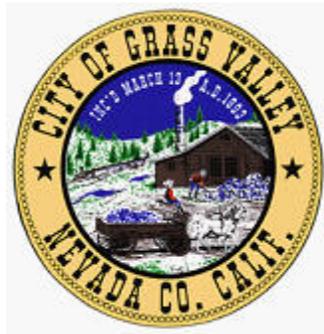


CITY OF GRASS VALLEY, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018



Prepared by:

Finance Department

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City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

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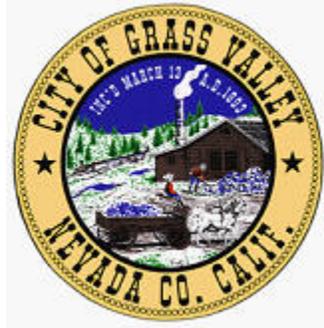
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Basic Financial Statements
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Finance
Department

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, 2018. 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, 2018 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, 2018 are fairly presented in conforming with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Grass Valley

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

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

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

Form of Government

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

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

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

City Services

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

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

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

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

Budgetary Policy and Control

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

The City has a total operating budget of \$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,

A handwritten signature in black ink, appearing to be 'C. A.', is written over a light gray rectangular background.

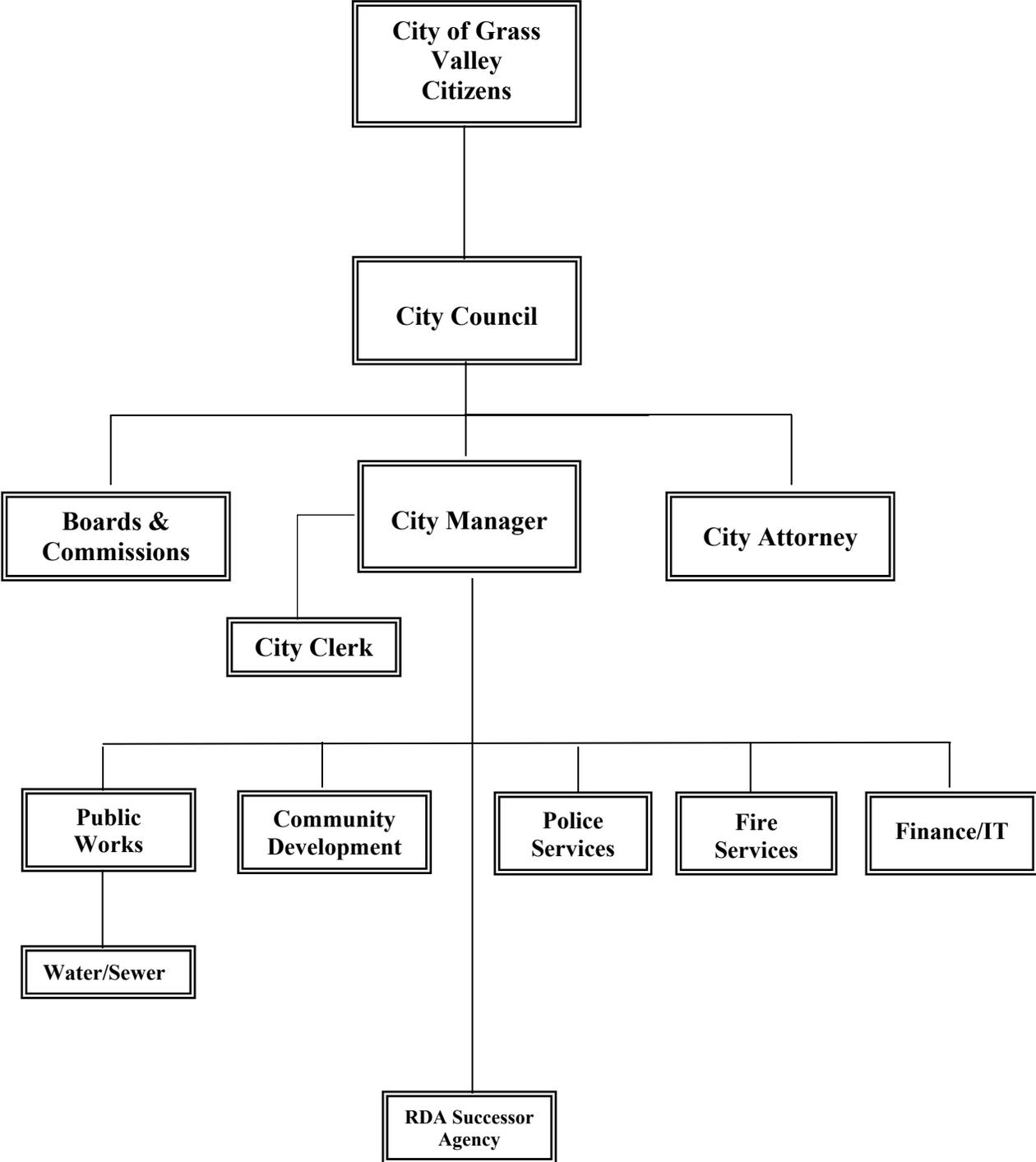
Finance Director

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

Organization Chart

City of Grass Valley

Organizational Chart



City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

List of Officials

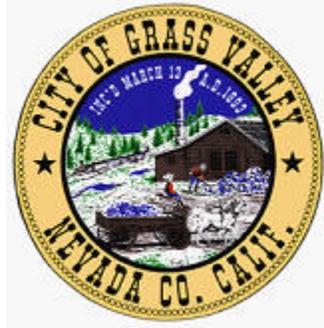
CITY COUNCIL

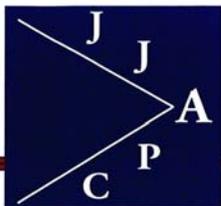
- Howard Levine, Mayor
- Lisa Swarthout, Vice Mayor
- Jason Fouyer, Council Member
- Jan Arbuckle, Council Member
- Ben Aguilar, Council Member

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.

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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.

February 26, 2018

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

This section provides a narrative overview and analysis of the financial activities of the City of Grass Valley (City) for the fiscal year ended June 30, 2018. 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, 2018

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

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

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2018, 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, 2018

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2018, 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, 2018

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 \$94,598,518 as of June 30, 2018. The Summary of Net Position as of June 30, 2018, and 2017, follows:

	Summary of Net Position					
	2017			2017		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 28,688,066	\$ 11,368,713	\$ 40,056,779	\$ 26,150,136	\$ 12,941,961	\$ 39,092,097
Noncurrent assets	49,993,940	43,758,111	93,752,051	48,787,145	39,762,833	88,549,978
Total assets	78,682,006	55,126,824	133,808,830	74,937,281	52,704,794	127,642,075
Deferred outflows -	4,284,082	1,349,621	5,633,703	2,916,513	997,280	3,913,793
Total assets and deferred outflows	82,966,088	56,476,445	139,442,533	77,853,794	53,702,074	131,555,868
Current and other liabilities	1,722,257	2,507,256	4,229,513	2,298,175	1,976,893	4,275,068
Long-term liabilities	23,925,451	15,952,814	39,878,265	17,162,453	16,683,604	33,846,057
Total liabilities	25,647,708	18,460,070	44,107,778	19,460,628	18,660,497	38,121,125
Deferred inflows -	789,994	246,243	1,036,237	547,869	174,522	722,391
Total liabilities and deferred inflows	26,437,702	18,706,313	45,144,015	20,008,497	18,835,019	38,843,516
Net position:						
Net investment in capital assets	47,517,209	31,561,596	79,078,805	45,944,655	26,386,236	72,330,891
Restricted	3,114,792	634,225	3,749,017	2,910,223	631,508	3,541,731
Unrestricted	5,896,385	5,574,311	11,470,696	8,990,419	7,849,311	16,839,730
Total net position	\$ 56,528,386	\$ 37,770,132	\$ 94,298,518	\$ 57,845,297	\$ 34,867,055	\$ 92,712,352

