$ 13,318,121</u>

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

Revenues by source for the fiscal years ended June 30, 2017, and 2016, are as follows:



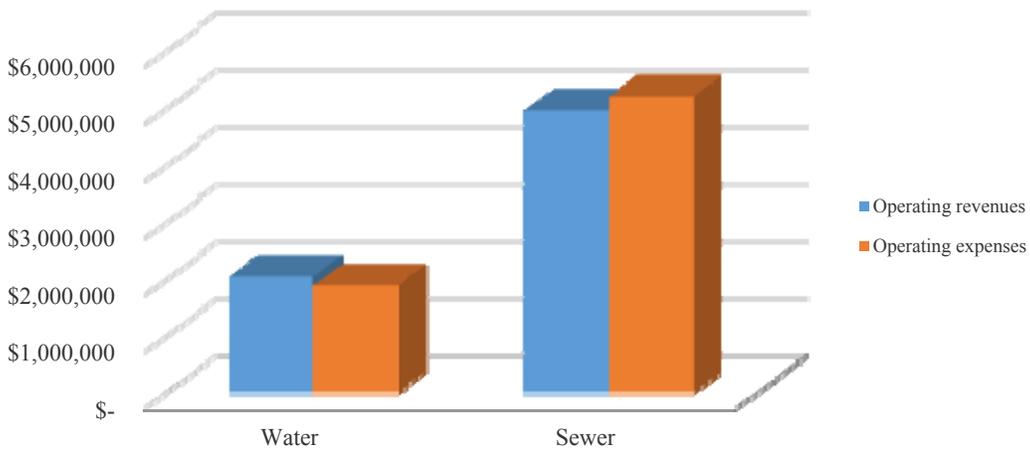
**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**Management’s Discussion and Analysis, Continued**

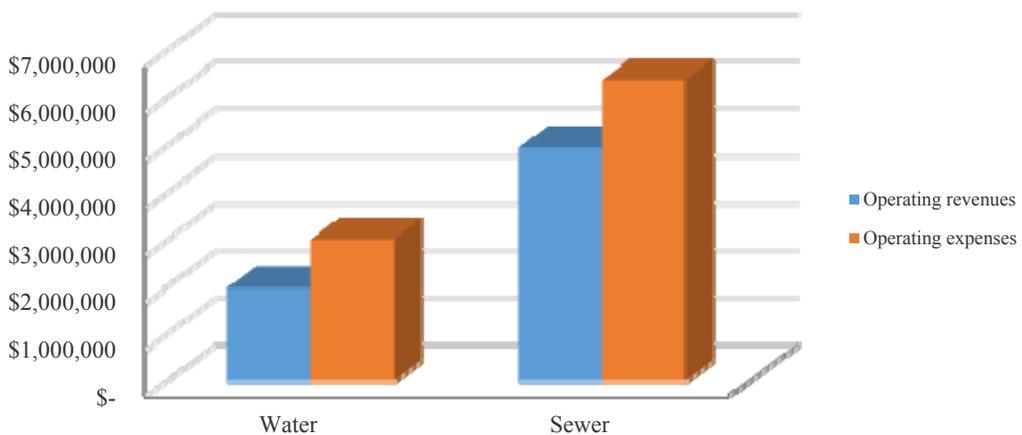
**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Business-type activities.** Business-type activities increased the City’s net position by approximately \$3.0 million. 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, 2017, and 2016, are as follows:

**Operating Revenues and Expense  
 Business-type Activities  
 FY2017**



**Operating Revenues and Expense  
 Business-type Activities  
 FY2016**

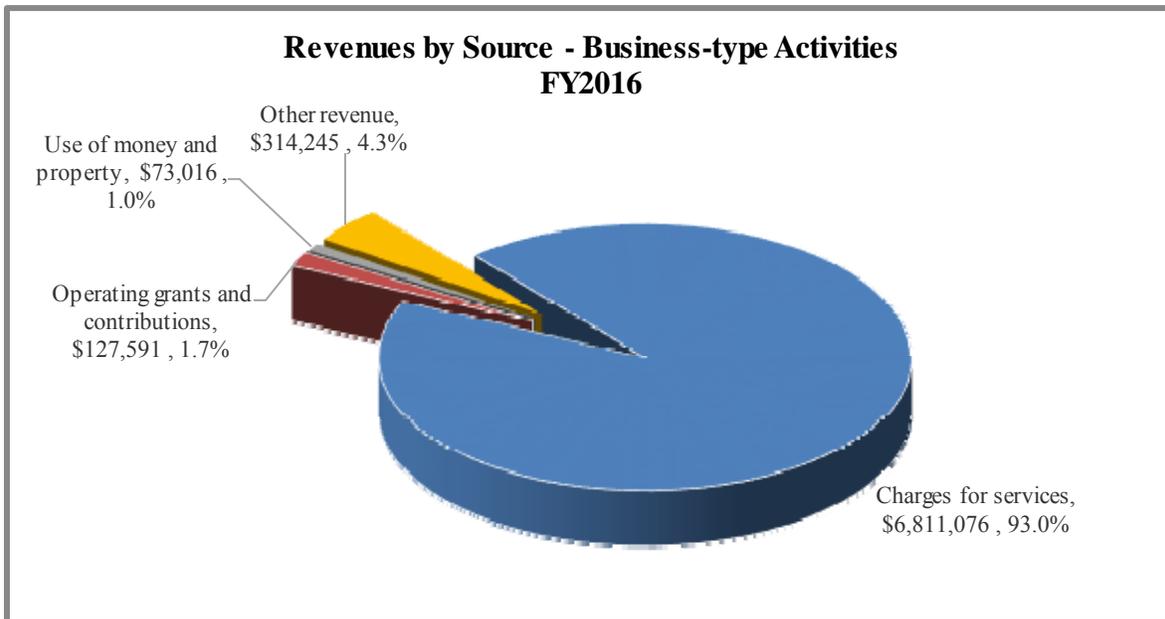
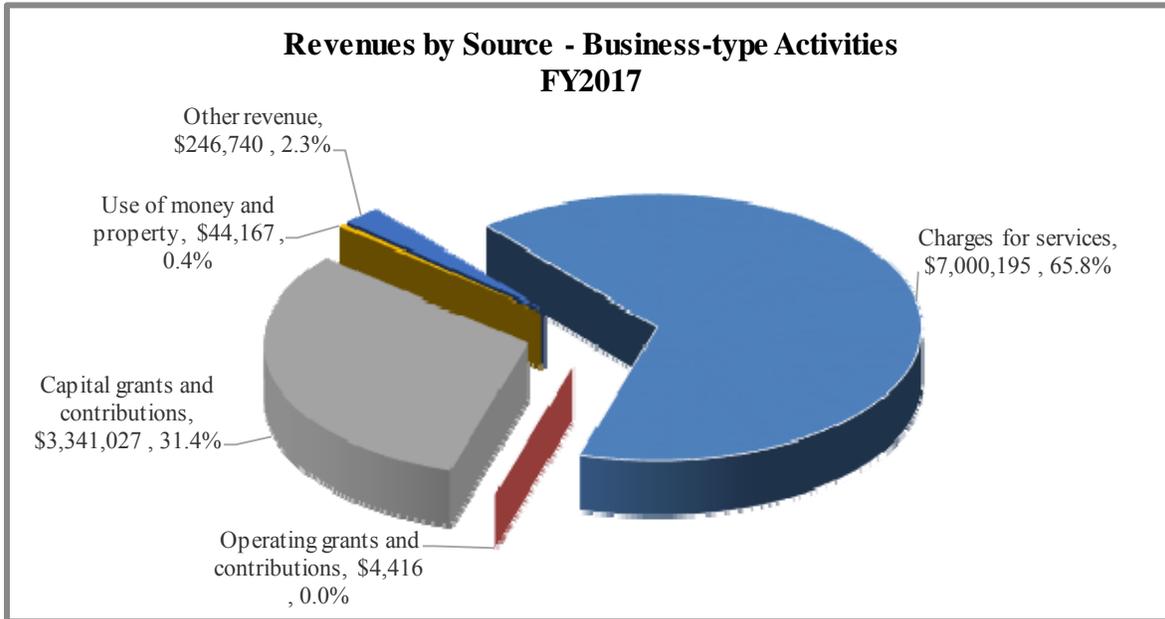


**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**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, 2017, and 2016, are as follows:



**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**Management's Discussion and Analysis, Continued**

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**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, 2017, the City's governmental funds reported combined fund balances of approximately \$24.0 million.

The General Fund is the primary operating fund of the City. At the fiscal year ended June 30, 2017, General Fund unassigned fund balance totaled approximately \$9.2 million. This is an increase of approximately \$730,000 from the prior year.

**Proprietary funds.** The City's proprietary funds unrestricted net position increased by approximately \$276,000 in the fiscal year ended June 30, 2017, the majority of which resulted from operations in the City's Water Fund.

**General Fund Budgetary Highlights**

The difference between the final budget and actual net change in fund balance realized is a positive net change (addition to available fund balance) of approximately \$2.1 million. This was mainly due to increased collections of charges for services and other revenues, coupled with lower-than-anticipated expenditures for public safety operations and funding carryovers related to the City's street maintenance and overlay program.

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**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, 2017, amount to approximately \$88.5 million. This investment in capital assets includes land, construction in progress, costs for road and median improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles.

	<b>Capital Assets</b>					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,568,992	\$ 2,568,992	\$ 239,401	\$ 239,401	\$ 2,808,393	\$ 2,808,393
Construction in progress	1,535,420	23,959,209	1,312,273	1,390,642	2,847,693	25,349,851
Buildings and Improvements	5,173,823	3,818,218	28,344,623	25,757,394	33,518,446	29,575,612
Equipment	2,368,188	2,002,908	286,491	337,029	2,654,679	2,339,937
Infrastructure	37,140,722	19,301,730	9,580,045	10,007,981	46,720,767	29,309,711
Total	<u>\$ 48,787,145</u>	<u>\$ 51,651,057</u>	<u>\$ 39,762,833</u>	<u>\$ 37,732,447</u>	<u>\$ 88,549,978</u>	<u>\$ 89,383,504</u>

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 51 for significant accounting policies and Note 5 on page 63 for other capital asset information.

**Economic Outlook**

In June 2017, the City Council adopted the FY 2017-18 Budget which includes General Fund revenues of \$11.8 million and appropriations of \$12.1 million. Additionally, as a result of the passage of Measure N in November 2012, the FY 2017-18 Budget also includes projected Measure N sales tax revenues of \$2.8 million and Measure N expenditures of \$4.4 million.

In September 2017, the City received its FY 2017-18 assessed value information from the County. City of Grass Valley assessed values for FY 2017-18 increased by 5.5% in comparison to FY 2016-17, which will result in increased property tax revenue in FY 2017-18 of approximately \$110,000 (excludes supplemental roll activity). FY 2016-17 Measure N sales tax revenue totaled approximately \$2.7 million and is conservatively projected to be approximately the same in FY 2017-18. Regular sales tax revenue is conservatively projected to be slightly higher year-over-year.

The City will continue to face significant fiscal pressures in the short and long term relating primarily to salary and benefit expenditures. CalPERS has provided actuarial estimates indicating that annual costs to amortize unfunded pension liabilities will be approximately \$1 million more annually by FY 2024-25.

**City of Grass Valley, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2017**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Economic Outlook, Continued**

The City also continues to experience medical premium increases for most of the medical plans offered by the City to its employees. The City's employer contribution towards medical premiums is fixed and thus the employee contribution towards healthcare costs is generally increasing; as in the past, it is uncertain whether these costs will stabilize in the near future.

The City continues to benefit from the impact of its February 2017 reorganization, which streamlined City Hall operations and eliminated several job classifications while creating new job classifications with broader, more analytical responsibilities. The City is continuing to identify further opportunities to provide the City's residents with excellent service in as cost effective 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. The telephone number is 530-274-4300.

## **BASIC FINANCIAL STATEMENTS**

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# City of Grass Valley, California

## Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Cash and investments	\$ 13,662,041	\$ 11,233,739	\$ 24,895,780
Restricted cash and investments	-	631,508	631,508
Receivables:			
Taxes	1,837,625	-	1,837,625
Interest	60,830	-	60,830
Accounts	-	1,075,042	1,075,042
Intergovernmental	511,395	1,672	513,067
Loans/Notes receivable	9,734,075	-	9,734,075
Other	338,159	-	338,159
Prepaid items	6,011	-	6,011
Capital assets:			
Nondepreciable	26,528,201	2,337,820	28,866,021
Depreciable	22,258,944	37,425,013	59,683,957
<b>Total assets</b>	<b>74,937,281</b>	<b>52,704,794</b>	<b>127,642,075</b>
Deferred outflows: Pension plan	2,916,513	997,280	3,913,793
<b>Total assets and deferred outflows</b>	<b>\$ 77,853,794</b>	<b>\$ 53,702,074</b>	<b>\$ 131,555,868</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Accounts payable and accrued liabilities	\$ 1,807,843	\$ 587,629	\$ 2,395,472
Interest payable	-	162,484	162,484
Deposits payable	165,044	7,428	172,472
Current portion of long-term debt	325,288	1,180,084	1,505,372
Compensated absences - current portion	-	39,268	39,268
Long-term liabilities:			
Compensated absences	715,625	169,886	885,511
Due after one year	2,517,202	12,196,513	14,713,715
Net OPEB obligation	1,624,190	149,653	1,773,843
Net Pension obligation	12,305,436	4,167,552	16,472,988
<b>Total liabilities</b>	<b>19,460,628</b>	<b>18,660,497</b>	<b>38,121,125</b>
Deferred inflows: Pension plan	547,869	174,522	722,391
<b>Total liabilities and deferred inflows</b>	<b>20,008,497</b>	<b>18,835,019</b>	<b>38,843,516</b>
<b>NET POSITION</b>			
Net investment in capital assets	45,944,655	26,386,236	72,330,891
Restricted	2,910,223	631,508	3,541,731
Unrestricted	8,990,419	7,849,311	16,839,730
<b>Total net position</b>	<b>57,845,297</b>	<b>34,867,055</b>	<b>92,712,352</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 77,853,794</b>	<b>\$ 53,702,074</b>	<b>\$ 131,555,868</b>

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, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,680,108	\$ 1,924	\$ -	\$ -
Public safety	7,641,902	212,298	2,645	-
Public ways and facilities	7,510,028	72,005	21,408	6,414
Community development	1,887,066	352,773	-	-
Recreation and culture	301,602	-	-	-
Interest and fiscal charges	153,955	-	-	-
Total governmental activities	<u>20,174,661</u>	<u>639,000</u>	<u>24,053</u>	<u>6,414</u>
Business-type activities:				
Water	1,885,325	2,048,451	-	461,151
Sewer	5,194,046	4,951,744	4,416	2,879,876
Total business-type activities	<u>7,079,371</u>	<u>7,000,195</u>	<u>4,416</u>	<u>3,341,027</u>
<b>Total primary government</b>	<u>\$ 27,254,032</u>	<u>\$ 7,639,195</u>	<u>\$ 28,469</u>	<u>\$ 3,347,441</u>

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  
   End of year

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

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (2,678,184)	\$ -	\$ (2,678,184)
(7,426,959)	-	(7,426,959)
(7,410,201)	-	(7,410,201)
(1,534,293)	-	(1,534,293)
(301,602)	-	(301,602)
(153,955)	-	(153,955)
(19,505,194)	-	(19,505,194)
-	624,277	624,277
-	2,641,990	2,641,990
-	3,266,267	3,266,267
(19,505,194)	3,266,267	(16,238,927)
2,484,885	-	2,484,885
7,828,486	-	7,828,486
2,297,487	-	2,297,487
1,747,664	-	1,747,664
223,274	44,167	267,441
26,415	-	26,415
957,414	246,740	1,204,154
15,565,625	290,907	15,856,532
563,953	(563,953)	-
16,129,578	(273,046)	15,856,532
(3,375,616)	2,993,221	(382,395)
61,220,913	31,873,834	93,094,747
\$ 57,845,297	\$ 34,867,055	\$ 92,712,352

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**FUND FINANCIAL STATEMENTS**  
**MAJOR FUNDS**

<b>Fund</b>	<b>Description</b>
<b>Governmental Funds:</b>	
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, 2017

	Major Funds		
	General Fund	HOME Grant Special Revenue	Capital Projects
<b>ASSETS</b>			
Cash and investments	\$ 9,189,056	\$ -	\$ -
Receivables:			
Taxes	1,831,665	-	-
Interest	60,830	-	-
Intergovernmental	40,866	-	66,000
Loans/Notes receivable	-	4,116,950	-
Other receivable	330,659	-	7,500
Due from other funds	955,029	-	-
Prepaid items	6,011	-	-
<b>Total assets</b>	<b>\$ 12,414,116</b>	<b>\$ 4,116,950</b>	<b>\$ 73,500</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,437,540	\$ -	\$ 335,046
Due to other funds	-	-	544,195
Deposits payable	165,044	-	-
<b>Total liabilities</b>	<b>1,602,584</b>	<b>-</b>	<b>879,241</b>
<b>Fund balances:</b>			
Nonspendable	6,011	4,116,950	-
Restricted	1,631,530	-	-
Assigned	-	-	-
Unassigned (deficit)	9,173,991	-	(805,741)
<b>Total fund balances</b>	<b>10,811,532</b>	<b>4,116,950</b>	<b>(805,741)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,414,116</b>	<b>\$ 4,116,950</b>	<b>\$ 73,500</b>

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

<b>Special Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
\$ 126,477	\$ 4,224,320	\$ 13,539,853
-	5,960	1,837,625
-	-	60,830
-	404,529	511,395
-	5,617,125	9,734,075
-	-	338,159
-	-	955,029
-	-	6,011
<u>\$ 126,477</u>	<u>\$ 10,251,934</u>	<u>\$ 26,982,977</u>
\$ -	\$ 35,257	\$ 1,807,843
-	410,834	955,029
-	-	165,044
<u>-</u>	<u>446,091</u>	<u>2,927,916</u>
-	5,617,125	9,740,086
-	1,278,693	2,910,223
126,477	2,938,762	3,065,239
-	(28,737)	8,339,513
<u>126,477</u>	<u>9,805,843</u>	<u>24,055,061</u>
<u>\$ 126,477</u>	<u>\$ 10,251,934</u>	<u>\$ 26,982,977</u>

**City of Grass Valley, California**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2017**

<b>Total fund balances - total governmental funds</b>		\$ 24,055,061
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.		47,084,571
Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities.		
Deferred outflows	2,916,513	
Deferred inflows	<u>(547,869)</u>	2,368,644
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	\$ (715,625)	
Due within one year	(325,288)	
Due after one year	(2,517,202)	
Net OPEB obligation	(1,624,190)	
Net Pension obligation	<u>(12,305,436)</u>	(17,487,741)
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	122,188	
Noncurrent assets	<u>1,702,574</u>	1,824,762
<b>Net position of governmental activities</b>		<u><u>\$ 57,845,297</u></u>

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, 2017**

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$ 13,539,853	\$ -	\$ -	\$ 122,188	\$ 13,662,041
Receivables:					
Taxes	1,837,625	-	-	-	1,837,625
Interest	60,830	-	-	-	60,830
Intergovernmental	511,395	-	-	-	511,395
Loans/Notes receivable	9,734,075	-	-	-	9,734,075
Other receivable	338,159	-	-	-	338,159
Due from other funds	955,029	(955,029)	-	-	-
Prepaid items	6,011	-	-	-	6,011
<b>Total current assets</b>	<u>26,982,977</u>	<u>(955,029)</u>	<u>-</u>	<u>122,188</u>	<u>26,150,136</u>
<b>Noncurrent assets:</b>					
Capital assets, net	-	-	47,084,571	1,702,574	48,787,145
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>47,084,571</u>	<u>1,702,574</u>	<u>48,787,145</u>
Deferred outflows - pension plan	-	-	2,916,513	-	2,916,513
<b>Total assets</b>	<u>\$ 26,982,977</u>	<u>\$ (955,029)</u>	<u>\$ 50,001,084</u>	<u>\$ 1,824,762</u>	<u>\$ 77,853,794</u>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,807,843	\$ -	\$ -	\$ -	\$ 1,807,843
Due to other funds	955,029	(955,029)	-	-	-
Deposits payable	165,044	-	-	-	165,044
Current portion of long-term debt	-	-	325,288	-	325,288
<b>Total current liabilities</b>	<u>2,927,916</u>	<u>(955,029)</u>	<u>325,288</u>	<u>-</u>	<u>2,298,175</u>
<b>Noncurrent liabilities:</b>					
Long-term liabilities:					
Compensated absences	-	-	715,625	-	715,625
Due after one year	-	-	2,517,202	-	2,517,202
Net OPEB obligation	-	-	1,624,190	-	1,624,190
Net Pension obligation	-	-	12,305,436	-	12,305,436
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>-</u>	<u>17,162,453</u>	<u>-</u>	<u>17,162,453</u>
<b>Total liabilities</b>	<u>2,927,916</u>	<u>(955,029)</u>	<u>17,487,741</u>	<u>-</u>	<u>19,460,628</u>
Deferred inflows: Pension plan	-	-	547,869	-	547,869
<b>FUND BALANCES/NET POSITION</b>					
<b>Fund balances:</b>					
Nonspendable	9,740,086	(9,740,086)	-	-	-
Restricted	2,910,223	(2,910,223)	-	-	-
Assigned	3,065,239	(3,065,239)	-	-	-
Unassigned (deficit)	8,339,513	(8,339,513)	-	-	-
<b>Net position:</b>					
Net investment in capital assets	-	-	44,242,081	1,702,574	45,944,655
Restricted	-	-	2,910,223	-	2,910,223
Unrestricted	-	24,055,061	(15,186,830)	122,188	8,990,419
<b>Total fund balances/ net position</b>	<u>24,055,061</u>	<u>-</u>	<u>31,965,474</u>	<u>1,824,762</u>	<u>57,845,297</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 26,982,977</u>	<u>\$ (955,029)</u>	<u>\$ 50,001,084</u>	<u>\$ 1,824,762</u>	<u>\$ 77,853,794</u>

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, 2017**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>HOME Grant Special Revenue</b>	<b>Capital Projects</b>
<b>REVENUES:</b>			
Taxes and assessments	\$ 12,323,546	\$ -	\$ -
Fines and forfeitures	-	-	-
Intergovernmental	1,283,437	-	103,822
Use of money and property	39,073	71,700	1,355
Charges for services	640,000	-	-
Reimbursements	48,406	-	-
Other revenues	293,587	-	-
<b>Total revenues</b>	<b>14,628,049</b>	<b>71,700</b>	<b>105,177</b>
<b>EXPENDITURES:</b>			
Current:			
General government	2,333,257	-	-
Public safety	7,446,927	-	-
Public ways and facilities	783,494	-	-
Community development	750,245	-	-
Recreation and culture	300,033	-	-
Capital outlay	333,055	-	2,876,005
Debt service:			
Principal	356,061	-	-
Interest and fiscal charges	112,584	-	-
<b>Total expenditures</b>	<b>12,415,656</b>	<b>-</b>	<b>2,876,005</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,212,393</b>	<b>71,700</b>	<b>(2,770,828)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from issuance of debt	124,410	-	-
Proceeds from sales of assets	2,082	-	-
Transfers in	2,860	-	1,874,562
Transfers out	(1,607,732)	-	2
<b>Total other financing sources (uses)</b>	<b>(1,478,380)</b>	<b>-</b>	<b>1,874,564</b>
<b>Net change in fund balances</b>	<b>734,013</b>	<b>71,700</b>	<b>(896,264)</b>
<b>FUND BALANCES (DEFICIT):</b>			
Beginning of year	10,077,519	4,045,250	90,523
End of year	\$ 10,811,532	\$ 4,116,950	\$ (805,741)

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

<b>Special Projects</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ 287,312	\$ 12,610,858
-	35,876	35,876
-	950,345	2,337,604
(567)	111,713	223,274
-	-	640,000
-	-	48,406
-	43,405	336,992
(567)	1,428,651	16,233,010
-	138,355	2,471,612
-	168,653	7,615,580
-	48,694	832,188
-	757,251	1,507,496
-	-	300,033
-	-	3,209,060
-	-	356,061
-	-	112,584
-	1,112,953	16,404,614
(567)	315,698	(171,604)
-	-	124,410
-	-	2,082
-	448,311	2,325,733
-	(735,501)	(2,343,231)
-	(287,190)	108,994
(567)	28,508	(62,610)
127,044	9,777,335	24,117,671
\$ 126,477	\$ 9,805,843	\$ 24,055,061

**City of Grass Valley, California**  
**Reconciliation of Fund Basis Statements to**  
**Government-wide Statement of Activities**  
**For the year ended June 30, 2017**

Functions/Programs	Fund Based Totals	Compensated Absences/		Internal Service	Depreciation	Capital Asset		OPEB Obligation	Pension Obligation	Government- wide Totals
		Debt Service				(Additions)/ Retirements				
<b>Governmental activities:</b>										
General government	\$ 2,471,612	\$ -	\$ -	\$ -	\$ 149,957	\$ -	\$ 200,237	\$ (141,698)	\$ -	\$ 2,680,108
Public safety	7,615,580	-	-	-	26,322	-	-	-	-	7,641,902
Public ways and facilities	832,188	-	1,162,286	-	2,254,604	3,260,950	-	-	-	7,510,028
Community development	1,507,496	-	-	-	379,570	-	-	-	-	1,887,066
Recreation and culture	300,033	-	-	-	1,569	-	-	-	-	301,602
Capital outlay	3,209,060	-	-	-	-	(3,209,060)	-	-	-	-
Debt service/Interest	468,645	(314,690)	-	-	-	-	-	-	-	153,955
<b>Total governmental activities</b>	<b>\$ 16,404,614</b>	<b>\$ (314,690)</b>	<b>\$ 1,162,286</b>	<b>\$ -</b>	<b>\$ 2,812,022</b>	<b>\$ 51,890</b>	<b>\$ 200,237</b>	<b>\$ (141,698)</b>	<b>\$ -</b>	<b>\$ 20,174,661</b>

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, 2017**

**Net change in fund balances - total governmental funds** \$ (62,610)

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	\$ (51,890)	
Depreciation expense	<u>(2,812,022)</u>	(2,863,912)

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		314,690
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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	(200,237)	
Net Pension obligation	<u>141,698</u>	(58,539)

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 (\$202,364) plus depreciation expense of \$379,570 and capital asset purchases of \$580,352 is included in the governmental activities in the government-wide Statement of Net Position and the residual transfer amount of \$581,451 .

	581,451	
	<u>(1,162,286)</u>	<u>(580,835)</u>

<b>Change in net position of governmental activities</b>		<u><u>\$ (3,375,616)</u></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, 2017**

	<b>General Fund</b>			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 12,375,276	\$ 12,393,359	\$ 12,323,546	\$ (69,813)
Licenses and permits	-	-	-	-
Fines and forfeitures	5,000	-	-	-
Intergovernmental	1,202,000	1,245,488	1,283,437	37,949
Use of money and property	15,000	46,000	39,073	(6,927)
Charges for services	596,305	356,325	640,000	283,675
Reimbursements	76,000	76,000	48,406	(27,594)
Other revenues	177,000	114,500	293,587	179,087
<b>Total revenues</b>	<b>14,446,581</b>	<b>14,231,672</b>	<b>14,628,049</b>	<b>396,377</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,583,203	2,334,260	2,333,257	1,003
Public safety	7,783,198	7,860,751	7,446,927	413,824
Public ways and facilities	910,473	728,582	783,494	(54,912)
Community development	803,042	837,030	750,245	86,785
Recreation and culture	343,355	333,355	300,033	33,322
Capital outlay	-	-	333,055	(333,055)
Debt service:				
Principal	313,553	313,553	356,061	(42,508)
Interest and fiscal charges	112,325	112,325	112,584	(259)
<b>Total expenditures</b>	<b>12,849,149</b>	<b>12,519,856</b>	<b>12,415,656</b>	<b>104,200</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,597,432</b>	<b>1,711,816</b>	<b>2,212,393</b>	<b>500,577</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of debt	-	-	124,410	124,410
Transfers in	12,000	3,000	2,860	(140)
Transfers out	(2,265,000)	(3,078,000)	(1,607,732)	1,470,268
<b>Total other financing sources (uses)</b>	<b>(2,253,000)</b>	<b>(3,075,000)</b>	<b>(1,478,380)</b>	<b>1,596,620</b>
<b>Net change in fund balances</b>	<b>(655,568)</b>	<b>(1,363,184)</b>	<b>734,013</b>	<b>2,097,197</b>
<b>FUND BALANCES:</b>				
Beginning of year	10,077,519	10,077,519	10,077,519	-
End of year	<b>\$ 9,421,951</b>	<b>\$ 8,714,335</b>	<b>\$ 10,811,532</b>	<b>\$ 2,097,197</b>

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		
\$ -	\$ -	\$ -	\$ -	\$ 12,375,276	\$ 12,393,359	\$ 12,323,546	\$ (69,813)
-	-	-	-	-	-	-	-
-	-	-	-	5,000	-	-	-
-	-	-	-	1,202,000	1,245,488	1,283,437	37,949
72,800	72,800	71,700	(1,100)	87,800	118,800	110,773	(8,027)
-	-	-	-	596,305	356,325	640,000	283,675
-	-	-	-	76,000	76,000	48,406	(27,594)
-	-	-	-	177,000	114,500	293,587	179,087
72,800	72,800	71,700	(1,100)	14,519,381	14,304,472	14,699,749	395,277
-	-	-	-	2,583,203	2,334,260	2,333,257	1,003
-	-	-	-	7,783,198	7,860,751	7,446,927	413,824
-	-	-	-	910,473	728,582	783,494	(54,912)
-	-	-	-	803,042	837,030	750,245	86,785
-	-	-	-	343,355	333,355	300,033	33,322
-	-	-	-	-	-	333,055	(333,055)
-	-	-	-	313,553	313,553	356,061	(42,508)
-	-	-	-	112,325	112,325	112,584	(259)
-	-	-	-	12,849,149	12,519,856	12,415,656	104,200
72,800	72,800	71,700	(1,100)	1,670,232	1,784,616	2,284,093	499,477
-	-	-	-	-	-	124,410	124,410
-	-	-	-	12,000	3,000	2,860	(140)
-	-	-	-	(2,265,000)	(3,078,000)	(1,607,732)	1,470,268
-	-	-	-	(2,253,000)	(3,075,000)	(1,478,380)	1,596,620
72,800	72,800	71,700	(1,100)	(582,768)	(1,290,384)	805,713	2,096,097
4,045,250	4,045,250	4,045,250	-	14,122,769	14,122,769	14,122,769	-
\$ 4,118,050	\$ 4,118,050	\$ 4,116,950	\$ (1,100)	\$ 13,540,001	\$ 12,832,385	\$ 14,928,482	\$ 2,096,097