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, 2018

Management's Discussion and Analysis, Continued

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, 2018. 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, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2018, and 2015, follows:

	Changes in Net Position					
	2017			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 786,933	\$ 7,763,841	\$ 8,550,774	\$ 639,000	\$ 7,000,195	\$ 7,639,195
Grants and contributions:						
Operating	975,369	1,635,782	2,611,151	24,053	4,416	28,469
Capital	4,873,166	19,448	4,892,614	6,414	3,341,027	3,347,441
General revenues:						
Property taxes and assessments	2,841,644	-	2,841,644	2,484,885	-	2,484,885
Sales taxes	7,987,437	-	7,987,437	7,828,486	-	7,828,486
Other taxes	2,412,096	-	2,412,096	2,297,487	-	2,297,487
Intergovernmental	1,391,142	-	1,391,142	1,747,664	-	1,747,664
Use of money and property	289,836	91,080	380,916	223,274	44,167	267,441
Contributions	-	-	-	26,415	-	26,415
Other general revenues	273,238	260,441	533,679	957,414	246,740	1,204,154
Total revenues	21,830,861	9,770,592	31,601,453	16,235,092	10,636,545	26,871,637
Expenses:						
Governmental activities:						
General government	4,834,983	-	4,834,983	2,680,108	-	2,680,108
Public safety	8,343,877	-	8,343,877	7,641,902	-	7,641,902
Public ways and facilities	3,577,656	-	3,577,656	7,510,028	-	7,510,028
Community development	2,104,573	-	2,104,573	1,887,066	-	1,887,066
Recreation and culture	315,812	-	315,812	301,602	-	301,602
Interest and fiscal charges	101,535	-	101,535	153,955	-	153,955
Business-type activities:						
Water	-	1,927,106	1,927,106	-	1,885,325	1,885,325
Sewer	-	4,784,671	4,784,671	-	5,194,046	5,194,046
Total expenses	19,278,436	6,711,777	25,990,213	20,174,661	7,079,371	27,254,032
Excess (Deficiency) of revenues over expenditures before transfers	2,552,425	3,058,815	5,611,240	(3,939,569)	3,557,174	(382,395)
Transfers	-	-	-	563,953	(563,953)	-
Change in net position	2,552,425	3,058,815	5,611,240	(3,375,616)	2,993,221	(382,395)
Net position:						
Beginning of year, restated	53,975,961	34,711,317	88,687,278	435,240,936	5,464,006	440,704,942
End of year	\$ 56,528,386	\$ 37,770,132	\$ 94,298,518	\$ 431,865,320	\$ 8,457,227	\$ 440,322,547

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

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, 2018, and 2016, are as follows:

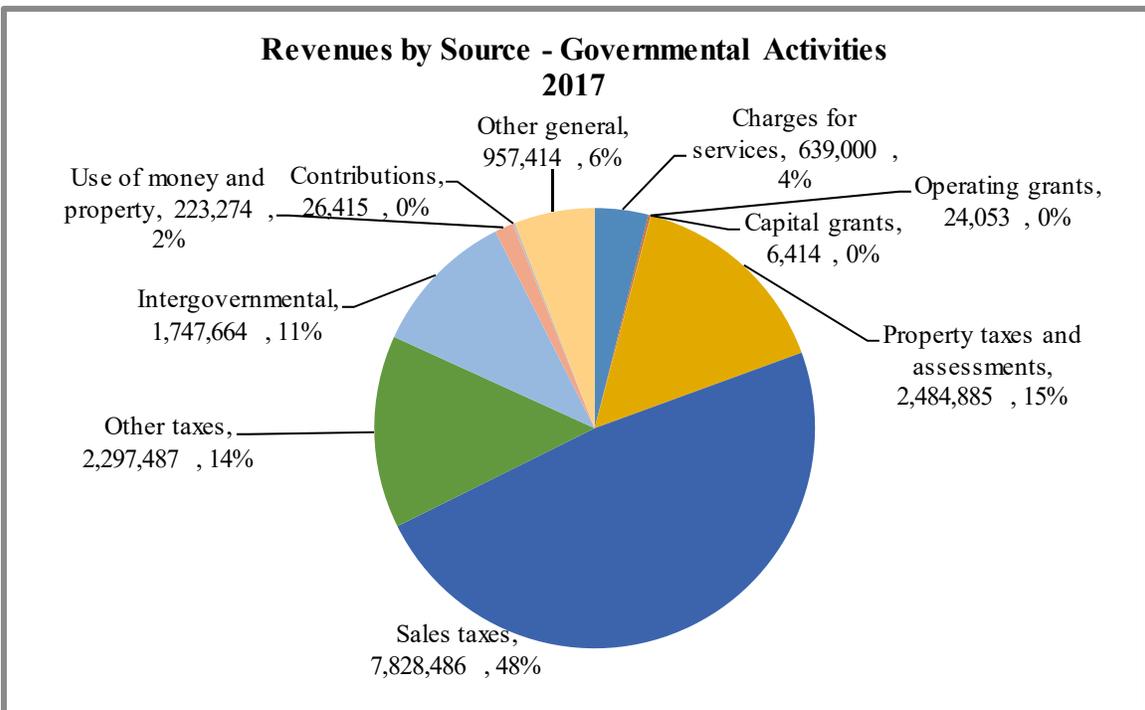
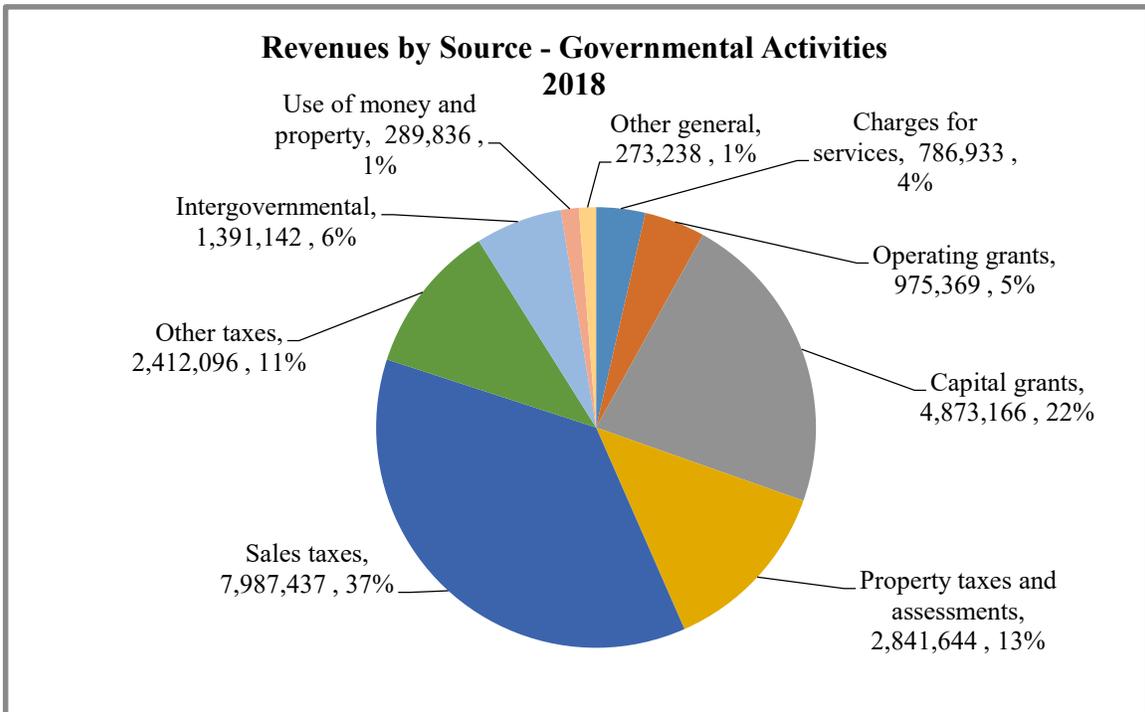
	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 4,834,983	\$ 4,834,326	\$ 2,680,108	\$ 2,678,184
Public safety	8,343,877	8,003,213	7,641,902	7,426,959
Public ways and facilities	3,577,656	(1,386,156)	7,510,028	7,410,201
Community development	2,104,573	774,238	1,887,066	1,534,293
Recreation and culture	315,812	315,812	301,602	301,602
Interest and fiscal charges	101,535	101,535	153,955	153,955
Total	<u>\$ 19,278,436</u>	<u>\$ 12,642,968</u>	<u>\$ 20,174,661</u>	<u>\$ 19,505,194</u>