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## ENTERPRISE FUNDS

Fund	Description
<b>Major Funds:</b>	
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, 2017**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 3,774,294	\$ 7,459,445	\$ 11,233,739	\$ 122,188
Restricted cash and investments	-	631,508	631,508	-
Receivables:				
Accounts	333,893	741,149	1,075,042	-
Intergovernmental	53	1,619	1,672	-
Due from other funds	-	-	-	-
<b>Total current assets</b>	<b>4,108,240</b>	<b>8,833,721</b>	<b>12,941,961</b>	<b>122,188</b>
<b>Noncurrent assets:</b>				
Capital assets, net	8,860,006	30,902,827	39,762,833	1,702,574
<b>Total noncurrent assets</b>	<b>8,860,006</b>	<b>30,902,827</b>	<b>39,762,833</b>	<b>1,702,574</b>
<b>Total assets</b>	<b>12,968,246</b>	<b>39,736,548</b>	<b>52,704,794</b>	<b>1,824,762</b>
Deferred outflows -	305,525	691,755	997,280	-
<b>Total assets and deferred outflows</b>	<b>\$ 13,273,771</b>	<b>\$ 40,428,303</b>	<b>\$ 53,702,074</b>	<b>\$ 1,824,762</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 137,407	\$ 142,129	\$ 279,536	\$ -
Accrued payroll	19,199	48,094	67,293	-
Due to other funds	-	-	-	-
Interest payable	30,179	132,305	162,484	-
Prepaid connection fees	-	240,800	240,800	-
Deposits payable	7,428	-	7,428	-
Long-term liabilities - current portion	212,096	967,988	1,180,084	-
Compensated absences - current portion	15,580	23,688	39,268	-
<b>Total current liabilities</b>	<b>421,889</b>	<b>1,555,004</b>	<b>1,976,893</b>	<b>-</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	50,827	119,059	169,886	-
Due after one year	2,747,909	9,448,604	12,196,513	-
Net OPEB obligation	47,102	102,551	149,653	-
Net Pension obligation	1,206,376	2,961,176	4,167,552	-
<b>Total noncurrent liabilities</b>	<b>4,052,214</b>	<b>12,631,390</b>	<b>16,683,604</b>	<b>-</b>
<b>Total liabilities</b>	<b>4,474,103</b>	<b>14,186,394</b>	<b>18,660,497</b>	<b>-</b>
Deferred inflows -	62,967	111,555	174,522	-
<b>Total liabilities and deferred inflows</b>	<b>4,537,070</b>	<b>14,297,949</b>	<b>18,835,019</b>	<b>-</b>
<b>Net Position:</b>				
Net investment in capital assets	5,900,001	20,486,235	26,386,236	1,702,574
Restricted	-	631,508	631,508	-
Unrestricted	2,836,700	5,012,611	7,849,311	122,188
<b>Total net position</b>	<b>8,736,701</b>	<b>26,130,354</b>	<b>34,867,055</b>	<b>1,824,762</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 13,273,771</b>	<b>\$ 40,428,303</b>	<b>\$ 53,702,074</b>	<b>\$ 1,824,762</b>

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, 2017**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
<b>OPERATING REVENUES:</b>				
Charges for service	2,048,451	4,951,744	\$ 7,000,195	\$ -
Other operating revenue	-	4,416	4,416	-
<b>Total operating revenues</b>	<b>2,048,451</b>	<b>4,956,160</b>	<b>7,004,611</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	504,115	1,733,517	2,237,632	-
Contractual services	196,073	431,037	627,110	-
Materials and supplies	28,420	179,138	207,558	-
Repairs and maintenance	222,671	580,006	802,677	-
Purchased water	328,969	-	328,969	-
Utilities	5,948	308,537	314,485	-
Insurance	39,044	88,460	127,504	-
Allocated overhead	31,329	59,016	90,345	-
Depreciation	396,367	1,450,910	1,847,277	379,570
<b>Total operating expenses</b>	<b>1,752,936</b>	<b>4,830,621</b>	<b>6,583,557</b>	<b>379,570</b>
<b>OPERATING INCOME(LOSS)</b>	<b>295,515</b>	<b>125,539</b>	<b>421,054</b>	<b>(379,570)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Gain (Loss) on sale of capital assets	(26,467)	60	(26,407)	-
Capital contributions	461,151	2,879,876	3,341,027	-
Connection/Impact fees	20,816	32,397	53,213	-
Interest revenue	15,714	28,453	44,167	483
Interest expense	(105,922)	(363,485)	(469,407)	-
Miscellaneous revenues (expenses)	67,963	125,564	193,527	-
<b>Total non-operating revenues, net</b>	<b>433,255</b>	<b>2,702,865</b>	<b>3,136,120</b>	<b>483</b>
<b>NET INCOME(LOSS) BEFORE TRANSFERS</b>	<b>728,770</b>	<b>2,828,404</b>	<b>3,557,174</b>	<b>(379,087)</b>
Transfers in	269,259	1,669,087	1,938,346	581,451
Transfers out	(346,163)	(2,156,136)	(2,502,299)	-
<b>Total transfers</b>	<b>(76,904)</b>	<b>(487,049)</b>	<b>(563,953)</b>	<b>581,451</b>
<b>CHANGE IN NET POSITION</b>	<b>651,866</b>	<b>2,341,355</b>	<b>2,993,221</b>	<b>202,364</b>
<b>NET POSITION:</b>				
Beginning of year	8,084,835	23,788,999	31,873,834	1,622,398
End of year	<u>\$ 8,736,701</u>	<u>\$ 26,130,354</u>	<u>\$ 34,867,055</u>	<u>\$ 1,824,762</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, 2017**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers/users for services provided	\$ 2,047,413	\$ 5,092,320	\$ 7,139,733	\$ -
Cash payments to suppliers for goods and services	(780,539)	(2,044,172)	(2,824,711)	(7,081)
Cash payments to employees for services	(512,147)	(1,744,310)	(2,256,457)	-
<b>Net cash provided by operating activities</b>	<u>754,727</u>	<u>1,303,838</u>	<u>2,058,565</u>	<u>(7,081)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Change in net OPEB obligation	6,953	11,963	18,916	-
Change in net pension obligation	(71,268)	351,084	279,816	-
Transfers received	277,421	1,683,447	1,960,868	580,361
Transfers paid	(346,163)	(2,156,136)	(2,502,299)	-
<b>Net cash used by noncapital financing activities</b>	<u>(133,057)</u>	<u>(109,642)</u>	<u>(242,699)</u>	<u>580,361</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Connection/Impact fees received	20,816	32,397	53,213	-
Acquisition and construction of capital assets	(592,282)	(3,311,829)	(3,904,111)	(580,075)
Capital contributions	461,151	2,879,876	3,341,027	-
Other income received	67,963	125,564	193,527	-
Principal paid on long term debt	(204,051)	(938,202)	(1,142,253)	-
Interest paid on long term debt	(108,323)	(378,921)	(487,244)	-
<b>Net cash (used) by capital and related financing activities</b>	<u>(354,726)</u>	<u>(1,591,115)</u>	<u>(1,945,841)</u>	<u>(580,075)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Change in restricted cash and investments	-	-	-	-
Investment income received	15,714	28,453	44,167	483
<b>Net cash provided by investing activities</b>	<u>15,714</u>	<u>28,453</u>	<u>44,167</u>	<u>483</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>282,658</u>	<u>(368,466)</u>	<u>(85,808)</u>	<u>(6,312)</u>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	3,491,636	8,459,419	11,951,055	128,777
End of year	<u>\$ 3,774,294</u>	<u>\$ 8,090,953</u>	<u>\$ 11,865,247</u>	<u>\$ 122,465</u>
<b>PRESENTATION IN STATEMENT OF NET POSITION:</b>				
Cash and investments	\$ 3,774,294	\$ 7,459,445	\$ 11,233,739	\$ 122,188
Restricted cash and investments	-	631,508	631,508	-
Total Cash and Cash Equivalents	<u>\$ 3,774,294</u>	<u>\$ 8,090,953</u>	<u>\$ 11,865,247</u>	<u>\$ 122,188</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>				
Operating income	\$ 295,515	\$ 125,539	\$ 421,054	\$ (379,570)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	396,367	1,450,910	1,847,277	379,570
(Increase) decrease in current assets:				
Accounts receivable	(3,293)	7,190	3,897	-
Intergovernmental receivables	458	128,970	129,428	-
Prepays	-	40	40	-
Increase (decrease) in liabilities and deferred inflows/outflows:				
Accounts payable	71,915	(398,018)	(326,103)	(7,081)
Accrued payroll	(148)	917	769	-
Deposits payable	1,797	-	1,797	-
Compensated absences	(7,884)	(11,710)	(19,594)	-
<b>Net cash provided by operating activities</b>	<u>\$ 754,727</u>	<u>\$ 1,303,838</u>	<u>\$ 2,058,565</u>	<u>\$ (7,081)</u>

**There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2017.**

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

## FIDUCIARY ACTIVITIES

Fund	Description
<b>Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.</b>	
<b>Private Purpose Trust Funds</b>	
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.
<b>Agency Funds</b>	
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, 2017

	Successor Agency		
	Former Grass Valley Redevelopment Agency	Housing	Agency Funds
Current assets:			
Cash and investments	\$ 538,958	\$ -	\$ 213,148
Cash and investments with trustee/fiscal agent	1,004,208	-	160,465
Notes/Loans receivable	37,610	958,403	-
Assessments receivable	-	-	55
Total current assets	<u>1,580,776</u>	<u>958,403</u>	<u>373,668</u>
<b>Total assets</b>	<u><u>\$ 1,580,776</u></u>	<u><u>\$ 958,403</u></u>	<u><u>\$ 373,668</u></u>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,507	\$ -	\$ -
Due to others	-	-	373,668
Current portion of long-term debt	302,339	-	-
Total current liabilities	<u>304,846</u>	<u>-</u>	<u>373,668</u>
Long-term liabilities:			
Due after one year	8,739,509	-	-
Total long-term liabilities	<u>8,739,509</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u><u>9,044,355</u></u>	<u><u>-</u></u>	<u><u>\$ 373,668</u></u>
<b>Net Position (Deficit):</b>			
Restricted for:			
Debt service	1,004,208	-	
Net position held in trust for			
Redevelopment Dissolution	<u>(8,467,787)</u>	<u>958,403</u>	
<b>Total net position (deficit)</b>	<u><u>(7,463,579)</u></u>	<u><u>958,403</u></u>	
<b>Total liabilities and net position</b>	<u><u>\$ 1,580,776</u></u>	<u><u>\$ 958,403</u></u>	

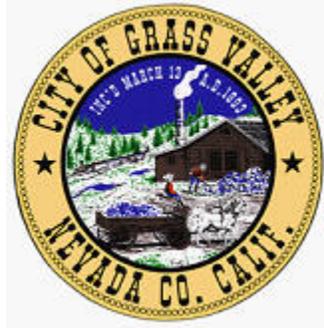
The accompanying notes are an integral part of these basic financial statements.

**City of Grass Valley, California**  
**Statement of Changes in Fiduciary Net Position**  
Private Purpose Trust Funds  
For the year ended June 30, 2017

	Successor Agency		
	Former Grass Valley Redevelopment Agency	Housing	Totals
	<u>Agency</u>	<u>Housing</u>	<u>Totals</u>
<b>ADDITIONS:</b>			
Property taxes	\$ 808,205	\$ -	\$ 808,205
Investment income	5,318	25,447	30,765
<b>Total additions</b>	<u>813,523</u>	<u>25,447</u>	<u>838,970</u>
<b>DEDUCTIONS:</b>			
Community development	863,751	-	863,751
Note receivable writeoff	(282,333)	-	(282,333)
<b>Total deductions</b>	<u>581,418</u>	<u>-</u>	<u>581,418</u>
Transfers in	10,000	-	10,000
Transfers out	-	(10,000)	(10,000)
<b>Total transfers</b>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<u>242,105</u>	<u>15,447</u>	<u>257,552</u>
<b>NET POSITION (DEFICIT):</b>			
Beginning of year	(7,705,684)	942,956	(6,762,728)
End of year	<u>\$ (7,463,579)</u>	<u>\$ 958,403</u>	<u>\$ (6,505,176)</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, 2017**

**Index to Notes to Basic Financial Statements**

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**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

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**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. 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, 2017**

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**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, 2017**

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**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, 2017**

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**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.

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

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

(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.

***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.

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, 2017. 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, 2017**

**2. CASH AND INVESTMENTS**

At June 30, 2017, 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 Market Value
	<1	1 to 3	3 to 5		
<u>Pooled cash, at fair value</u>					
Cash in bank	\$ -	\$ -	\$ -	\$ 444,300	\$ 444,300
Petty cash	-	-	-	850	850
Total pooled items	-	-	-	445,150	445,150
<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	-	3,020,311	3,020,311
		Certificate of Deposits	247,378	1,000,718	3,474,461
		Money market	894,740	-	894,740
State of California Local Agency Investment Fund			19,609,405	-	19,609,405
Total pooled investments - interest obligations			20,751,523	4,021,029	26,998,917
Total cash equivalents and investments pooled			\$ 20,751,523	\$ 4,021,029	\$ 27,444,067

**Amounts reported in:**

Governmental activities	\$ 13,662,041
Governmental activities - Restricted	-
Business-type activities	11,233,739
Business-type activities - Restricted	631,508
Fiduciary activities	752,106
Fiduciary activities - Restricted	1,164,673
Total	\$ 27,444,067

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal agency securities	3,020,311	3.86
Certificates of deposits	3,474,461	N/A
Money market funds	878,568	N/A
Local Agency Investment Fund	19,625,577	N/A
Total fair value	\$ 26,998,917	
Weighted average of maturity		1.48

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**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, 2017, the City’s permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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, 2017**

**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, 2017, 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 1.10% 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, 2017**

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**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, 2017, the carrying amount of the City's deposits was \$3,474,461 and the balances in financial institutions were \$3,495,132. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$3,245,132 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, 2017, 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, 2017 was \$22,812,817,838 billion of which the City had a balance of \$19,625,577. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2017 has a portfolio with market valuation of \$77,539,216 thousand. Of the total invested, 97.11% was invested in non-derivative financial products and 2.89% 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, 2017**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2017:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Current:				
Taxes and assessments	\$ 1,837,625	\$ -	\$ -	\$ 1,837,625
Interest	60,830	-	-	60,830
Accounts	-	1,075,042	-	1,075,042
Intergovernmental	129,053	1,672	-	130,725
Other receivable	338,159	-	-	338,159
Total current	<u>2,365,667</u>	<u>1,076,714</u>	<u>-</u>	<u>3,442,381</u>
Noncurrent:				
Loans receivable	<u>10,116,417</u>	<u>-</u>	<u>996,013</u>	<u>11,112,430</u>
Total noncurrent	<u>10,116,417</u>	<u>-</u>	<u>996,013</u>	<u>11,112,430</u>
Total receivables	<u>\$ 12,482,084</u>	<u>\$ 1,076,714</u>	<u>\$ 996,013</u>	<u>\$ 14,554,811</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	3.80%
Individuals/Businesses	84.61%
Financial	1.77%
Other	9.82%

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, 2017**

**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, 2017, consisted of the following:

	Beginning July 1, 2016	Additions	Deletions	Ending June 30, 2017
Community Development Block Grant	\$ 766,606	\$ 850	\$ (96,237)	\$ 671,219
HOME loans	7,694,366	147,842	(61,426)	7,780,782
STBG	612,692	2,664	(78,593)	536,763
Business Revolving Loans	368,646	-	(29,225)	339,421
Rehabilitation loans	419,397	5,206	(18,713)	405,890
Total loans/notes receivable	<u>\$ 9,861,707</u>	<u>\$ 156,562</u>	<u>\$ (284,194)</u>	<u>\$ 9,734,075</u>

The following is a summary of the loans and notes receivable outstanding as of June 30, 2017:

***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, 2017, was \$671,219.

***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, 2017**

**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, 2017, was as follows:

<b>Governmental activities</b>	Balance July 1, 2016	Additions	Deletions	Adjustments / Transfers	Balance June 30, 2017
<b>Nondepreciable assets:</b>					
Land	\$ 2,568,992	\$ -	\$ -	\$ -	\$ 2,568,992
Construction in progress	23,959,209	2,876,003	(366,366)	(24,933,426)	1,535,420
<b>Total nondepreciable assets</b>	<b>26,528,201</b>	<b>2,876,003</b>	<b>(366,366)</b>	<b>(24,933,426)</b>	<b>4,104,412</b>
<b>Depreciable assets:</b>					
Buildings and Improvements	10,527,082	-	-	1,785,344	12,312,426
Equipment	7,629,525	922,699	(98,463)	-	8,453,761
Infrastructure	45,118,431	-	-	19,762,318	64,880,749
<b>Total depreciable assets</b>	<b>63,275,038</b>	<b>922,699</b>	<b>(98,463)</b>	<b>21,547,662</b>	<b>85,646,936</b>
<b>Total</b>	<b>89,803,239</b>	<b>3,798,702</b>	<b>(464,829)</b>	<b>(3,385,764)</b>	<b>89,751,348</b>
<b>Accumulated depreciation:</b>					
Buildings and Improvements	(6,708,864)	(429,739)	-	-	(7,138,603)
Equipment	(5,626,617)	(458,956)	-	-	(6,085,573)
Infrastructure	(25,816,701)	(1,923,326)	-	-	(27,740,027)
<b>Total accumulated depreciation</b>	<b>(38,152,182)</b>	<b>(2,812,021)</b>	<b>-</b>	<b>-</b>	<b>(40,964,203)</b>
<b>Net depreciable assets</b>	<b>25,122,856</b>	<b>(1,889,322)</b>	<b>(98,463)</b>	<b>21,547,662</b>	<b>44,682,733</b>
<b>Total net capital assets</b>	<b>\$ 51,651,057</b>	<b>\$ 986,681</b>	<b>\$ (464,829)</b>	<b>\$ (3,385,764)</b>	<b>\$ 48,787,145</b>

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**5. CAPITAL ASSETS, Continued**

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

General government	\$ 149,957
Public safety	26,322
Public ways and facilities	2,254,604
Community development	379,570
Parks and recreation	1,569
	<u>\$ 2,812,022</u>

Business-type capital asset activity for the year ended June 30, 2017, was as follows:

<u>Business-type activities</u>	Balance July 1, 2016	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2017
<u>Nondepreciable assets:</u>					
Land	\$ 239,401	\$ -	\$ -	\$ -	\$ 239,401
Construction in progress	1,390,642	501,722	-	(580,091)	1,312,273
Total nondepreciable assets	<u>1,630,043</u>	<u>501,722</u>	<u>-</u>	<u>(580,091)</u>	<u>1,551,674</u>
<u>Depreciable assets:</u>					
Buildings and Improvements	47,808,993	3,385,764	-	572,980	51,767,737
Equipment	1,112,274	21,526	-	(9,999)	1,123,801
Infrastructure	19,390,002	-	-	-	19,390,002
Total depreciable assets	<u>68,311,269</u>	<u>3,407,290</u>	<u>-</u>	<u>562,981</u>	<u>72,281,540</u>
Total assets	<u>69,941,312</u>	<u>3,909,012</u>	<u>-</u>	<u>(17,110)</u>	<u>73,833,214</u>
<u>Accumulated depreciation:</u>					
Buildings and Improvements	(22,051,599)	(1,371,515)	-	-	(23,423,114)
Equipment	(775,245)	(72,064)	-	9,999	(837,310)
Infrastructure	(9,382,021)	(427,936)	-	-	(9,809,957)
Total accumulated depreciation	<u>(32,208,865)</u>	<u>(1,871,515)</u>	<u>-</u>	<u>9,999</u>	<u>(34,070,381)</u>
Net depreciable assets	<u>36,102,404</u>	<u>1,535,775</u>	<u>-</u>	<u>572,980</u>	<u>38,211,159</u>
Total net capital assets	<u>\$ 37,732,447</u>	<u>\$ 2,037,497</u>	<u>\$ -</u>	<u>\$ (7,111)</u>	<u>\$ 39,762,833</u>

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

Water	\$ 381,519
Sewer	1,489,996
	<u>\$ 1,871,515</u>

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2017:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 1,476,007	\$ 520,336	\$ 2,507	\$ 1,998,850
Accrued payroll and related liabilities	331,836	67,293	-	399,129
Interest payable	-	162,484	-	162,484
Deposits payable	165,044	7,428	-	172,472
Due to others	-	-	373,668	373,668
<b>Total</b>	<b>\$ 1,972,887</b>	<b>\$ 757,541</b>	<b>\$ 376,175</b>	<b>\$ 3,106,603</b>

These amounts resulted in the following concentrations in payables:

Vendors	87.2%
Employees	12.8%

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, 2017:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
Capital leases	\$ 1,445,239	\$ 81,941	\$ (10,690)	\$ 1,516,490	\$ 10,288
2013 Bank Loan- Pension Obligation	1,630,000	-	(304,000)	1,326,000	315,000
Compensated absences	719,118	-	(3,493)	715,625	-
Net OPEB obligation	1,423,953	200,237	-	1,624,190	-
<b>Total governmental activities liabilities</b>	<b>\$ 5,218,310</b>	<b>\$ 282,178</b>	<b>\$ (318,183)</b>	<b>\$ 5,182,305</b>	<b>\$ 325,288</b>
<b>Business-type activities:</b>					
2011 Wastewater refunding bonds	\$ 4,585,000	\$ -	\$ (370,000)	\$ 4,215,000	\$ 390,000
Premium paid in refunding	394,218	-	(39,086)	355,132	39,086
Bond discount	(3,359)	-	-	(3,359)	-
Net 2011 Wastewater refunding bonds	4,975,859	-	(409,086)	4,566,773	429,086
California Department of Water Resources safe drinking water loan	1,506,226	-	(98,806)	1,407,420	102,061
California Water Resources Control Board revolving loan	3,545,604	-	(479,770)	3,065,834	488,420
Capital lease - Bank of America Leasing	1,689,845	-	(136,049)	1,553,796	142,485
Capital leases	2,801,316	-	(18,542)	2,782,774	18,032
<b>Total business-type activity debt</b>	<b>14,518,850</b>	<b>-</b>	<b>(1,142,253)</b>	<b>13,376,597</b>	<b>1,180,084</b>
Compensated absences	228,748	19,674	(39,268)	209,154	39,268
Net OPEB obligation	130,737	18,916	-	149,653	-
<b>Total business-type activities liabilities</b>	<b>\$ 14,878,335</b>	<b>\$ 38,590</b>	<b>\$ (1,181,521)</b>	<b>\$ 13,735,404</b>	<b>\$ 1,648,438</b>

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**7. LONG-TERM LIABILITIES, Continued**

**Governmental Activities:**

**Lease Obligations**

In fiscal year 2015, the City entered into an agreement with Municipal Finance Corporation for 20 years in the amount of \$4,288,000. The principal and interest are payable in quarterly installments beginning in 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. The lease obligation has an interest rate of 3.9%. As of June 30, 2017, the outstanding balance of the lease obligation was \$4,217,323.

**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, 2017 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, 2017, the outstanding balance of the loan was \$1,326,000.

**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.

**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.

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**7. LONG-TERM LIABILITIES, Continued**

**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, 2017, the outstanding balance of the lease amounted to \$1,553,796.

**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 \$715,625 for governmental activities and \$209,154 for business-type activities at June 30, 2017, of those amounts \$39,268 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, 2017, the City had a Net OPEB Obligation of \$1,624,190 for governmental activities and \$149,653 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, 2017**

**7. LONG-TERM LIABILITIES, Continued**

Future debt service for Governmental Activities at June 30, 2017, 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	
	Capital Lease Obligations		Capital Lease Obligations		Principal	Interest
	Principal	Interest	Principal	Interest		
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	-	-	28,116	53,896	348,000	12,006
2022	-	-	35,507	52,644	-	12,006
2023-2027	-	-	287,664	235,538	-	-
2028-2032	-	-	668,474	176,656	-	-
2033-2037	-	-	453,672	18,656	-	-
<b>Total</b>	<b>\$ 999</b>	<b>\$ 110</b>	<b>\$ 1,515,491</b>	<b>\$ 703,285</b>	<b>\$ 1,326,000</b>	<b>\$ 128,272</b>
Due within one year	\$ 999	\$ 110	\$ 9,289	\$ 55,788	\$ 315,000	\$ 45,748
Due after one year	-	-	1,506,202	647,497	1,011,000	82,524
	<b>\$ 999</b>	<b>\$ 110</b>	<b>\$ 1,515,491</b>	<b>\$ 703,285</b>	<b>\$ 1,326,000</b>	<b>\$ 128,272</b>

Year Ending June 30,	Total	
	Principal	Interest
2018	\$ 325,288	\$ 101,646
2019	339,893	90,240
2020	355,876	78,379
2021	376,116	65,902
2022	35,507	64,650
2023-2027	287,664	235,538
2028-2032	668,474	176,656
2033-2037	453,672	18,656
<b>Total</b>	<b>\$ 2,842,490</b>	<b>\$ 831,667</b>
Due within one year	\$ 325,288	\$ 101,646
Due after one year	2,517,202	730,021
	<b>\$ 2,842,490</b>	<b>\$ 831,667</b>

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**7. LONG-TERM LIABILITIES, Continued**

Future debt service for Business-type Activities at June 30, 2017, 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		State of California - Safe Drinking Water Loan		State of California - State Water Resources Control Board	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 390,000	\$ 182,988	\$ 102,061	\$ 46,597	\$ 488,420	\$ 55,277
2019	405,000	163,113	105,530	43,128	497,227	46,471
2020	425,000	146,613	109,038	39,620	506,192	37,506
2021	440,000	129,238	112,900	35,758	515,318	28,379
2022	465,000	106,613	116,663	31,995	524,609	19,088
2023-2027	2,090,000	186,556	645,565	97,725	534,068	9,629
2028-2032	-	-	215,663	7,324	-	-
Total	<u>\$ 4,215,000</u>	<u>\$ 915,121</u>	<u>\$ 1,407,420</u>	<u>\$ 302,147</u>	<u>\$ 3,065,834</u>	<u>\$ 196,350</u>
Due within one year	\$ 390,000	\$ 182,988	\$ 102,061	\$ 46,597	\$ 488,420	\$ 55,277
Due after one year	3,825,000	732,133	1,305,360	255,549	2,577,413	141,073
Total	<u>4,215,000</u>	<u>\$ 915,121</u>	<u>\$ 1,407,420</u>	<u>\$ 302,147</u>	<u>\$ 3,065,834</u>	<u>\$ 196,350</u>
Premium on refunding	351,773					
Total	<u>\$ 4,566,773</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
2018	\$ 142,485	\$ 71,009	\$ 18,032	\$ 108,295	\$ 1,140,998	\$ 464,166
2019	149,225	64,268	26,969	107,464	1,183,951	424,443
2020	156,284	57,210	36,641	106,273	1,233,155	387,221
2021	163,678	49,816	54,578	104,621	1,286,474	347,812
2022	171,421	42,075	68,925	101,192	1,346,618	300,963
2023-2027	770,703	83,268	558,405	457,220	4,598,741	834,398
2028-2032	-	-	1,022,171	307,974	1,237,834	315,298
2033-2036	-	-	997,052	71,162	997,052	71,162
Total	<u>\$ 1,553,796</u>	<u>\$ 367,646</u>	<u>\$ 2,782,773</u>	<u>\$ 1,364,201</u>	<u>\$ 13,024,823</u>	<u>\$ 3,145,464</u>
Premium on refunding					351,773	
Total					<u>\$ 13,376,596</u>	
Due within one year	\$ 142,485	\$ 71,009	\$ 18,032	\$ 108,295	\$ 1,140,998	\$ 464,166
Due after one year	1,411,311	296,637	2,764,741	1,255,906	11,883,825	2,681,298
Total	<u>\$ 1,553,796</u>	<u>\$ 367,646</u>	<u>\$ 2,782,773</u>	<u>\$ 1,364,201</u>	<u>\$ 13,024,823</u>	<u>\$ 3,145,464</u>

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**8. NET POSITION/FUND BALANCES**

**Net Position**

	Governmental Activities	Business-type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net investment in capital assets	\$ 45,944,655	\$ 26,386,236	\$ 72,330,891
Restricted	2,910,223	631,508	3,541,731
Unrestricted	<u>8,990,419</u>	<u>7,849,311</u>	<u>16,839,730</u>
Total	<u>\$ 57,845,297</u>	<u>\$ 34,867,055</u>	<u>\$ 92,712,352</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, 2017**

**8. NET POSITION/FUND BALANCES, Continued**

**Fund Balances**

Nonspendable and Restricted fund balances consisted of the following at June 30, 2017:

<b><u>Nonspendable:</u></b>	
General fund	\$ 6,011
HOME grant special revenue fund	4,116,950
Special projects	-
Housing special revenue funds	5,617,125
<b>Total Nonspendable</b>	<b>\$ 9,740,086</b>
<b><u>Restricted:</u></b>	
Governmental funds:	
General Fund	1,631,530
Special revenue funds	
Gas tax	922,647
Maintenance District Funds	139,877
Block Grant Funds	-
Housing Funds	95,936
Elizabeth Daniels	91,583
Animal shelter	28,650
<b>Total Restricted</b>	<b>2,910,223</b>
<b><u>Assigned</u></b>	<b>3,065,239</b>
<b><u>Unassigned:</u></b>	
General Fund	9,173,991
Capital Projects	(805,741)
Unassigned (deficit)	(28,737)
<b>Total Unassigned</b>	<b>8,339,513</b>
<b>Total Fund Balance</b>	<b>\$ 24,055,061</b>

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, 2017**

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**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**

- **General Fund** – represents amounts restricted for debt covenant and contract.
- **Gas Tax** – represents amounts restricted for street purposes by the California Streets and Highways Code.
- **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:

<b>Major Funds:</b>	
Capital Projects	\$ (805,741)
<b>Nonmajor Special Revenue Funds:</b>	
EPA Brownfield	(12,384)
CDBG	(28,737)

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, 2017**

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**8. NET POSITION/FUND BALANCES, Continued**

**Excess of Expenditures and Transfers over Appropriations:**

Expenditures and transfers exceeded appropriations for the year ended June 30, 2017, for the following funds:

<u>Fund</u>	<u>Final Appropriations</u>	<u>Expenditures and Transfers</u>	<u>Excess</u>
<u>Nonmajor Funds</u>			
<u>Special Revenue Funds:</u>			
EPA Brownfield	-	88,993	(88,993)
HOME Grant*	-	3,226	(3,226)
99-HOME 0369 Grant*	60	71,135	(71,075)
00-HOME 0461 Grant*	-	16,614	(16,614)

\* Indicates Fund is not budgeted

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**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, 2017:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 955,029	\$ -
Capital Projects Fund		544,195
Total Major Funds	<u>955,029</u>	<u>544,195</u>
<b>Non-major Funds:</b>		
EPA Brownfield		16,857
Housing Funds		1,255
Block Grant Funds		392,722
Total Non-major Funds	<u>-</u>	<u>410,834</u>
<b>Total Governmental Funds</b>	<b>955,029</b>	<b>955,029</b>
<b><u>Proprietary Funds</u></b>		
Former Grass Valley Redevelopment Agency	-	-
Water Funds	-	-
Sewer Funds	<u>-</u>	<u>-</u>
<b>Total Proprietary Funds</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b><u><u>\$ 955,029</u></u></b>	<b><u><u>\$ 955,029</u></u></b>