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2018, and 2017, are as follows:



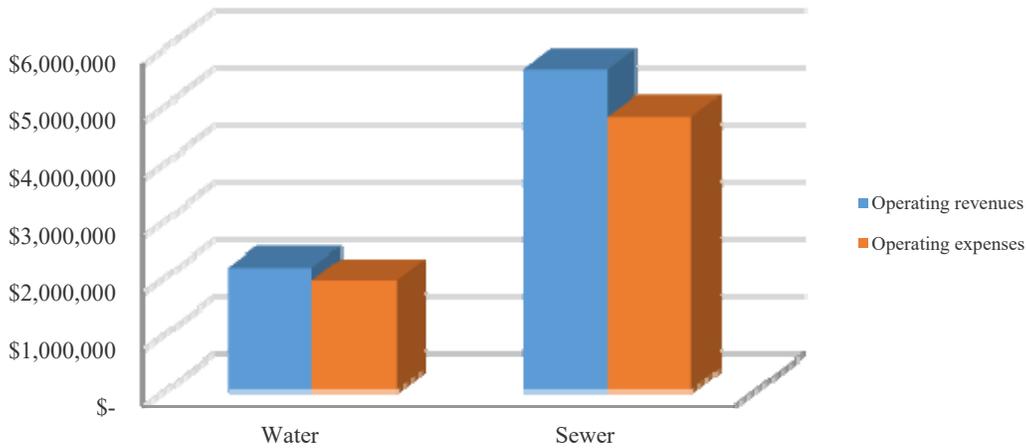
City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

Management’s Discussion and Analysis, Continued

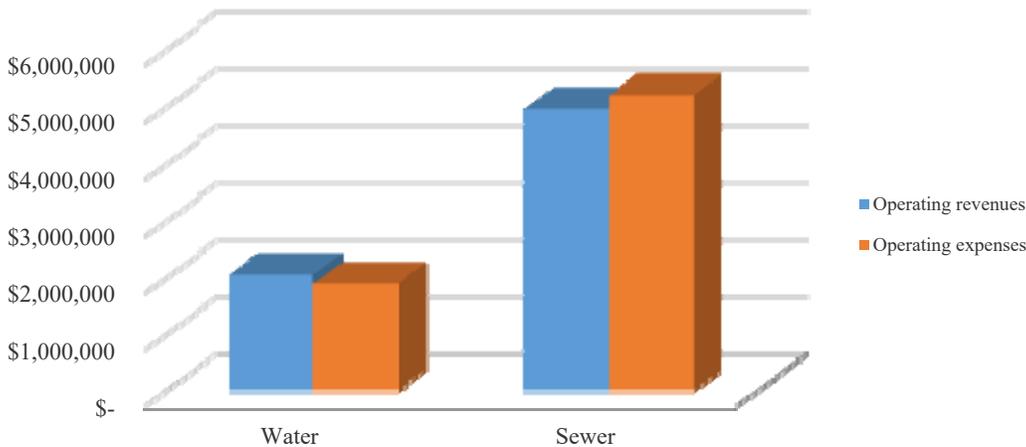
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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, 2018, and 2017, are as follows:

**Operating Revenues and Expense
 Business-type Activities
 FY2018**



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

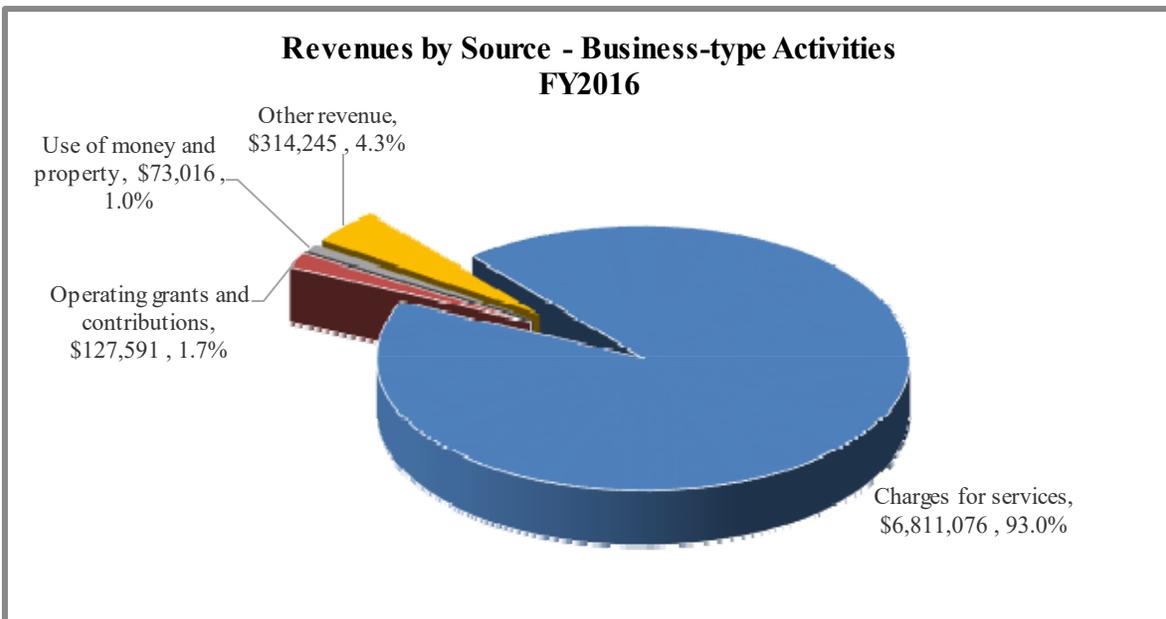
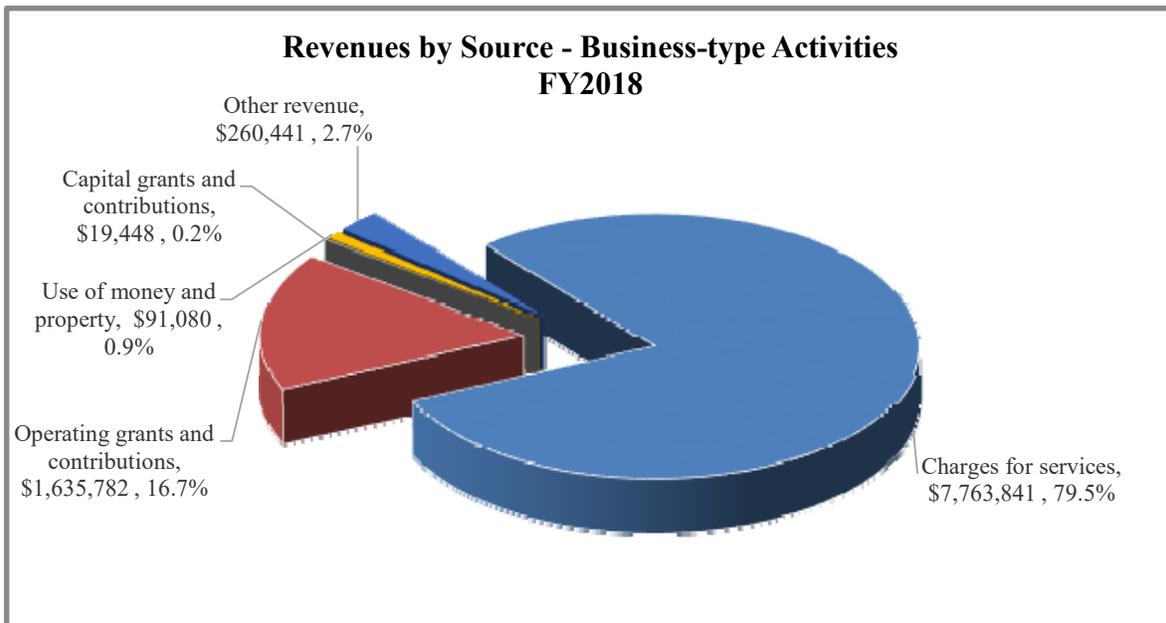


City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

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, 2018, and 2016, are as follows:



City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

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

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2018, 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, 2018, 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, 2018, 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, 2018

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, 2018, 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.