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, 2017**

**9. INTERFUND TRANSACTIONS, Continued**

Transfers consisted of the following at June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General fund	\$ 2,860	\$ 1,607,732
Capital projects	1,874,562	(2)
Total major funds	<u>1,877,422</u>	<u>1,607,730</u>
<b>Non-major Funds:</b>		
Special Revenue Funds		
Gas tax	-	415,927
Traffic safety	150,000	-
Impact fees	-	21,263
Block grant funds	298,311	277,977
Housing funds	-	20,334
Total non-major funds Special Revenue Funds	<u>448,311</u>	<u>735,501</u>
Total Governmental Funds	<u>2,325,733</u>	<u>2,343,231</u>
<b><u>Proprietary Funds</u></b>		
<b>Internal Service Funds:</b>		
Vehicle replacement fund	581,451	-
<b>Major Enterprise Funds:</b>		
Water	269,259	346,163
Sewer	1,669,087	2,156,136
Total Proprietary Funds	<u>2,519,797</u>	<u>2,502,299</u>
<b><u>Fiduciary Funds</u></b>		
<b>Private Purpose Trust Funds:</b>		
Successor Agency - Former Grass Valley Redevelopment Agency	10,000	-
Housing	-	10,000
Total Fiduciary Funds	<u>10,000</u>	<u>10,000</u>
Total Transfers	<u>\$ 4,855,530</u>	<u>\$ 4,855,530</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, 2017**

**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, 2017**

**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.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>Miscellaneous</u>	<u>Safety - Police</u>
	Prior to	Prior to
	January 1, 2013	January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	3% @ 50
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	3.00%
Required employee contribution rates	8%	9%
Required employer contribution rates	9.67%	18.524%
	 <u>PEPRA</u>	
	<u>Miscellaneous</u>	<u>Tier 2 Safety - Police</u>
	On or after	Prior to
	January 1, 2013	January 1, 2013
Hire date		
Benefit formula	2% @ 62	3% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	52 - 67	50
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	3.00%
Required employee contribution rates	6.250%	9%
Required employer contribution rates	6.237%	16.523%

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

Plan provisions, Continued

	<u>Fire Safety</u>	<u>PEPRA - Fire Safety</u>
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	3% @ 55	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%	11.50%
Required employer contribution rates	16.523%	11.153%
	<u>PEPRA - Police</u>	
	<u>Safety</u>	
	On or after	
Hire date	January 1, 2013	
Benefit formula	2.7% @ 57	
Benefit vesting schedule	5 years service	
Benefit payments	monthly for life	
Retirement age	50 - 57	
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	
Required employee contribution rates	11.50%	
Required employer contribution rates	11.530%	

**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, 2017**

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

For the year ended June 30, 2017, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety - Police
Contributions - employer	\$ 606,756	\$ 821,329
Contributions - employee (paid employer)	\$ -	\$ -

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

As of June 30, 2017, 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	\$ 8,905,898
Safety - Police	7,567,090
Total Net Pension Liability	<u>\$ 16,472,988</u>

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

	Miscellaneous	Safety - Police
Proportion - June 30, 2015	0.25762%	0.14103%
Proportion - June 30, 2016	0.25637%	0.14610%
Change - Increase (Decrease)	-0.00125%	0.00507%

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

For the year ended June 30, 2017, the City recognized pension expense of \$2,144,392. At June 30, 2017, 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	\$ 1,428,085	\$ -
Differences between actual and expected experience	-	39,233
Changes in assumptions	-	437,161
Differences between Employer's Contributions and Proportionate Share of Contributions	27,639	
Change in Employer's Proportion	253,040	245,997
Net differences between projected and actual earnings on plan investments	2,205,029	-
Total	<u>\$ 3,913,793</u>	<u>\$ 722,391</u>

\$1,428,085 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, 2017. 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	
2018	\$ 75,176
2019	114,148
2020	1,001,305
2021	572,687
2022	-
Thereafter	-

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	Tier 2 Safety Police	Fire Safety	PEPRA - Fire Safety	PEPRA - Fire Safety
Valuation Date	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
Measurement	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16
Actuarial Cost Method	Entry-Age Normal Cost Method						
Actuarial Assumptions:							
Discount Rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3%	3%	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)	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)	7.5% (2)	7.5% (2)

- (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, 2015 valuation were based on the results of a January 2015 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 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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 discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

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 2018-18 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, 2017**

**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, 2017**

**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:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability as of June 30, 2016			
Miscellaneous	\$ 13,260,166	\$ 8,905,897	\$ 5,307,309
Safety - Police	11,548,871	7,567,090	4,298,456
Total	<u>\$ 24,809,037</u>	<u>\$ 16,472,987</u>	<u>\$ 9,605,765</u>

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

**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.

***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.

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**12. OTHER POST EMPLOYMENT BENEFITS, Continued**

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	\$ 324,709
Interest on net OPEB obligation	62,175
Adjustment to annual required contribution	<u>(59,731)</u>
Annual OPEB cost (expense)	\$ 327,153
Contributions made	<u>(108,000)</u>
Increase in net OPEB obligation	\$ 219,153
Net OPEB obligation - beginning of year	<u>1,554,690</u>
Net OPEB obligation - end of year	<u><u>\$ 1,773,843</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2017 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	299,219	33.88%	1,345,698
6/30/16	312,879	33.20%	1,554,690
6/30/17	327,153	33.01%	1,773,843

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**12. OTHER POST EMPLOYMENT BENEFITS, Continued**

*Funded Status and Funding Progress*

The funded status of the Plan as of January 1, 2015, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 3,305,139
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 3,305,139
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan participants)	\$ 5,566,905
UAAL as a percentage of covered payroll	59%

**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).

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.

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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

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, 2017**

**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, 2017, loans receivable consisted of the following:

	Beginning July 1, 2016	Additions	Deletions	Ending June 30, 2017
<b>Redevelopment Housing:</b>				
Springhill Garden Apts	\$ 683,000	\$ 18,000	\$ (5,000)	\$ 696,000
Valley Commons	259,956	7,447	(5,000)	262,403
<b>Redevelopment Projects (Non-Housing):</b>				
Center for the Arts	47,610	-	(10,000)	37,610
<b>Total loans receivable</b>	<u>\$ 990,566</u>	<u>\$ 25,447</u>	<u>\$ (20,000)</u>	<u>\$ 996,013</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 2017, 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.

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**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, 2016	Additions	Retirements	Balance June 30, 2016	Due within one year
2002 ABAG Lease Revenue Bonds	\$ 810,000	\$ -	\$ (65,000)	\$ 745,000	\$ 65,000
2014 Tax Allocation Refunding Bonds	5,695,000	-	(160,000)	5,535,000	160,000
2010 Tax Allocation Bonds	2,985,000		(60,000)	2,925,000	60,000
Less: Discount	(155,813)	-	7,662	(148,151)	(7,662)
Total governmental activities	<u>\$ 9,334,187</u>	<u>\$ -</u>	<u>\$ (277,338)</u>	<u>\$ 9,056,849</u>	<u>\$ 277,338</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.

**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, 2017. Principal is payable in annual installments starting from December 1, 2017 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.

**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.

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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

Future debt service for Fiduciary Activities at June 30, 2017, is as follows:

June 30,	2002 ABAG Lease Revenue Bonds		2013 Tax Allocation Refunding Bonds		
	Principal	Interest	Principal	Discount	Interest
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	80,000	24,750	200,000	(3,416)	227,388
2022	85,000	20,625	205,000	(3,416)	221,388
2023-2027	370,000	38,250	1,010,000	(17,080)	1,002,094
2028-2032	-	-	750,000	(17,080)	827,769
2033-2037	-	-	1,615,000	(17,080)	606,394
2038-2040	-	-	1,180,000	(3,403)	91,481
	<u>\$ 745,000</u>	<u>\$ 180,084</u>	<u>\$ 5,520,000</u>	<u>\$ (71,723)</u>	<u>\$ 3,692,578</u>
Due within one year	\$ 65,000	\$ 35,584	\$ 180,000	\$ (3,416)	\$ 244,188
Due after one year	680,000	144,500	5,340,000	(68,307)	3,448,390
	<u>\$ 745,000</u>	<u>\$ 180,084</u>	<u>\$ 5,520,000</u>	<u>\$ (71,723)</u>	<u>\$ 3,692,578</u>

June 30,	2010 Tax Allocation Bonds			Totals		
	Principal	Discount	Interest	Principal	Discount	Interest
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	70,000	(4,246)	135,869	350,000	(7,662)	388,007
2022	75,000	(4,246)	132,650	365,000	(7,662)	374,663
2023-2027	335,000	(21,230)	602,781	1,715,000	(38,310)	1,643,125
2028-2032	1,125,000	(21,230)	381,675	1,875,000	(38,310)	1,209,444
2033-2037	1,120,000	(12,738)	69,300	2,735,000	(29,818)	675,694
2038-2040	-	-	-	1,180,000	(3,403)	91,481
	<u>\$ 2,925,000</u>	<u>\$ (76,428)</u>	<u>\$ 1,746,894</u>	<u>\$ 9,190,000</u>	<u>\$ (148,151)</u>	<u>\$ 5,619,556</u>
Due within one year	\$ 65,000	\$ (4,246)	\$ 144,187	\$ 310,000	\$ (7,662)	\$ 423,959
Due after one year	2,860,000	(72,182)	1,602,707	8,880,000	(140,489)	5,195,597
Total	<u>\$ 2,925,000</u>	<u>\$ (76,428)</u>	<u>\$ 1,746,894</u>	<u>9,190,000</u>	<u>(148,151)</u>	<u>\$ 5,619,556</u>
				<u>(148,151)</u>		
				<u>\$ 9,041,849</u>		

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**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, 2017.

**15. NEW ACCOUNTING PRONOUNCEMENTS**

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, 2017. The City will implement this Statement in fiscal year ending June 30, 2018, if applicable.

**City of Grass Valley, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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**15. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

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, 2018. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

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, 2016. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2016. This statement had no effect on these financial statements.

The GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017. This statement had no effect on these financial statements.

The GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 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, 2017**

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**15. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The GASB has issued Statement No. 82, "Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement had no effect on these financial statements.

**City of Grass Valley, California**  
**Required Supplementary Information**  
**For the year ended June 30, 2017**

**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%
1/1/2015	-	3,305,139	3,305,139	0.0%	5,566,905	59.4%

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

Last 10 Fiscal Years\*

	<u>2016</u>
Actuarially determined contribution	\$ 606,756
Contributions in relation to the actuarially determined contributions	<u>(606,756)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,845,140
Contribution as a percentage of covered-employee payroll	21.33%

**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.

\* - Due to a change in CalPERS reporting information, only 2016 was available. Additional years will be presented as they become available.

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

Last 10 Fiscal Years\*

	<u>2016</u>
Actuarially determined contribution	\$ 821,329
Contributions in relation to the actuarially determined contributions	<u>(821,329)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,575,241
Contribution as a percentage of covered-employee payroll	31.89%

**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.

\* - Due to a change in CalPERS reporting information, only 2016 was available. Additional years will be presented as they become 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\*

	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.25637%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 8,905,897
Plan's Covered-Employee Payroll	\$ 2,845,140
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	313.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	72.46%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 872,750

**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.

\* - Due to a change in CalPERS reporting information, only 2016 was available. Additional years will be presented as they become 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\*

	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.14610%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 7,567,090
Plan's Covered-Employee Payroll	\$ 2,575,241
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	293.84%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.20%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 752,078

**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.

\* - Due to a change in CalPERS reporting information, only 2016 was available. Additional years will be presented as they become available.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## NON-MAJOR GOVERNMENTAL FUNDS

<b>Fund Type</b>	<b>Description</b>
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, 2017**

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Permanent Funds	
<b>ASSETS</b>			
Cash and investments	\$ 4,099,148	\$ 125,172	\$ 4,224,320
Receivables:			
Taxes	5,960	-	5,960
Intergovernmental	404,529	-	404,529
Loans/Notes receivable	5,617,125	-	5,617,125
Due from other funds	-	-	-
<b>Total assets</b>	<b>\$ 10,126,762</b>	<b>\$ 125,172</b>	<b>\$ 10,251,934</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 35,257	\$ -	\$ 35,257
Due to other funds	410,834	-	410,834
<b>Total liabilities</b>	<b>446,091</b>	<b>-</b>	<b>446,091</b>
<b>Fund Balances:</b>			
Nonspendable	5,617,125	-	5,617,125
Restricted	1,158,460	120,233	1,278,693
Assigned	2,933,823	4,939	2,938,762
Unassigned (deficit)	(28,737)	-	(28,737)
<b>Total fund balances</b>	<b>9,680,671</b>	<b>125,172</b>	<b>9,805,843</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,126,762</b>	<b>\$ 125,172</b>	<b>\$ 10,251,934</b>

**City of Grass Valley, California**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Governmental Funds**

**For the year ended June 30, 2017**

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Permanent Funds	
<b>REVENUES:</b>			
Taxes and assessments	\$ 287,312	\$ -	\$ 287,312
Fines and forfeitures	35,876	-	35,876
Intergovernmental	950,345	-	950,345
Use of money and property	111,193	520	111,713
Other revenues	43,405	-	43,405
<b>Total revenues</b>	<b>1,428,131</b>	<b>520</b>	<b>1,428,651</b>
<b>EXPENDITURES:</b>			
Current:			
General government	138,355	-	138,355
Public safety	168,653	-	168,653
Public ways and facilities	48,694	-	48,694
Community development	757,251	-	757,251
<b>Total expenditures</b>	<b>1,112,953</b>	<b>-</b>	<b>1,112,953</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>315,178</b>	<b>520</b>	<b>315,698</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	448,311	-	448,311
Transfers out	(735,501)	-	(735,501)
<b>Total other financing sources (uses)</b>	<b>(287,190)</b>	<b>-</b>	<b>(287,190)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>27,988</b>	<b>520</b>	<b>28,508</b>
<b>FUND BALANCES:</b>			
Beginning of year	9,652,683	124,652	9,777,335
End of year	\$ 9,680,671	\$ 125,172	\$ 9,805,843

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## NON-MAJOR SPECIAL REVENUE FUNDS

<b>Fund</b>	<b>Description</b>
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.
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.
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**

<b>Fund</b>	<b>Description</b>
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 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	

(concluded)

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**City of Grass Valley, California**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**

	Gas Tax	Traffic Safety	DUI Grant
<b>ASSETS</b>			
Cash and investments	\$ 922,647	\$ 24,469	\$ 34,000
Receivables:			
Taxes	-	-	-
Intergovernmental	-	2,384	-
Loans/Notes receivable	-	-	-
Due from other funds	-	-	-
<b>Total assets</b>	<b>\$ 922,647</b>	<b>\$ 26,853</b>	<b>\$ 34,000</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 5,259	\$ 8,190
Due to other funds	-	-	-
Due to other governments	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>5,259</b>	<b>8,190</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	-
Restricted	922,647	-	-
Committed	-	-	-
Assigned	-	21,594	25,810
Unassigned (deficit)	-	-	-
<b>Total fund balances</b>	<b>922,647</b>	<b>21,594</b>	<b>25,810</b>
<b>Total liabilities and fund balances</b>	<b>\$ 922,647</b>	<b>\$ 26,853</b>	<b>\$ 34,000</b>

Impact Fees	Downtown Assessment	Fire Reserve	EPA Brownfield
\$ 2,822,724	\$ 49,285	\$ 11,366	\$ -
-	2,841	-	-
-	-	1,355	18,448
-	-	-	-
-	-	-	-
<u>\$ 2,822,724</u>	<u>\$ 52,126</u>	<u>\$ 12,721</u>	<u>\$ 18,448</u>

\$ 1,152	\$ -	\$ -	\$ 13,975
-	-	-	16,857
-	-	-	-
<u>1,152</u>	<u>-</u>	<u>-</u>	<u>30,832</u>

-	-	-	-
-	-	-	-
-	-	-	-
2,821,572	52,126	12,721	-
-	-	-	(12,384)
<u>2,821,572</u>	<u>52,126</u>	<u>12,721</u>	<u>(12,384)</u>
<u>\$ 2,822,724</u>	<u>\$ 52,126</u>	<u>\$ 12,721</u>	<u>\$ 18,448</u>

(continued)

**City of Grass Valley, California**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds, continued**  
**June 30, 2017**

	Maintenance District Funds	Block Grant Funds	Housing Funds	Totals
<b>ASSETS</b>				
Cash and investments	\$ 138,721	\$ -	\$ 95,936	\$ 4,099,148
Receivables:				
Taxes	3,119	-	-	5,960
Intergovernmental	-	382,342	-	404,529
Loans/Notes receivable	-	1,547,401	4,069,724	5,617,125
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 141,840</b>	<b>\$ 1,929,743</b>	<b>\$ 4,165,660</b>	<b>\$ 10,126,762</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,963	\$ 4,718	\$ -	\$ 35,257
Due to other funds	-	392,722	1,255	410,834
Due to other governments	-	-	-	-
<b>Total liabilities</b>	<b>1,963</b>	<b>397,440</b>	<b>1,255</b>	<b>446,091</b>
<b>Fund Balances:</b>				
Nonspendable	-	1,547,401	4,069,724	5,617,125
Restricted	139,877	-	95,936	1,158,460
Committed	-	-	-	-
Assigned	-	-	-	2,933,823
Unassigned (deficit)	-	(15,098)	(1,255)	(28,737)
<b>Total fund balances</b>	<b>139,877</b>	<b>1,532,303</b>	<b>4,164,405</b>	<b>9,680,671</b>
<b>Total liabilities and fund balances</b>	<b>\$ 141,840</b>	<b>\$ 1,929,743</b>	<b>\$ 4,165,660</b>	<b>\$ 10,126,762</b>

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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, 2017**

	Gas Tax	Traffic Safety	DUI Grant
<b>REVENUES:</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	35,876	-
Intergovernmental	306,873	-	-
Use of money and property	3,841	121	-
Other revenues	-	8,740	-
<b>Total revenues</b>	<b>310,714</b>	<b>44,737</b>	<b>-</b>
<b>EXPENDITURES:</b>			
Current:			
General government	-	-	-
Public safety	-	160,463	8,190
Public ways and facilities	-	-	-
Community development	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>160,463</b>	<b>8,190</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>310,714</b>	<b>(115,726)</b>	<b>(8,190)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	150,000	-
Transfers out	(415,927)	-	-
<b>Total other financing sources and uses</b>	<b>(415,927)</b>	<b>150,000</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>(105,213)</b>	<b>34,274</b>	<b>(8,190)</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	1,027,860	(12,680)	34,000
End of year	<u>\$ 922,647</u>	<u>\$ 21,594</u>	<u>\$ 25,810</u>

Impact Fees	Downtown Assessment	Fire Reserve	EPA Brownfield
\$ 174,507	\$ 50,845	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	2,651	144,542
11,514	83	43	-
-	-	-	-
<u>186,021</u>	<u>50,928</u>	<u>2,694</u>	<u>144,542</u>
-	-	-	138,355
-	-	-	-
-	-	-	-
-	502	-	-
<u>-</u>	<u>502</u>	<u>-</u>	<u>138,355</u>
<u>186,021</u>	<u>50,426</u>	<u>2,694</u>	<u>6,187</u>
-	-	-	-
<u>(21,263)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(21,263)	-	-	-
164,758	50,426	2,694	6,187
<u>2,656,814</u>	<u>1,700</u>	<u>10,027</u>	<u>(18,571)</u>
<u>\$ 2,821,572</u>	<u>\$ 52,126</u>	<u>\$ 12,721</u>	<u>\$ (12,384)</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, 2017**

	Maintenance District Funds	Block Grant Funds	Housing Funds	Totals
<b>REVENUES:</b>				
Taxes and assessments	\$ 61,960	\$ -	\$ -	\$ 287,312
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	35,876
Intergovernmental	-	496,279	-	950,345
Use of money and property	513	12,383	82,695	111,193
Other revenues	-	-	34,665	43,405
<b>Total revenues</b>	<b>62,473</b>	<b>508,662</b>	<b>117,360</b>	<b>1,428,131</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	138,355
Public safety	-	-	-	168,653
Public ways and facilities	48,694	-	-	48,694
Community development	-	756,749	-	757,251
<b>Total expenditures</b>	<b>48,694</b>	<b>756,749</b>	<b>-</b>	<b>1,112,953</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>13,779</b>	<b>(248,087)</b>	<b>117,360</b>	<b>315,178</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	298,311	-	448,311
Transfers out	-	(277,977)	(20,334)	(735,501)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>20,334</b>	<b>(20,334)</b>	<b>(287,190)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>13,779</b>	<b>(227,753)</b>	<b>97,026</b>	<b>27,988</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	126,098	1,760,056	4,067,379	9,652,683
End of year	\$ 139,877	\$ 1,532,303	\$ 4,164,405	\$ 9,680,671

(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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 259,299	\$ 259,299	\$ 306,873	\$ 47,574
Use of money and property	5,000	5,000	3,841	(1,159)
<b>Total revenues</b>	<u>264,299</u>	<u>264,299</u>	<u>310,714</u>	<u>46,415</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>264,299</u>	<u>264,299</u>	<u>310,714</u>	<u>46,415</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(523,000)	(523,000)	(415,927)	107,073
<b>Total other financing sources (uses)</b>	<u>(523,000)</u>	<u>(523,000)</u>	<u>(415,927)</u>	<u>107,073</u>
<b>Net change in fund balances</b>	<u>(258,701)</u>	<u>(258,701)</u>	<u>(105,213)</u>	<u>153,488</u>
<b>FUND BALANCES:</b>				
Beginning of year	1,027,860	1,027,860	1,027,860	-
End of year	<u>\$ 769,159</u>	<u>\$ 769,159</u>	<u>\$ 922,647</u>	<u>\$ 153,488</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 65,000	\$ 65,000	\$ 35,876	\$ (29,124)
Intergovernmental	-	-	-	-
Use of money and property	-	0	121	121
<b>Total revenues</b>	<b>65,000</b>	<b>65,000</b>	<b>35,997</b>	<b>(29,003)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	157,000	205,120	160,463	44,657
<b>Total expenditures</b>	<b>157,000</b>	<b>205,120</b>	<b>160,463</b>	<b>44,657</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(92,000)</b>	<b>(140,120)</b>	<b>(124,466)</b>	<b>15,654</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	150,000	150,000	150,000	-
<b>Total other financing sources (uses)</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>58,000</b>	<b>9,880</b>	<b>25,534</b>	<b>15,654</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(12,680)	(12,680)	(12,680)	-
End of year	\$ 45,320	\$ (2,800)	\$ 12,854	\$ 15,654

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	8,190	(8,190)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>8,190</u>	<u>(8,190)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(8,190)</u>	<u>(8,190)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(8,190)</u>	<u>(8,190)</u>
<b>FUND BALANCES:</b>				
Beginning of year	34,000	34,000	34,000	-
End of year	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ 25,810</u>	<u>\$ (8,190)</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 158,178	\$ 158,178	\$ 174,507	\$ 16,329
Use of money and property	15,000	15,000	11,514	(3,486)
<b>Total revenues</b>	<u>173,178</u>	<u>173,178</u>	<u>186,021</u>	<u>12,843</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>173,178</u>	<u>173,178</u>	<u>186,021</u>	<u>12,843</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(1,434,500)	(1,434,500)	(21,263)	1,413,237
<b>Total other financing sources (uses)</b>	<u>(1,434,500)</u>	<u>(1,434,500)</u>	<u>(21,263)</u>	<u>1,413,237</u>
<b>Net change in fund balances</b>	<u>(1,261,322)</u>	<u>(1,261,322)</u>	<u>164,758</u>	<u>1,426,080</u>
<b>FUND BALANCES:</b>				
Beginning of year	2,656,814	2,656,814	2,656,814	-
End of year	<u>\$ 1,395,492</u>	<u>\$ 1,395,492</u>	<u>\$ 2,821,572</u>	<u>\$ 1,426,080</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 50,000	\$ 50,000	\$ 50,845	\$ 845
Use of money and property	50	50	83	33
<b>Total revenues</b>	<u>50,050</u>	<u>50,050</u>	<u>50,928</u>	<u>878</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	50,000	50,000	502	49,498
<b>Total expenditures</b>	<u>50,000</u>	<u>50,000</u>	<u>502</u>	<u>49,498</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>50</u>	<u>50</u>	<u>50,426</u>	<u>50,376</u>
<b>Net change in fund balances</b>	50	50	50,426	50,376
<b>FUND BALANCES:</b>				
Beginning of year	1,700	1,700	1,700	-
End of year	<u>\$ 1,750</u>	<u>\$ 1,750</u>	<u>\$ 52,126</u>	<u>\$ 50,376</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 65	\$ 65	\$ 43	\$ (22)
<b>Total revenues</b>	<u>65</u>	<u>65</u>	<u>43</u>	<u>(22)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>65</u>	<u>65</u>	<u>43</u>	<u>(22)</u>
<b>Net change in fund balances</b>	65	65	43	(22)
<b>FUND BALANCES:</b>				
Beginning of year	10,027	10,027	10,027	-
End of year	<u>\$ 10,092</u>	<u>\$ 10,092</u>	<u>\$ 10,070</u>	<u>\$ (22)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 144,542	\$ 144,542
Use of money and property	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>144,542</b>	<b>144,542</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	138,355	(138,355)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>138,355</b>	<b>(138,355)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>6,187</b>	<b>6,187</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>6,187</b>	<b>6,187</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(18,571)	(18,571)	(18,571)	-
End of year	<u>\$ (18,571)</u>	<u>\$ (18,571)</u>	<u>\$ (12,384)</u>	<u>\$ 6,187</u>

**City of Grass Valley, California**  
**Combining Balance Sheet**  
**Maintenance District Special Revenue Funds**  
**June 30, 2017**

	Whispering Pines Landscape & Lighting	Litton Landscape & Lighting	Morgan Ranch Landscape & Lighting
<b>ASSETS</b>			
Cash and investments	\$ 31,815	\$ 21,285	\$ 16,509
Receivables:			
Taxes	1,098	253	1,097
<b>Total assets</b>	<b>\$ 32,913</b>	<b>\$ 21,538</b>	<b>\$ 17,606</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 671	\$ 87	\$ 343
<b>Total liabilities</b>	<b>671</b>	<b>87</b>	<b>343</b>
<b>Fund Balances:</b>			
Restricted	32,242	21,451	17,263
<b>Total fund balances</b>	<b>32,242</b>	<b>21,451</b>	<b>17,263</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,913</b>	<b>\$ 21,538</b>	<b>\$ 17,606</b>

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
\$ 18,762	\$ 10,236	\$ 5,508	\$ 20,617	\$ 13,989	\$ 138,721
101	103	70	224	173	3,119
<u>\$ 18,863</u>	<u>\$ 10,339</u>	<u>\$ 5,578</u>	<u>\$ 20,841</u>	<u>\$ 14,162</u>	<u>\$ 141,840</u>
\$ -	\$ -	\$ 4	\$ 760	\$ 98	\$ 1,963
-	-	4	760	98	1,963
18,863	10,339	5,574	20,081	14,064	139,877
18,863	10,339	5,574	20,081	14,064	139,877
<u>\$ 18,863</u>	<u>\$ 10,339</u>	<u>\$ 5,578</u>	<u>\$ 20,841</u>	<u>\$ 14,162</u>	<u>\$ 141,840</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, 2017**

	Whispering Pines Landscape & Lighting	Litton Landscape & Lighting	Morgan Ranch Landscape & Lighting
<b>REVENUES:</b>			
Taxes and assessments	21,805	5,022	\$ 21,788
Use of money and property	113	84	38
<b>Total revenues</b>	<u>21,918</u>	<u>5,106</u>	<u>21,826</u>
<b>EXPENDITURES:</b>			
Current:			
Public ways and facilities	18,469	3,015	19,658
<b>Total expenditures</b>	<u>18,469</u>	<u>3,015</u>	<u>19,658</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,449</u>	<u>2,091</u>	<u>2,168</u>
<b>FUND BALANCES:</b>			
Beginning of year	28,793	19,360	15,095
End of year	<u>\$ 32,242</u>	<u>\$ 21,451</u>	<u>\$ 17,263</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
\$ 2,004	\$ 2,049	\$ 1,392	4,456	\$ 3,444	\$ 61,960
74	40	22	87	55	513
2,078	2,089	1,414	4,543	3,499	62,473
339	469	438	4,360	1,946	48,694
339	469	438	4,360	1,946	48,694
1,739	1,620	976	183	1,553	13,779
17,124	8,719	4,598	19,898	12,511	126,098
\$ 18,863	\$ 10,339	\$ 5,574	\$ 20,081	\$ 14,064	\$ 139,877