	Capital Assets					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,881,632	\$ 2,568,992	\$ 239,401	\$ 239,401	\$ 3,121,033	\$ 2,808,393
Construction in progress	3,196,858	1,535,420	5,986,406	1,312,273	9,183,264	2,847,693
Buildings and Improvements	4,825,570	5,173,823	27,717,378	28,344,623	32,542,948	33,518,446
Equipment	2,947,439	2,368,188	356,365	286,491	3,303,804	2,654,679
Infrastructure	36,142,441	37,140,722	9,458,561	9,580,045	45,601,002	46,720,767
Total	<u>\$ 49,993,940</u>	<u>\$ 48,787,145</u>	<u>\$ 43,758,111</u>	<u>\$ 39,762,833</u>	<u>\$ 93,752,051</u>	<u>\$ 88,549,978</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, 2018

Management's Discussion and Analysis, Continued

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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Cash and investments	\$ 16,170,463	\$ 9,647,800	\$ 25,818,263
Restricted cash and investments	-	634,225	634,225
Receivables:			
Taxes	1,692,399	-	1,692,399
Interest	112,839	-	112,839
Accounts	-	1,084,237	1,084,237
Intergovernmental	118,392	2,451	120,843
Loans/Notes receivable	9,665,361	-	9,665,361
Other	925,763	-	925,763
Prepaid items	2,849	-	2,849
Capital assets:			
Nondepreciable	6,078,490	6,225,807	12,304,297
Depreciable	43,915,450	37,532,304	81,447,754
Total assets	78,682,006	55,126,824	133,808,830
Deferred outflows: Pension plan	4,130,393	1,335,460	5,465,853
Deferred outflows: OPEB	153,689	14,161	167,850
Total assets and deferred outflows	\$ 82,966,088	\$ 56,476,445	\$ 139,442,533
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable and accrued liabilities	\$ 1,260,841	\$ 1,067,835	\$ 2,328,676
Interest payable	-	143,937	143,937
Deposits payable	377,030	7,428	384,458
Current portion of long-term debt	55,363	1,223,038	1,278,401
Compensated absences - current portion	-	65,018	65,018
Unearned revenue	29,023	-	29,023
Long-term liabilities:			
Compensated absences	812,243	83,112	895,355
Due after one year	2,421,368	10,973,477	13,394,845
Net OPEB obligation	6,041,620	556,676	6,598,296
Net Pension obligation	14,650,220	4,339,549	18,989,769
Total liabilities	25,647,708	18,460,070	44,107,778
Deferred inflows: Pension plan	789,994	246,243	1,036,237
Total liabilities and deferred inflows	26,437,702	18,706,313	45,144,015
NET POSITION			
Net investment in capital assets	47,517,209	31,561,596	79,078,805
Restricted	3,114,792	634,225	3,749,017
Unrestricted	5,896,385	5,574,311	11,470,696
Total net position	56,528,386	37,770,132	94,298,518
Total liabilities, deferred inflows and net position	\$ 82,966,088	\$ 56,476,445	\$ 139,442,533

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 4,834,983	\$ 657	\$ -	\$ -
Public safety	8,343,877	294,978	45,686	-
Public ways and facilities	3,577,656	90,646	-	4,873,166
Community development	2,104,573	400,652	929,683	-
Recreation and culture	315,812	-	-	-
Interest and fiscal charges	101,535	-	-	-
Total governmental activities	<u>19,278,436</u>	<u>786,933</u>	<u>975,369</u>	<u>4,873,166</u>
Business-type activities:				
Water	1,927,106	2,151,964	2,042	-
Sewer	4,784,671	5,611,877	1,633,740	220,233
Total business-type activities	<u>6,711,777</u>	<u>7,763,841</u>	<u>1,635,782</u>	<u>220,233</u>
Total primary government	<u>\$ 25,990,213</u>	<u>\$ 8,550,774</u>	<u>\$ 2,611,151</u>	<u>\$ 5,093,399</u>

General revenues:
 Taxes:
 Property taxes, levied for general purposes
 Sales taxes
 Other taxes
 Intergovernmental
 Use of money and property
 Other general revenues
 Total general revenues
 Transfers to fiduciary activities
 Transfers
 Total general revenues and transfers

Extraordinary item:
 Gain on dissolution of redevelopment agency
 Change in net position
 Net position:
 Beginning of year
 Adjustments
 Beginning, as adjusted
 End of year

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

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

Governmental Activities	Business-Type Activities	Totals
\$ (4,834,326)	\$ -	\$ (4,834,326)
(8,003,213)	-	(8,003,213)
1,386,156	-	1,386,156
(774,238)	-	(774,238)
(315,812)	-	(315,812)
(101,535)	-	(101,535)
<u>(12,642,968)</u>	<u>-</u>	<u>(12,642,968)</u>
-	226,900	226,900
-	2,681,179	2,681,179
-	2,908,079	2,908,079
<u>(12,642,968)</u>	<u>2,908,079</u>	<u>(9,734,889)</u>
2,841,644	-	2,841,644
7,987,437	-	7,987,437
2,412,096	-	2,412,096
1,391,142	-	1,391,142
289,836	91,078	380,914
273,238	260,441	533,679
<u>15,195,393</u>	<u>351,519</u>	<u>15,546,912</u>
-	-	-
-	-	-
<u>15,195,393</u>	<u>351,519</u>	<u>15,546,912</u>
0	-	-
<u>2,552,425</u>	<u>3,259,598</u>	<u>5,812,023</u>
57,845,297	34,867,055	92,712,352
(3,869,336)	(356,521)	(4,225,857)
<u>53,975,961</u>	<u>34,510,534</u>	<u>88,486,495</u>
<u>\$ 56,528,386</u>	<u>\$ 37,770,132</u>	<u>\$ 94,298,518</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

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

City of Grass Valley, California

Balance Sheet

Governmental Funds

June 30, 2018

	Major Funds		
	General Fund	HOME Grant Special Revenue	Capital Projects
ASSETS			
Cash and investments	\$ 9,501,119	\$ -	\$ -
Receivables:			
Taxes	1,688,872	-	-
Interest	112,839	-	-
Intergovernmental	30,900	-	-
Loans/Notes receivable	-	4,201,336	-
Other receivable	340,606	-	463,397
Due from other funds	1,073,581	-	-
Prepaid items	2,849	-	-
Total assets	\$ 12,750,766	\$ 4,201,336	\$ 463,397
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,141,438	\$ -	\$ 58,559
Due to other funds	-	-	1,010,931
Deposits payable	332,950	-	-
Unearned revenue	-	-	29,023
Total liabilities	1,474,388	-	1,098,513
Fund balances:			
Nonspendable	2,849	4,201,336	-
Restricted	1,631,530	-	-
Assigned	-	-	-
Unassigned (deficit)	9,641,999	-	(635,116)
Total fund balances	11,276,378	4,201,336	(635,116)
Total liabilities and fund balances	\$ 12,750,766	\$ 4,201,336	\$ 463,397