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 22,297	\$ 22,297	\$ 21,805	\$ (492)
Use of money and property	65	65	113	48
<b>Total revenues</b>	<u>22,362</u>	<u>22,362</u>	<u>21,918</u>	<u>(444)</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	28,952	30,319	18,469	11,850
<b>Total expenditures</b>	<u>28,952</u>	<u>30,319</u>	<u>18,469</u>	<u>11,850</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,590)</u>	<u>(7,957)</u>	<u>3,449</u>	<u>11,406</u>
<b>Net change in fund balances</b>	(6,590)	(7,957)	3,449	11,406
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	28,793	28,793	28,793	-
End of year	<u>\$ 22,203</u>	<u>\$ 20,836</u>	<u>\$ 32,242</u>	<u>\$ 11,406</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 5,021	\$ 5,021	\$ 5,022	\$ 1
Use of money and property	50	50	84	34
<b>Total revenues</b>	<u>5,071</u>	<u>5,071</u>	<u>5,106</u>	<u>35</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	11,894	11,894	3,015	8,879
<b>Total expenditures</b>	<u>11,894</u>	<u>11,894</u>	<u>3,015</u>	<u>8,879</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,823)</u>	<u>(6,823)</u>	<u>2,091</u>	<u>8,914</u>
<b>Net change in fund balances</b>	(6,823)	(6,823)	2,091	8,914
<b>FUND BALANCES:</b>				
Beginning of year	19,360	19,360	19,360	-
End of year	<u>\$ 12,537</u>	<u>\$ 12,537</u>	<u>\$ 21,451</u>	<u>\$ 8,914</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 21,788	\$ 21,788	\$ 21,788	\$ -
Use of money and property	14	14	38	24
<b>Total revenues</b>	<u>21,802</u>	<u>21,802</u>	<u>21,826</u>	<u>24</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	19,100	19,100	19,658	(558)
<b>Total expenditures</b>	<u>19,100</u>	<u>19,100</u>	<u>19,658</u>	<u>(558)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,702</u>	<u>2,702</u>	<u>2,168</u>	<u>(534)</u>
<b>Net change in fund balances</b>	2,702	2,702	2,168	(534)
<b>FUND BALANCES:</b>				
Beginning of year	15,095	15,095	15,095	-
End of year	<u>\$ 17,797</u>	<u>\$ 17,797</u>	<u>\$ 17,263</u>	<u>\$ (534)</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 2,004	\$ 2,004	\$ 2,004	\$ -
Use of money and property	20	20	74	54
<b>Total revenues</b>	<u>2,024</u>	<u>2,024</u>	<u>2,078</u>	<u>54</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	10,165	10,165	339	9,826
<b>Total expenditures</b>	<u>10,165</u>	<u>10,165</u>	<u>339</u>	<u>9,826</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(8,141)</u>	<u>(8,141)</u>	<u>1,739</u>	<u>9,880</u>
<b>Net change in fund balances</b>	(8,141)	(8,141)	1,739	9,880
<b>FUND BALANCES:</b>				
Beginning of year	17,124	17,124	17,124	-
End of year	<u>\$ 8,983</u>	<u>\$ 8,983</u>	<u>\$ 18,863</u>	<u>\$ 9,880</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 2,049	\$ 2,049	\$ 2,049	\$ -
Use of money and property	6	6	40	34
<b>Total revenues</b>	<u>2,055</u>	<u>2,055</u>	<u>2,089</u>	<u>34</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	6,665	6,665	469	6,196
<b>Total expenditures</b>	<u>6,665</u>	<u>6,665</u>	<u>469</u>	<u>6,196</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,610)</u>	<u>(4,610)</u>	<u>1,620</u>	<u>6,230</u>
<b>Net change in fund balances</b>	(4,610)	(4,610)	1,620	6,230
<b>FUND BALANCES:</b>				
Beginning of year	8,719	8,719	8,719	-
End of year	<u>\$ 4,109</u>	<u>\$ 4,109</u>	<u>\$ 10,339</u>	<u>\$ 6,230</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 1,392	\$ 1,392	\$ 1,392	\$ -
Use of money and property	4	4	22	18
<b>Total revenues</b>	<u>1,396</u>	<u>1,396</u>	<u>1,414</u>	<u>18</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	<u>3,478</u>	<u>3,478</u>	<u>438</u>	<u>3,040</u>
<b>Total expenditures</b>	<u>3,478</u>	<u>3,478</u>	<u>438</u>	<u>3,040</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,082)</u>	<u>(2,082)</u>	<u>976</u>	<u>3,058</u>
<b>Net change in fund balances</b>	(2,082)	(2,082)	976	3,058
<b>FUND BALANCES:</b>				
Beginning of year	<u>4,598</u>	<u>4,598</u>	<u>4,598</u>	<u>-</u>
End of year	<u>\$ 2,516</u>	<u>\$ 2,516</u>	<u>\$ 5,574</u>	<u>\$ 3,058</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 4,456	\$ 4,456	\$ 4,456	\$ -
Use of money and property	22	22	87	65
<b>Total revenues</b>	<u>4,478</u>	<u>4,478</u>	<u>4,543</u>	<u>65</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	8,010	8,010	4,360	3,650
<b>Total expenditures</b>	<u>8,010</u>	<u>8,010</u>	<u>4,360</u>	<u>3,650</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,532)</u>	<u>(3,532)</u>	<u>183</u>	<u>3,715</u>
<b>Net change in fund balances</b>	(3,532)	(3,532)	183	3,715
<b>FUND BALANCES:</b>				
Beginning of year	19,898	19,898	19,898	-
End of year	<u>\$ 16,366</u>	<u>\$ 16,366</u>	<u>\$ 20,081</u>	<u>\$ 3,715</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 3,444	\$ 3,444	\$ 3,444	\$ -
Use of money and property	16	16	55	39
<b>Total revenues</b>	<u>3,460</u>	<u>3,460</u>	<u>3,499</u>	<u>39</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	8,880	8,880	1,946	6,934
<b>Total expenditures</b>	<u>8,880</u>	<u>8,880</u>	<u>1,946</u>	<u>6,934</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,420)</u>	<u>(5,420)</u>	<u>1,553</u>	<u>6,973</u>
<b>Net change in fund balances</b>	(5,420)	(5,420)	1,553	6,973
<b>FUND BALANCES:</b>				
Beginning of year	12,511	12,511	12,511	-
End of year	<u>\$ 7,091</u>	<u>\$ 7,091</u>	<u>\$ 14,064</u>	<u>\$ 6,973</u>

**City of Grass Valley, California**  
**Combining Balance Sheet**  
**Block Grant Special Revenue Funds**  
**June 30, 2017**

	<u>CDBG</u>	<u>CDBG Revolving</u>	<u>Revolving Loan</u>	<u>04-STBG 1960</u>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Intergovernmental	382,342	-	-	-
Loans/Notes receivable	-	547,983	339,420	271,760
<b>Total assets</b>	<u>\$ 382,342</u>	<u>\$ 547,983</u>	<u>\$ 339,420</u>	<u>\$ 271,760</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,656	\$ 1,062	\$ -	\$ -
Due to other funds	392,722	-	-	-
<b>Total liabilities</b>	<u>396,378</u>	<u>1,062</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Nonspendable	-	547,983	339,420	271,760
Unassigned (deficit)	(14,036)	(1,062)	-	-
<b>Total fund balances</b>	<u>(14,036)</u>	<u>546,921</u>	<u>339,420</u>	<u>271,760</u>
<b>Total liabilities and fund balances</b>	<u>\$ 382,342</u>	<u>\$ 547,983</u>	<u>\$ 339,420</u>	<u>\$ 271,760</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>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>4,627</u>	<u>52,005</u>	<u>31,628</u>	<u>66,742</u>	<u>110,000</u>
<u>\$ 4,627</u>	<u>\$ 52,005</u>	<u>\$ 31,628</u>	<u>\$ 66,742</u>	<u>\$ 110,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,627	52,005	31,628	66,742	110,000
-	-	-	-	-
<u>4,627</u>	<u>52,005</u>	<u>31,628</u>	<u>66,742</u>	<u>110,000</u>
<u>\$ 4,627</u>	<u>\$ 52,005</u>	<u>\$ 31,628</u>	<u>\$ 66,742</u>	<u>\$ 110,000</u>

(continued)

**City of Grass Valley, California**  
**Combining Balance Sheet**  
**Block Grant Special Revenue Funds**  
**June 30, 2017**

	H-RLF Woodstove	CDBG Doris Dr	CDBG Housing	Totals
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Intergovernmental	-	-	-	382,342
Loans/Notes receivable	-	50,176	73,060	1,547,401
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 50,176</b>	<b>\$ 73,060</b>	<b>\$ 1,929,743</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,718
Due to other funds	-	-	-	392,722
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>397,440</b>
<b>Fund Balances:</b>				
Nonspendable	-	50,176	73,060	1,547,401
Unassigned (deficit)	-	-	-	(15,098)
<b>Total fund balances</b>	<b>-</b>	<b>50,176</b>	<b>73,060</b>	<b>1,532,303</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 50,176</b>	<b>\$ 73,060</b>	<b>\$ 1,929,743</b>

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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, 2017**

	<u>CDBG</u>	<u>CDBG Revolving</u>	<u>Revolving Loan</u>	<u>04-STBG 1960</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 496,279	\$ -	\$ -	\$ -
Use of money and property	705	3,087	9,443	892
<b>Total revenues</b>	<u>496,984</u>	<u>3,087</u>	<u>9,443</u>	<u>892</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	722,473	33,137	1,139	-
<b>Total expenditures</b>	<u>722,473</u>	<u>33,137</u>	<u>1,139</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(225,489)</u>	<u>(30,050)</u>	<u>8,304</u>	<u>892</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	199,743	98,568	-	-
Transfers out	-	<u>(162,193)</u>	<u>(37,550)</u>	<u>(1,184)</u>
<b>Total other financing sources and uses</b>	199,743	(63,625)	(37,550)	(1,184)
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	(25,746)	(93,675)	(29,246)	(292)
<b>FUND BALANCES:</b>				
Beginning of year	11,710	640,596	368,666	272,052
End of year	<u>\$ (14,036)</u>	<u>\$ 546,921</u>	<u>\$ 339,420</u>	<u>\$ 271,760</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>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>232</u>	<u>1,431</u>	<u>(5,060)</u>	<u>1,275</u>	<u>-</u>
<u>232</u>	<u>1,431</u>	<u>(5,060)</u>	<u>1,275</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
<u>232</u>	<u>1,431</u>	<u>(5,060)</u>	<u>1,275</u>	<u>-</u>
-	-	-	-	-
<u>(2,209)</u>	<u>(67,995)</u>	<u>(3,312)</u>	<u>-</u>	<u>-</u>
(2,209)	(67,995)	(3,312)	-	-
(1,977)	(66,564)	(8,372)	1,275	-
<u>6,604</u>	<u>118,569</u>	<u>40,000</u>	<u>65,467</u>	<u>110,000</u>
<u>\$ 4,627</u>	<u>\$ 52,005</u>	<u>\$ 31,628</u>	<u>\$ 66,742</u>	<u>\$ 110,000</u>

(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, 2017**

	<u>H-RLF Woodstove</u>	<u>CDBG Doris Dr</u>	<u>CDBG Housing</u>	<u>Totals</u>
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 496,279
Use of money and property	-	378	-	12,383
<b>Total revenues</b>	<u>-</u>	<u>378</u>	<u>-</u>	<u>508,662</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	756,749
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,749</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>378</u>	<u>-</u>	<u>(248,087)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	298,311
Transfers out	-	(3,534)	-	(277,977)
<b>Total other financing sources and uses</b>	<u>-</u>	<u>(3,534)</u>	<u>-</u>	<u>20,334</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>-</u>	<u>(3,156)</u>	<u>-</u>	<u>(227,753)</u>
<b>FUND BALANCES:</b>				
Beginning of year	0	53,332	73,060	1,760,056
End of year	<u>\$ -</u>	<u>\$ 50,176</u>	<u>\$ 73,060</u>	<u>\$ 1,532,303</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 1,658,842	\$ 496,279	\$ (1,162,563)
Use of money and property	-	-	705	705
<b>Total revenues</b>	<b>-</b>	<b>1,658,842</b>	<b>496,984</b>	<b>(1,161,858)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	1,988,790	722,473	1,266,317
<b>Total expenditures</b>	<b>-</b>	<b>1,988,790</b>	<b>722,473</b>	<b>1,266,317</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(329,948)</b>	<b>(225,489)</b>	<b>104,459</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	199,743	199,743
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>199,743</b>	<b>199,743</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(329,948)</b>	<b>(25,746)</b>	<b>304,202</b>
<b>FUND BALANCES:</b>				
Beginning of year	11,710	11,710	11,710	-
End of year	\$ 11,710	\$ (318,238)	\$ (14,036)	\$ 304,202

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 7,072	\$ 7,072	\$ 3,087	\$ (3,985)
<b>Total revenues</b>	<u>7,072</u>	<u>7,072</u>	<u>3,087</u>	<u>(3,985)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	19,700	19,700	33,137	(13,437)
<b>Total expenditures</b>	<u>19,700</u>	<u>19,700</u>	<u>33,137</u>	<u>(13,437)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,628)</u>	<u>(12,628)</u>	<u>(30,050)</u>	<u>(17,422)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	22,450	22,450	98,568	76,118
Transfers out	(22,745)	(22,745)	(162,193)	(139,448)
<b>Total other financing sources (uses)</b>	<u>(295)</u>	<u>(295)</u>	<u>(63,625)</u>	<u>(63,330)</u>
<b>Net change in fund balances</b>	<u>(12,923)</u>	<u>(12,923)</u>	<u>(93,675)</u>	<u>(80,752)</u>
<b>FUND BALANCES:</b>				
Beginning of year	640,596	640,596	640,596	-
End of year	<u>\$ 627,673</u>	<u>\$ 627,673</u>	<u>\$ 546,921</u>	<u>\$ (80,752)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 10,000	\$ 10,000	\$ 9,443	\$ (557)
<b>Total revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>9,443</u>	<u>(557)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	1,200	1,200	1,139	61
<b>Total expenditures</b>	<u>1,200</u>	<u>1,200</u>	<u>1,139</u>	<u>61</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>8,800</u>	<u>8,800</u>	<u>8,304</u>	<u>(496)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(17,207)	(17,207)	(37,550)	(20,343)
<b>Total other financing sources (uses)</b>	<u>(17,207)</u>	<u>(17,207)</u>	<u>(37,550)</u>	<u>(20,343)</u>
<b>Net change in fund balances</b>	<u>(8,407)</u>	<u>(8,407)</u>	<u>(29,246)</u>	<u>(20,839)</u>
<b>FUND BALANCES:</b>				
Beginning of year	368,666	368,666	368,666	-
End of year	<u>\$ 360,259</u>	<u>\$ 360,259</u>	<u>\$ 339,420</u>	<u>\$ (20,839)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 895	\$ 895	\$ 892	\$ (3)
<b>Total revenues</b>	<u>895</u>	<u>895</u>	<u>892</u>	<u>(3)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>895</u>	<u>895</u>	<u>892</u>	<u>(3)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,036)	(1,036)	(1,184)	(148)
<b>Total other financing sources (uses)</b>	<u>(1,036)</u>	<u>(1,036)</u>	<u>(1,184)</u>	<u>(148)</u>
<b>Net change in fund balances</b>	(141)	(141)	(292)	(151)
<b>FUND BALANCES:</b>				
Beginning of year	272,052	272,052	272,052	-
End of year	<u>\$ 271,911</u>	<u>\$ 271,911</u>	<u>\$ 271,760</u>	<u>\$ (151)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 332	\$ 332	\$ 232	(100)
<b>Total revenues</b>	<u>332</u>	<u>332</u>	<u>232</u>	<u>(100)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>332</u>	<u>332</u>	<u>232</u>	<u>(100)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,412)	(2,412)	(2,209)	203
<b>Total other financing sources (uses)</b>	<u>(2,412)</u>	<u>(2,412)</u>	<u>(2,209)</u>	<u>203</u>
<b>Net change in fund balances</b>	<u>(2,080)</u>	<u>(2,080)</u>	<u>(1,977)</u>	<u>103</u>
<b>FUND BALANCES:</b>				
Beginning of year	6,604	6,604	6,604	-
End of year	<u>\$ 4,524</u>	<u>\$ 4,524</u>	<u>\$ 4,627</u>	<u>\$ 103</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,629	\$ 1,629	\$ 1,431	\$ (198)
<b>Total revenues</b>	<u>1,629</u>	<u>1,629</u>	<u>1,431</u>	<u>(198)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,629</u>	<u>1,629</u>	<u>1,431</u>	<u>(198)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,008)	(1,008)	(67,995)	(66,987)
<b>Total other financing sources (uses)</b>	<u>(1,008)</u>	<u>(1,008)</u>	<u>(67,995)</u>	<u>(66,987)</u>
<b>Net change in fund balances</b>	621	621	(66,564)	(67,185)
<b>FUND BALANCES:</b>				
Beginning of year	118,569	118,569	118,569	-
End of year	<u>\$ 119,190</u>	<u>\$ 119,190</u>	<u>\$ 52,005</u>	<u>\$ (67,185)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 3,312	\$ 3,312	\$ (5,060)	\$ (8,372)
<b>Total revenues</b>	<u>3,312</u>	<u>3,312</u>	<u>(5,060)</u>	<u>(8,372)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,312</u>	<u>3,312</u>	<u>(5,060)</u>	<u>(8,372)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(3,312)	(3,312)	(3,312)	-
<b>Total other financing sources (uses)</b>	<u>(3,312)</u>	<u>(3,312)</u>	<u>(3,312)</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	(8,372)	(8,372)
<b>FUND BALANCES:</b>				
Beginning of year	40,000	40,000	40,000	-
End of year	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 31,628</u>	<u>\$ (8,372)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,282	\$ 1,282	\$ 1,275	\$ (7)
<b>Total revenues</b>	<u>1,282</u>	<u>1,282</u>	<u>1,275</u>	<u>(7)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,282</u>	<u>1,282</u>	<u>1,275</u>	<u>(7)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,282)	(1,282)	-	1,282
<b>Total other financing sources (uses)</b>	<u>(1,282)</u>	<u>(1,282)</u>	<u>-</u>	<u>1,282</u>
<b>Net change in fund balances</b>	-	-	1,275	1,275
<b>FUND BALANCES:</b>				
Beginning of year	65,467	65,467	65,467	-
End of year	<u>\$ 65,467</u>	<u>\$ 65,467</u>	<u>\$ 66,742</u>	<u>\$ 1,275</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, 2017**

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

**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, 2017**

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

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 402	\$ 402	\$ 378	\$ (24)
<b>Total revenues</b>	<u>402</u>	<u>402</u>	<u>378</u>	<u>(24)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>402</u>	<u>402</u>	<u>378</u>	<u>(24)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(3,518)	(3,518)	(3,534)	(16)
<b>Total other financing sources (uses)</b>	<u>(3,518)</u>	<u>(3,518)</u>	<u>(3,534)</u>	<u>(16)</u>
<b>Net change in fund balances</b>	<u>(3,116)</u>	<u>(3,116)</u>	<u>(3,156)</u>	<u>(40)</u>
<b>FUND BALANCES:</b>				
Beginning of year	53,332	53,332	53,332	-
End of year	<u>\$ 50,216</u>	<u>\$ 50,216</u>	<u>\$ 50,176</u>	<u>\$ (40)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 392	\$ 392	\$ -	\$ (392)
<b>Total revenues</b>	<u>392</u>	<u>392</u>	<u>-</u>	<u>(392)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>392</u>	<u>392</u>	<u>-</u>	<u>(392)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>392</u>	<u>392</u>	<u>-</u>	<u>(392)</u>
<b>FUND BALANCES:</b>				
Beginning of year	73,060	73,060	73,060	-
End of year	<u>\$ 73,452</u>	<u>\$ 73,452</u>	<u>\$ 73,060</u>	<u>\$ (392)</u>

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**City of Grass Valley, California**  
**Combining Balance Sheet**  
**Housing Special Revenue Funds**  
**June 30, 2017**

	HOME Grant	09-HOME 6272	HOME 8564
<b>ASSETS</b>			
Cash and investments	\$ 74,554	\$ -	\$ 81
Receivables:			
Loans/Notes receivable	528,807	538,325	503,987
<b>Total assets</b>	<b>\$ 603,361</b>	<b>\$ 538,325</b>	<b>\$ 504,068</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Nonspendable	528,807	538,325	503,987
Restricted	74,554	-	81
Unassigned (deficit)	-	-	-
<b>Total fund balances</b>	<b>603,361</b>	<b>538,325</b>	<b>504,068</b>
<b>Total liabilities and fund balances</b>	<b>\$ 603,361</b>	<b>\$ 538,325</b>	<b>\$ 504,068</b>

<u>99-HOME 0369</u>	<u>Housing Rehabilitation</u>	<u>00-HOME 0461</u>	<u>Totals</u>
\$ -	\$ -	\$ 21,301	\$ 95,936
<u>486,522</u>	<u>405,891</u>	<u>1,606,192</u>	<u>4,069,724</u>
<u>\$ 486,522</u>	<u>\$ 405,891</u>	<u>\$ 1,627,493</u>	<u>\$ 4,165,660</u>
\$ -	\$ -	\$ -	\$ -
<u>1,255</u>	<u>-</u>	<u>-</u>	<u>1,255</u>
<u>1,255</u>	<u>-</u>	<u>-</u>	<u>1,255</u>
486,522	405,891	1,606,192	4,069,724
-	-	21,301	95,936
<u>(1,255)</u>	<u>-</u>	<u>-</u>	<u>(1,255)</u>
<u>485,267</u>	<u>405,891</u>	<u>1,627,493</u>	<u>4,164,405</u>
<u>\$ 486,522</u>	<u>\$ 405,891</u>	<u>\$ 1,627,493</u>	<u>\$ 4,165,660</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, 2017**

	<u>HOME Grant</u>	<u>09-HOME 6272</u>	<u>HOME 8564</u>
<b>REVENUES:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	32	13,909	14,293
Other revenues	<u>34,665</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>34,697</u>	<u>13,909</u>	<u>14,293</u>
<b>EXPENDITURES:</b>			
Current:			
Community development	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>34,697</u>	<u>13,909</u>	<u>14,293</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	34,697	13,909	14,293
<b>FUND BALANCES:</b>			
Beginning of year	<u>568,664</u>	<u>524,416</u>	<u>489,775</u>
End of year	<u>\$ 603,361</u>	<u>\$ 538,325</u>	<u>\$ 504,068</u>

<u>99-HOME 0369</u>	<u>Housing Rehabilitation</u>	<u>00-HOME 0461</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -
109	6,828	47,524	82,695
-	-	-	34,665
<u>109</u>	<u>6,828</u>	<u>47,524</u>	<u>117,360</u>
-	-	-	-
-	-	-	-
<u>109</u>	<u>6,828</u>	<u>47,524</u>	<u>117,360</u>
-	-	-	-
-	(20,334)	-	(20,334)
-	(20,334)	-	(20,334)
109	(13,506)	47,524	97,026
<u>485,158</u>	<u>419,397</u>	<u>1,579,969</u>	<u>4,067,379</u>
<u>\$ 485,267</u>	<u>\$ 405,891</u>	<u>\$ 1,627,493</u>	<u>\$ 4,164,405</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 144	\$ 144	\$ 32	\$ (112)
<b>Total revenues</b>	<b>144</b>	<b>144</b>	<b>32</b>	<b>(112)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	<b>144</b>	<b>144</b>	<b>32</b>	<b>(112)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>144</b>	<b>144</b>	<b>32</b>	<b>(112)</b>
<b>FUND BALANCES:</b>				
Beginning of year	568,664	568,664	568,664	-
End of year	<u>\$ 568,808</u>	<u>\$ 568,808</u>	<u>\$ 568,696</u>	<u>\$ (112)</u>

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 13,947	\$ 13,947	\$ 13,909	\$ (38)
<b>Total revenues</b>	<u>13,947</u>	<u>13,947</u>	<u>13,909</u>	<u>(38)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,947</u>	<u>13,947</u>	<u>13,909</u>	<u>(38)</u>
<b>Net change in fund balances</b>	13,947	13,947	13,909	(38)
<b>FUND BALANCES:</b>				
Beginning of year	524,416	524,416	524,416	-
End of year	<u>\$ 538,363</u>	<u>\$ 538,363</u>	<u>\$ 538,325</u>	<u>\$ (38)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	14,568	14,568	14,293	(275)
Other revenues	-	0	-	-
<b>Total revenues</b>	<b>14,568</b>	<b>14,568</b>	<b>14,293</b>	<b>(275)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	0	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,568</b>	<b>14,568</b>	<b>14,293</b>	<b>(275)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	0	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>14,568</b>	<b>14,568</b>	<b>14,293</b>	<b>(275)</b>
<b>FUND BALANCES:</b>				
Beginning of year	489,775	489,775	489,775	-
End of year	\$ 504,343	\$ 504,343	\$ 504,068	\$ (275)

**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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 144	\$ 144	\$ 109	\$ (35)
<b>Total revenues</b>	<u>144</u>	<u>144</u>	<u>109</u>	<u>(35)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	0	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>144</u>	<u>144</u>	<u>109</u>	<u>(35)</u>
<b>Net change in fund balances</b>	144	144	109	(35)
<b>FUND BALANCES:</b>				
Beginning of year	485,158	485,158	485,158	-
End of year	<u>\$ 485,302</u>	<u>\$ 485,302</u>	<u>\$ 485,267</u>	<u>\$ (35)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 5,807	\$ 5,807	\$ 6,828	\$ 1,021
<b>Total revenues</b>	<u>5,807</u>	<u>5,807</u>	<u>6,828</u>	<u>1,021</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,807</u>	<u>5,807</u>	<u>6,828</u>	<u>1,021</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(9,882)	(9,882)	(20,334)	(10,452)
<b>Total other financing sources (uses)</b>	<u>(9,882)</u>	<u>(9,882)</u>	<u>(20,334)</u>	<u>(10,452)</u>
<b>Net change in fund balances</b>	<u>(4,075)</u>	<u>(4,075)</u>	<u>(13,506)</u>	<u>(9,431)</u>
<b>FUND BALANCES:</b>				
Beginning of year	419,397	419,397	419,397	-
End of year	<u>\$ 415,322</u>	<u>\$ 415,322</u>	<u>\$ 405,891</u>	<u>\$ (9,431)</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, 2017**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 47,533	\$ 47,533	\$ 47,524	\$ (9)
<b>Total revenues</b>	<u>47,533</u>	<u>47,533</u>	<u>47,524</u>	<u>(9)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>47,533</u>	<u>47,533</u>	<u>47,524</u>	<u>(9)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>47,533</u>	<u>47,533</u>	<u>47,524</u>	<u>(9)</u>
<b>FUND BALANCES:</b>				
Beginning of year	1,579,969	1,579,969	1,579,969	-
End of year	<u>\$ 1,627,502</u>	<u>\$ 1,627,502</u>	<u>\$ 1,627,493</u>	<u>\$ (9)</u>

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## NON-MAJOR PERMANENT FUNDS

<b>Fund</b>	<b>Description</b>
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, 2017**

	Permanent Funds		Non-Major Permanent Funds Totals
	Elizabeth Daniels	Animal Shelter	
<b>ASSETS</b>			
Cash and investments	\$ 95,562	\$ 29,610	\$ 125,172
<b>Total assets</b>	<u>\$ 95,562</u>	<u>\$ 29,610</u>	<u>\$ 125,172</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Restricted	91,583	28,650	120,233
Assigned	3,979	960	4,939
<b>Total fund balances</b>	<u>95,562</u>	<u>29,610</u>	<u>125,172</u>
<b>Total liabilities and fund balances</b>	<u>\$ 95,562</u>	<u>\$ 29,610</u>	<u>\$ 125,172</u>

**City of Grass Valley, California**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Permanent Funds**

**For the year ended June 30, 2017**

	Permanent Funds		Non-Major Permanent Funds Totals
	Elizabeth Daniels	Animal Shelter	
<b>REVENUES:</b>			
Use of money and property	\$ 397	\$ 123	\$ 520
<b>Total revenues</b>	397	123	520
<b>EXPENDITURES:</b>			
Current:			
General government	-	-	-
<b>Total expenditures</b>	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	397	123	520
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	397	123	520
<b>FUND BALANCES:</b>			
Beginning of year	95,165	29,487	124,652
End of year	\$ 95,562	\$ 29,610	\$ 125,172

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## INTERNAL SERVICE FUNDS

<b>Fund Type</b>	<b>Description</b>
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, 2017**

	<b>Vehicle Replacement Fund</b>	<b>Technology Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 122,188	\$ -	\$ 122,188
Due from other funds	-	-	-
<b>Total current assets</b>	<u>122,188</u>	<u>-</u>	<u>122,188</u>
<b>Noncurrent assets:</b>			
Capital assets, net	1,702,574	-	1,702,574
<b>Total noncurrent assets</b>	<u>1,702,574</u>	<u>-</u>	<u>1,702,574</u>
<b>Total assets</b>	<u>\$ 1,824,762</u>	<u>\$ -</u>	<u>\$ 1,824,762</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
<b>Total current liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>			
Net investment in capital assets	1,702,574	-	1,702,574
Unrestricted (deficit)	122,188	-	122,188
<b>Total net position</b>	<u>1,824,762</u>	<u>-</u>	<u>1,824,762</u>
<b>Total liabilities and net position</b>	<u>\$ 1,824,762</u>	<u>\$ -</u>	<u>\$ 1,824,762</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, 2017**

	<b>Vehicle Replacement Fund</b>	<b>Technology Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES:</b>			
Interdepartmental charges	\$ -	\$ -	\$ -
<b>Total operating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>			
Allocated overhead	-	-	-
Depreciation	379,293	277	379,570
<b>Total operating expenses</b>	<b>379,293</b>	<b>277</b>	<b>379,570</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(379,293)</b>	<b>(277)</b>	<b>(379,570)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	492	(9)	483
Interest expense	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>492</b>	<b>(9)</b>	<b>483</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(378,801)</b>	<b>(286)</b>	<b>(379,087)</b>
Transfers in	580,352	1,099	581,451
Transfers out	-	-	-
<b>Total transfers</b>	<b>580,352</b>	<b>1,099</b>	<b>581,451</b>
<b>Change in net position</b>	<b>201,551</b>	<b>813</b>	<b>202,364</b>
<b>NET POSITION (DEFICIT):</b>			
Beginning of year	1,623,211	(813)	1,622,398
End of year	<u>\$ 1,824,762</u>	<u>\$ -</u>	<u>\$ 1,824,762</u>

**City of Grass Valley, California**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2017**

	<b>Vehicle Replacement Fund</b>	<b>Technology Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash paid to suppliers for goods and services	\$ (7,081)	\$ -	\$ (7,081)
<b>Net cash provided (used) by operating activities</b>	<b>(7,081)</b>	<b>-</b>	<b>(7,081)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers received (paid)	580,352	9	580,361
<b>Net cash provided (used) by noncapital financing activities</b>	<b>580,352</b>	<b>9</b>	<b>580,361</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(580,075)	-	(580,075)
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
<b>Net cash (used) by capital and related financing activities</b>	<b>(580,075)</b>	<b>-</b>	<b>(580,075)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	492	(9)	483
<b>Net cash provided by investing activities</b>	<b>492</b>	<b>(9)</b>	<b>483</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,312)</b>	<b>-</b>	<b>(6,312)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	128,777	-	128,777
End of year	<u>\$ 122,465</u>	<u>\$ -</u>	<u>\$ 122,465</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (379,293)	\$ (277)	\$ (379,570)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	379,293	277	379,570
(Increase) decrease in current assets:			
Intergovernmental receivables	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	(7,081)	-	(7,081)
<b>Net cash provided by operating activities</b>	<b>\$ (7,081)</b>	<b>\$ -</b>	<b>\$ (7,081)</b>

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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, 2017**

<b>Whispering Pines Morgan Ranch Redemption</b>	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and investments	\$ 60	\$ 61	\$ (60)	\$ 61
<b>Total assets</b>	<u>\$ 60</u>	<u>\$ 61</u>	<u>\$ (60)</u>	<u>\$ 61</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	60	61	(60)	61
<b>Total liabilities</b>	<u>\$ 60</u>	<u>\$ 61</u>	<u>\$ (60)</u>	<u>\$ 61</u>
<b>Whispering Pines Morgan Ranch Reserve 2001</b>				
<b>ASSETS</b>				
Cash and investments	\$ 3	\$ 3	\$ (3)	\$ 3
Cash and investments held by trustees	277,265	160,450	(277,265)	160,450
<b>Total assets</b>	<u>\$ 277,268</u>	<u>\$ 160,453</u>	<u>\$ (277,268)</u>	<u>\$ 160,453</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	277,268	160,453	(277,268)	160,453
<b>Total liabilities</b>	<u>\$ 277,268</u>	<u>\$ 160,453</u>	<u>\$ (277,268)</u>	<u>\$ 160,453</u>
<b>Whispering Pines Morgan Ranch Redemption 2001</b>				
<b>ASSETS</b>				
Cash and investments	\$ 158,508	\$ 213,084	\$ (158,508)	\$ 213,084
Cash and investments held by trustees	33	15	(33)	15
Receivables:				
Assessments	7,399	55	(7,399)	55
<b>Total assets</b>	<u>\$ 165,940</u>	<u>\$ 213,154</u>	<u>\$ (165,940)</u>	<u>\$ 213,154</u>
<b>LIABILITIES</b>				
Deposits payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	165,940	213,154	(165,940)	213,154
<b>Total liabilities</b>	<u>\$ 165,940</u>	<u>\$ 213,154</u>	<u>\$ (165,940)</u>	<u>\$ 213,154</u>

**City of Grass Valley, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds, Continued**  
**For the year ended June 30, 2017**

<b>Totals</b>	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and investments	\$ 158,571	\$ 213,148	\$ (158,571)	\$ 213,148
Cash and investments held by trustees	277,298	160,465	(277,298)	160,465
Receivables:				
Assessments	7,399	55	(7,399)	55
<b>Total assets</b>	<u>\$ 443,268</u>	<u>\$ 373,668</u>	<u>\$ (443,268)</u>	<u>\$ 373,668</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 443,268	\$ 373,668	\$ (443,268)	\$ 373,668
<b>Total liabilities</b>	<u>\$ 443,268</u>	<u>\$ 373,668</u>	<u>\$ (443,268)</u>	<u>\$ 373,668</u>