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

Special Projects	Nonmajor Governmental Funds	Totals
\$ 1,929,749	\$ 4,640,297	\$ 16,071,165
-	3,527	1,692,399
-	-	112,839
-	87,492	118,392
-	5,464,025	9,665,361
121,760	-	925,763
-	-	1,073,581
-	-	2,849
<u>\$ 2,051,509</u>	<u>\$ 10,195,341</u>	<u>\$ 29,662,349</u>
\$ -	\$ 60,844	\$ 1,260,841
-	62,650	1,073,581
-	44,080	377,030
-	-	29,023
<u>-</u>	<u>167,574</u>	<u>2,740,475</u>
-	5,494,763	9,698,948
-	1,483,262	3,114,792
2,051,509	3,056,545	5,108,054
-	(6,803)	9,000,080
<u>2,051,509</u>	<u>10,027,767</u>	<u>26,921,874</u>
<u>\$ 2,051,509</u>	<u>\$ 10,195,341</u>	<u>\$ 29,662,349</u>

City of Grass Valley, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances - total governmental funds \$ 26,921,874

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. 49,993,940

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

Deferred outflows - pension	4,130,393	
Deferred outflows - OPEB	153,689	
Deferred inflows - pension	<u>(789,994)</u>	3,494,088

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	\$ (812,243)	
Due within one year	(55,363)	
Due after one year	(2,421,368)	
Net OPEB obligation	(6,041,620)	
Net Pension obligation	<u>(14,650,220)</u>	(23,980,814)

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		<u>99,298</u>
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Net position of governmental activities		<u><u>\$ 56,528,386</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, 2018

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 16,071,165	\$ -	\$ -	\$ 99,298	\$ 16,170,463
Restricted cash and investments	-	-	-	-	-
Receivables:					
Taxes	1,692,399	-	-	-	1,692,399
Interest	112,839	-	-	-	112,839
Intergovernmental	118,392	-	-	-	118,392
Loans/Notes receivable	9,665,361	-	-	-	9,665,361
Other receivable	925,763	-	-	-	925,763
Due from other funds	1,073,581	(1,073,581)	-	-	-
Prepaid items	2,849	-	-	-	2,849
Total current assets	29,662,349	(1,073,581)	-	99,298	28,688,066
Noncurrent assets:					
Capital assets, net	-	-	49,993,940	-	49,993,940
Total noncurrent assets	-	-	49,993,940	-	49,993,940
Deferred outflows - pension plan	-	-	4,130,393	-	4,130,393
Deferred outflows - OPEB	-	-	153,689	-	153,689
Total assets	\$ 29,662,349	\$ (1,073,581)	\$ 54,278,022	\$ 99,298	\$ 82,966,088
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,260,841	\$ -	\$ -	\$ -	\$ 1,260,841
Due to other funds	1,073,581	(1,073,581)	-	-	-
Deposits payable	377,030	-	-	-	377,030
Unearned revenue	29,023	-	-	-	29,023
Total current liabilities	2,740,475	(1,073,581)	-	-	1,666,894
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	812,243	-	812,243
Due within one year	-	-	55,363	-	55,363
Due after one year	-	-	2,421,368	-	2,421,368
Net OPEB obligation	-	-	6,041,620	-	6,041,620
Net Pension obligation	-	-	14,650,220	-	14,650,220
Total noncurrent liabilities	-	-	23,980,814	-	23,980,814
Total liabilities	2,740,475	(1,073,581)	23,980,814	-	25,647,708
Deferred inflows: Pension plan	-	-	789,994	-	789,994
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	9,698,948	(9,698,948)	-	-	-
Restricted	3,114,792	(3,114,792)	-	-	-
Committed	-	-	-	-	-
Assigned	5,108,054	(5,108,054)	-	-	-
Unassigned (deficit)	9,000,080	(9,000,080)	-	-	-
Net position:					
Net investment in capital assets	-	-	47,517,209	-	47,517,209
Restricted	-	-	3,114,792	-	3,114,792
Unrestricted	-	26,921,874	(21,124,787)	99,298	5,896,385
Total fund balances/ net position	26,921,874	-	29,507,214	99,298	56,528,386
Total liabilities, deferred inflows and net position	\$ 29,662,349	\$ (1,073,581)	\$ 54,278,022	\$ 99,298	\$ 82,966,088

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, 2018

	Major Funds		
	General Fund	HOME Grant Special Revenue	Capital Projects
REVENUES:			
Taxes and assessments	\$ 12,840,403	\$ -	\$ -
Fines and forfeitures	42,884	-	-
Intergovernmental	1,391,142	-	2,310,144
Use of money and property	87,653	84,386	7,587
Charges for services	687,209	-	-
Other revenues	189,288	-	-
Total revenues	15,238,579	84,386	2,317,731
EXPENDITURES:			
Current:			
General government	2,628,863	-	-
Public safety	8,069,068	-	-
Public ways and facilities	874,466	-	-
Community development	846,279	-	-
Recreation and culture	314,243	-	-
Capital outlay	323,339	-	3,633,046
Debt service:			
Principal	365,759	-	-
Interest and fiscal charges	101,535	-	-
Total expenditures	13,523,552	-	3,633,046
REVENUES OVER (UNDER) EXPENDITURES	1,715,027	84,386	(1,315,315)
OTHER FINANCING SOURCES (USES):			
Proceeds from sales of assets	21,112	-	-
Transfers in	59,299	-	1,485,940
Transfers out	(1,330,592)	-	0
Total other financing sources (uses)	(1,250,181)	-	1,485,940
Net change in fund balances	464,846	84,386	170,625
FUND BALANCES (DEFICIT):			
Beginning of year	10,811,532	4,116,950	(805,741)
End of year	\$ 11,276,378	\$ 4,201,336	\$ (635,116)

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

Special Projects	Other Governmental Funds	Totals
\$ -	\$ 400,774	\$ 13,241,177
-	56,840	99,724
2,162,965	1,375,426	7,239,677
(16,664)	126,874	289,836
-	-	687,209
-	83,950	273,238
2,146,301	2,043,864	21,830,861
-	128,912	2,757,775
-	218,105	8,287,173
-	82,821	957,287
-	997,629	1,843,908
-	-	314,243
221,269	197,896	4,375,550
-	-	365,759
-	-	101,535
221,269	1,625,363	19,003,230
1,925,032	418,501	2,827,631
-	-	21,112
-	237,220	1,782,459
-	(433,797)	(1,764,389)
-	(196,577)	39,182
1,925,032	221,924	2,866,813
126,477	9,805,843	24,055,061
\$ 2,051,509	\$ 10,027,767	\$ 26,921,874

City of Grass Valley, California
Reconciliation of Fund Basis Statements to
Government-wide Statement of Activities
For the year ended June 30, 2018

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt		Internal Service	Depreciation	Capital Asset (Additions)/ Retirements		OPEB Obligation	Pension Obligation	Government- wide Totals
		Service								
Governmental activities:										
General government	\$ 2,757,775	\$ 96,618	\$ -	\$ -	\$ 213,156	\$ -	\$ 394,405	\$ 1,373,029	\$ -	\$ 4,834,983
Public safety	8,287,173	-	-	-	56,704	-	-	-	-	8,343,877
Public ways and facilities	957,287	-	-	-	2,648,694	(28,325)	-	-	-	3,577,656
Community development	1,843,908	-	4,820	-	255,845	-	-	-	-	2,104,573
Recreation and culture	314,243	-	-	-	1,569	-	-	-	-	315,812
Capital outlay	4,375,550	-	-	-	-	(4,375,550)	-	-	-	-
Debt service/Interest	467,294	(365,759)	-	-	-	-	-	-	-	101,535
Total governmental activities	\$ 19,003,230	\$ (269,141)	\$ 4,820	\$ -	\$ 3,175,968	\$ (4,403,875)	\$ 394,405	\$ 1,373,029	\$ -	\$ 19,278,436

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, 2018

Net change in fund balances - total governmental funds \$ 2,866,813

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	\$ 4,403,875	
Proceeds from sales of assets	(21,112)	
Depreciation expense	<u>(3,175,968)</u>	1,206,795

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		365,759
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences		<u>(96,618)</u>
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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	(394,405)	
Net Pension obligation	<u>(1,373,029)</u>	(1,767,434)

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 (\$1,725,464) less the change in the net investment in capital assets (\$1,725,464) included above.

	(1,725,464)	
	<u>1,702,574</u>	<u>(22,890)</u>

Change in net position of governmental activities **\$ 2,552,425**

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, 2018

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 12,577,000	\$ 13,083,818	\$ 12,840,403	\$ (243,415)
Fines and forfeitures	-	-	42,884	42,884
Intergovernmental	1,278,300	1,333,407	1,391,142	57,735
Use of money and property	37,500	40,000	87,653	47,653
Charges for services	594,300	594,942	687,209	92,267
Other revenues	76,000	114,763	189,288	74,525
Total revenues	14,563,100	15,166,930	15,238,579	71,649
EXPENDITURES:				
Current:				
General government	2,409,654	2,645,278	2,628,863	16,415
Public safety	7,820,098	8,091,385	8,069,068	22,317
Public ways and facilities	885,594	879,363	874,466	4,897
Community development	903,214	926,295	846,279	80,016
Recreation and culture	389,288	336,384	314,243	22,141
Capital outlay	372,000	257,000	323,339	(66,339)
Debt service:				
Principal	325,288	325,288	365,759	(40,471)
Interest and fiscal charges	101,646	101,646	101,535	111
Total expenditures	13,206,782	13,562,639	13,523,552	39,087
REVENUES OVER (UNDER) EXPENDITURES	1,356,318	1,604,291	1,715,027	110,736
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of assets	-	21,112	21,112	-
Transfers in	3,000	31,637	59,299	27,662
Transfers out	(3,250,000)	(3,250,000)	(1,330,592)	1,919,408
Total other financing sources (uses)	(3,247,000)	(3,197,251)	(1,250,181)	1,947,070
Net change in fund balances	(1,890,682)	(1,592,960)	464,846	2,057,806
FUND BALANCES:				
Beginning of year	10,811,532	10,811,532	10,811,532	-
End of year	\$ 8,920,850	\$ 9,218,572	\$ 11,276,378	\$ 2,057,806

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		
\$ -	\$ -	\$ -	\$ -	\$ 12,577,000	\$ 13,083,818	\$ 12,840,403	\$ (243,415)
-	-	-	-	-	-	42,884	42,884
-	-	84,386	84,386	1,278,300	1,333,407	1,391,142	57,735
-	-	-	-	37,500	40,000	172,039	132,039
-	-	-	-	594,300	594,942	687,209	92,267
-	-	-	-	76,000	114,763	189,288	74,525
-	-	84,386	84,386	14,563,100	15,166,930	15,322,965	156,035
-	-	-	-	2,409,654	2,645,278	2,628,863	16,415
-	-	-	-	7,820,098	8,091,385	8,069,068	22,317
-	-	-	-	885,594	879,363	874,466	4,897
-	-	-	-	903,214	926,295	846,279	80,016
-	-	-	-	389,288	336,384	314,243	22,141
-	-	-	-	372,000	257,000	323,339	(66,339)
-	-	-	-	325,288	325,288	365,759	(40,471)
-	-	-	-	101,646	101,646	101,535	111
-	-	-	-	13,206,782	13,562,639	13,523,552	39,087
-	-	84,386	84,386	1,356,318	1,604,291	1,799,413	195,122
-	-	-	-	-	21,112	21,112	-
-	-	-	-	3,000	31,637	59,299	27,662
-	-	-	-	(3,250,000)	(3,250,000)	(1,330,592)	1,919,408
-	-	-	-	(3,247,000)	(3,197,251)	(1,250,181)	1,947,070
-	-	84,386	84,386	(1,890,682)	(1,592,960)	549,232	2,142,192
4,116,950	4,116,950	4,116,950	-	14,928,482	14,928,482	14,928,482	-
\$ 4,116,950	\$ 4,116,950	\$ 4,201,336	\$ 84,386	\$ 13,037,800	\$ 13,335,522	\$ 15,477,714	\$ 2,142,192

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ENTERPRISE FUNDS

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

City of Grass Valley, California
Statement of Net Position
Proprietary Funds
June 30, 2018

	Water Fund	Sewer Fund	Totals	Governmental Activities Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS				
Current assets:				
Cash and investments	\$ 3,964,811	\$ 5,682,989	\$ 9,647,800	\$ 99,298
Restricted cash and investments	-	634,225	634,225	-
Receivables:				
Accounts	350,221	734,016	1,084,237	-
Intergovernmental	127	2,324	2,451	-
Total current assets	<u>4,315,159</u>	<u>7,053,554</u>	<u>11,368,713</u>	<u>99,298</u>
Noncurrent assets:				
Deposits - containers	-	-	-	-
Capital assets, net	8,636,041	35,122,070	43,758,111	-
Total noncurrent assets	<u>8,636,041</u>	<u>35,122,070</u>	<u>43,758,111</u>	<u>-</u>
Total assets	<u>12,951,200</u>	<u>42,175,624</u>	<u>55,126,824</u>	<u>99,298</u>
Deferred outflows - Pensions	396,495	938,965	1,335,460	-
Deferred outflows - OPEB	4,457	9,704	14,161	-
Total assets and deferred outflows	<u>\$ 13,352,152</u>	<u>\$ 43,124,293</u>	<u>\$ 56,476,445</u>	<u>\$ 99,298</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 134,678	\$ 622,379	\$ 757,057	\$ -
Accrued payroll	18,299	51,679	69,978	-
Due to other funds	-	-	-	-
Interest payable	27,640	116,297	143,937	-
Prepaid connection fees	-	240,800	240,800	-
Deposits payable	7,428	-	7,428	-
Long-term liabilities - current portion	221,873	1,001,165	1,223,038	-
Compensated absences - current portion	13,227	51,791	65,018	-
Total current liabilities	<u>423,145</u>	<u>2,084,111</u>	<u>2,507,256</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	24,455	58,657	83,112	-
Due after one year	2,526,037	8,447,440	10,973,477	-
Net OPEB obligation	175,209	381,467	556,676	-
Net Pension obligation	1,167,342	3,172,207	4,339,549	-
Total noncurrent liabilities	<u>3,893,043</u>	<u>12,059,771</u>	<u>15,952,814</u>	<u>-</u>
Total liabilities	<u>4,316,188</u>	<u>14,143,882</u>	<u>18,460,070</u>	<u>-</u>
Deferred inflows - Pension	82,260	163,983	246,243	-
Total liabilities and deferred inflows	<u>4,398,448</u>	<u>14,307,865</u>	<u>18,706,313</u>	<u>-</u>
Net Position:				
Net investment in capital assets	5,888,131	25,673,465	31,561,596	-
Restricted	-	634,225	634,225	-
Unrestricted	3,065,573	2,508,738	5,574,311	99,298
Total net position	<u>8,953,704</u>	<u>28,816,428</u>	<u>37,770,132</u>	<u>99,298</u>
Total liabilities, deferred inflows and net position	<u>\$ 13,352,152</u>	<u>\$ 43,124,293</u>	<u>\$ 56,476,445</u>	<u>\$ 99,298</u>

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, 2018

	Water Fund	Sewer Fund	Totals	Governmental Activities Internal Service Funds
OPERATING REVENUES:				
Charges for service	2,130,266	4,982,558	\$ 7,112,824	\$ -
Other operating revenue	21,698	629,319	651,017	-
Total operating revenues	2,151,964	5,611,877	7,763,841	-
OPERATING EXPENSES:				
Salaries and benefits	379,747	1,345,482	1,725,229	-
Contractual services	164,522	637,012	801,534	-
Materials and supplies	64,281	288,887	353,168	-
Repairs and maintenance	361,830	276,793	638,623	-
Purchased water	365,925	-	365,925	-
Utilities	17,326	276,887	294,213	-
Insurance	45,506	105,452	150,958	-
Allocated overhead	20,214	165,303	185,517	-
Depreciation	395,316	1,355,673	1,750,989	-
Total operating expenses	1,814,667	4,451,489	6,266,156	-
OPERATING INCOME(LOSS)	337,297	1,160,388	1,497,685	-
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) on sale of capital assets	8,787	14,997	23,784	(1,695,366)
Capital contributions	-	220,233	220,233	-
Grants	2,042	1,633,740	1,635,782	-
Interest revenue	27,780	63,298	91,078	489
Interest expense	(112,439)	(333,182)	(445,621)	(12,517)
Miscellaneous revenues (expenses)	65,748	170,909	236,657	-
Total non-operating revenues, net	(8,082)	1,769,995	1,761,913	(1,707,394)
NET INCOME(LOSS) BEFORE TRANSFERS	329,215	2,930,383	3,259,598	(1,707,394)
Transfers in	-	-	-	-
Transfers out	-	-	-	(18,070)
Total transfers	-	-	-	(18,070)
CHANGE IN NET POSITION	329,215	2,930,383	3,259,598	(1,725,464)
NET POSITION:				
Beginning of year	8,736,701	26,130,354	34,867,055	1,824,762
Adjustments	(112,212)	(244,309)	(356,521)	-
Beginning of year, as adjusted	8,624,489	25,886,045	34,510,534	1,824,762
End of year	\$ 8,953,704	\$ 28,816,428	\$ 37,770,132	\$ 99,298

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, 2018

	Water Fund	Sewer Fund	Totals	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/users for services provided	\$ 2,135,562	\$ 5,618,305	\$ 7,753,867	\$ -
Cash payments to suppliers for goods and services	(1,159,002)	(1,524,096)	(2,683,098)	-
Cash payments to employees for services	(409,372)	(1,374,196)	(1,783,568)	-
Net cash provided by operating activities	567,188	2,720,013	3,287,201	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Change in net OPEB obligation	128,107	278,916	407,023	-
Change in net pension obligation	(110,711)	16,249	(94,462)	-
Transfers paid	-	-	-	(18,070)
Net cash used by noncapital financing activities	17,396	295,165	312,561	(18,070)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from grants	2,042	1,633,740	1,635,782	-
Acquisition and construction of capital assets	(162,564)	(5,520,833)	(5,683,397)	-
Capital contributions	-	220,233	220,233	-
Other income received	65,748	170,909	236,657	-
Principal paid on long term debt	(212,095)	(1,007,074)	(1,219,169)	7,208
Interest paid on long term debt	(114,978)	(349,190)	(464,168)	(12,517)
Net cash (used) by capital and related financing activities	(421,847)	(4,852,215)	(5,274,062)	(5,309)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	27,780	63,298	91,078	489
Net cash provided by investing activities	27,780	63,298	91,078	489
Net increase (decrease) in cash and cash equivalents	190,517	(1,773,739)	(1,583,222)	(22,890)
CASH AND CASH EQUIVALENTS:				
Beginning of year	3,774,294	8,090,953	11,865,247	122,188
End of year	<u>\$ 3,964,811</u>	<u>\$ 6,317,214</u>	<u>\$ 10,282,025</u>	<u>\$ 99,298</u>
PRESENTATION IN STATEMENT OF NET POSITION:				
Cash and investments	\$ 3,964,811	\$ 5,682,989	\$ 9,647,800	\$ 99,298
Restricted cash and investments	-	634,225	634,225	-
Total Cash and Cash Equivalents	<u>\$ 3,964,811</u>	<u>\$ 6,317,214</u>	<u>\$ 10,282,025</u>	<u>\$ 99,298</u>
Reconciliation of income from operations to net cash provided by operating activities:				
Operating income	\$ 337,297	\$ 1,160,388	\$ 1,497,685	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	395,316	1,355,673	1,750,989	-
OPEB adjustments	(4,457)	(9,704)	(14,161)	-
Prior period adjustments	(112,212)	(244,309)	(356,521)	-
(Increase) decrease in current assets:				
Accounts receivable	(16,328)	7,133	(9,195)	-
Intergovernmental receivables	(74)	(705)	(779)	-
Increase (decrease) in liabilities and deferred inflows/outflows:				
Accounts payable	(2,729)	480,251	477,522	-
Accrued payroll	(900)	3,585	2,685	-
Compensated absences	(28,725)	(32,299)	(61,024)	-
Net cash provided by operating activities	<u>\$ 567,188</u>	<u>\$ 2,720,013</u>	<u>\$ 3,287,201</u>	<u>\$ -</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2018.

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

FIDUCIARY ACTIVITIES

Fund	Description
<p>Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.</p>	
<p>Private Purpose Trust Funds</p>	
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.
<p>Agency Funds</p>	
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, 2018

	Successor Agency		
	Former Grass Valley Redevelopment Agency	Housing	Agency Funds
Current assets:			
Cash and investments	\$ 850,647	\$ -	\$ 254,815
Cash and investments with trustee/fiscal agent	995,339	-	140,429
Notes/Loans receivable	27,610	973,850	-
Assessments receivable	617	-	92
Total current assets	1,874,213	973,850	395,336
Total assets	\$ 1,874,213	\$ 973,850	\$ 395,336
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 4,848	\$ -	\$ -
Due to others	-	-	395,336
Current portion of long-term debt	317,339	-	-
Total current liabilities	322,187	-	395,336
Long-term liabilities:			
Due after one year	8,422,171	-	-
Total long-term liabilities	8,422,171	-	-
Total liabilities	8,744,358	-	\$ 395,336
Net Position (Deficit):			
Restricted for:			
Debt service	995,339	-	
Net position held in trust for Redevelopment Dissolution	(7,865,484)	973,850	
Total net position (deficit)	(6,870,145)	973,850	
Total liabilities and net position	\$ 1,874,213	\$ 973,850	

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, 2018

	Successor Agency		
	Former Grass Valley Redevelopment		Totals
	Agency	Housing	
ADDITIONS:			
Property taxes	\$ 1,149,929	\$ -	\$ 1,149,929
Investment income	4,882	25,447	30,329
Other	292,315	-	292,315
Total additions	<u>1,447,126</u>	<u>25,447</u>	<u>1,472,573</u>
DEDUCTIONS:			
Community development	863,692	-	863,692
Note receivable writeoff	-	-	-
Total deductions	<u>863,692</u>	<u>-</u>	<u>863,692</u>
Transfers in	10,000	-	10,000
Transfers out	-	(10,000)	(10,000)
Total transfers	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
CHANGE IN FIDUCIARY NET POSITION	<u>593,434</u>	<u>15,447</u>	<u>608,881</u>
NET POSITION (DEFICIT):			
Beginning of year	(7,463,579)	958,403	(6,505,176)
End of year	<u>\$ (6,870,145)</u>	<u>\$ 973,850</u>	<u>\$ (5,896,295)</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, 2018

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City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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.

Pensions

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

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, 2018. 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.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Prior Period Adjustment

Due to the City's adoption of GASB 75, net position was adjusted at June 30, 2018. The following is a reconciliation of the total net position as previously reported at July 1, 2017 to the restated net position.

	Governmental Activities	Governmental Activities
Net Position at June 30, 2017	\$ 57,845,297	\$ 35,067,838
Adjustment:		
Adoption of GASB 75, OPEB	<u>(3,869,336)</u>	<u>(356,521)</u>
Total Adjustments	<u>(3,869,336)</u>	<u>(356,521)</u>
Net Position at July 1, 2017. as adjusted	<u>\$ 53,975,961</u>	<u>\$ 34,711,317</u>

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, 2018

2. CASH AND INVESTMENTS

At June 30, 2018, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

<u>Cash, cash equivalents and investments pooled</u>	Maturities (in years)			Deposits	Fair		
	<1	1 to 3	3 to 5		Market Value		
<u>Pooled cash, at fair value</u>							
Cash in bank	\$ -	\$ -	\$ -	\$ 165,028	\$ 165,028		
Petty cash	-	-	-	850	850		
Total pooled items	-	-	-	165,878	165,878		
<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	-	2,258,796	3,202,750	-	5,461,546
		Certificate of Deposits	-	973,678	2,406,250	-	3,379,928
		Money market	1,712,810	-	-	-	1,712,810
State of California Local Agency Investment Fund			17,973,556	-	-	-	17,973,556
Total pooled investments - interest obligations			19,686,366	3,232,474	5,609,000	-	28,527,840
Total cash equivalents and investments pooled			\$ 19,686,366	\$ 3,232,474	\$ 5,609,000	\$ 165,878	\$ 28,693,718

Amounts reported in:

Governmental activities	\$ 16,170,463
Governmental activities - Restricted	-
Business-type activities	9,647,800
Business-type activities - Restricted	634,225
Fiduciary activities	1,105,462
Fiduciary activities - Restricted	1,135,768
Total	\$ 28,693,718

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal agency securities	5,461,546	3.86
Certificates of deposits	3,379,928	N/A
Money market funds	1,712,810	N/A
Local Agency Investment Fund	17,973,556	N/A
Total fair value	\$ 28,527,840	
Weighted average of maturity		1.48

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018, 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, 2018

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, 2018, 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 2.67% 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, 2018

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, 2018, the carrying amount of the City's deposits was \$165,028 and the balances in financial institutions were \$355,675. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$3,250,000 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, 2018, 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, 2018 was \$22,548,942,230 billion of which the City had a balance of \$17,973,556. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018 has a portfolio with market valuation of \$88,798,232 thousand. 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, 2018

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Current:				
Taxes and assessments	\$ 1,692,399	\$ -	\$ -	\$ 1,692,399
Interest	112,839	-	-	112,839
Accounts	-	1,084,237	-	1,084,237
Intergovernmental	118,392	2,451	-	120,843
Other receivable	925,763	-	-	925,763
Total current	<u>2,849,393</u>	<u>1,086,688</u>	<u>-</u>	<u>3,936,081</u>
Noncurrent:				
Loans receivable	<u>9,665,361</u>	<u>-</u>	<u>1,001,460</u>	<u>10,666,821</u>
Total noncurrent	<u>9,665,361</u>	<u>-</u>	<u>1,001,460</u>	<u>10,666,821</u>
Total receivables	<u>\$ 12,514,754</u>	<u>\$ 1,086,688</u>	<u>\$ 1,001,460</u>	<u>\$ 14,602,902</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	12.42%
Individuals/Businesses	80.47%
Financial	0.77%
Other	6.34%

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, 2018

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, 2018, consisted of the following:

	Beginning July 1, 2017	Additions	Deletions	Ending June 30, 2018
Community Development Block Grant	\$ 671,219	\$ 1,230	\$ (6,396)	\$ 666,053
HOME loans	7,780,782	235,561	(245,307)	7,771,036
STBG	536,763	1,275	(10,934)	527,104
Business Revolving Loans	339,421	331	(29,936)	309,816
Rehabilitation loans	405,890	5,206	(19,744)	391,352
Total loans/notes receivable	<u>\$ 9,734,075</u>	<u>\$ 243,603</u>	<u>\$ (312,317)</u>	<u>\$ 9,665,361</u>

The following is a summary of the loans and notes receivable outstanding as of June 30, 2018:

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 \$660,053.

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, 2018

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, 2018, was as follows:

Governmental activities	Balance July 1, 2017	Additions	Deletions	Adjustments / Transfers	Balance June 30, 2018
Nondepreciable assets:					
Land	\$ 2,568,992	\$ 312,640	\$ -	\$ -	\$ 2,881,632
Construction in progress	1,535,421	1,661,437	-	-	3,196,858
Total nondepreciable assets	4,104,413	1,974,077	-	-	6,078,490
Depreciable assets:					
Buildings and Improvements	12,312,426	145,861	-	-	12,458,287
Equipment	8,453,761	1,130,732	(146,042)	-	9,438,451
Infrastructure	64,880,749	1,278,134	-	-	66,158,883
Total depreciable assets	85,646,936	2,554,727	(146,042)	-	88,055,621
Total	89,751,349	4,528,804	(146,042)	-	94,134,111
Accumulated depreciation:					
Buildings and Improvements	(7,138,603)	(494,114)	-	-	(7,632,717)
Equipment	(6,085,573)	(405,439)	-	-	(6,491,012)
Infrastructure	(27,740,027)	(2,276,415)	-	-	(30,016,442)
Total accumulated depreciation	(40,964,203)	(3,175,968)	-	-	(44,140,171)
Net depreciable assets	44,682,733	(621,241)	(146,042)	-	43,915,450
Total net capital assets	\$ 48,787,145	\$ 1,352,836	\$ (146,042)	\$ -	\$ 49,993,940

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

5. CAPITAL ASSETS, Continued

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

General government	\$ 213,156
Public safety	56,704
Public ways and facilities	2,648,694
Community development	255,845
Parks and recreation	1,569
	<u>\$ 3,175,968</u>

Business-type capital asset activity for the year ended June 30, 2018, was as follows:

<u>Business-type activities</u>	Balance July 1, 2017	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2018
<u>Nondepreciable assets:</u>					
Land	\$ 239,401	\$ -	\$ -	\$ -	\$ 239,401
Construction in progress	1,312,273	5,273,437	(770,655)	171,351	5,986,406
Total nondepreciable assets	<u>1,551,674</u>	<u>5,273,437</u>	<u>(770,655)</u>	<u>171,351</u>	<u>6,225,807</u>
<u>Depreciable assets:</u>					
Buildings and Improvements	51,767,737	653,955	-	-	52,421,692
Equipment	1,123,801	145,764	(6,774)	-	1,262,791
Infrastructure	19,390,002	311,500	-	-	19,701,502
Total depreciable assets	<u>72,281,540</u>	<u>1,111,219</u>	<u>(6,774)</u>	<u>-</u>	<u>73,385,985</u>
Total assets	<u>73,833,214</u>	<u>6,384,656</u>	<u>(777,429)</u>	<u>171,351</u>	<u>79,611,792</u>
<u>Accumulated depreciation:</u>					
Buildings and Improvements	(23,423,114)	(1,281,200)	-	-	(24,704,314)
Equipment	(837,310)	(75,891)	6,775	-	(906,426)
Infrastructure	(9,809,957)	(432,984)	-	-	(10,242,941)
Total accumulated depreciation	<u>(34,070,381)</u>	<u>(1,790,075)</u>	<u>6,775</u>	<u>-</u>	<u>(35,853,681)</u>
Net depreciable assets	<u>38,211,159</u>	<u>(678,856)</u>	<u>1</u>	<u>-</u>	<u>37,532,304</u>
Total net capital assets	<u>\$ 39,762,833</u>	<u>\$ 4,594,581</u>	<u>\$ (770,654)</u>	<u>\$ 171,351</u>	<u>\$ 43,758,111</u>

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

Water	\$ 395,316
Sewer	1,394,759
	<u>\$ 1,790,075</u>

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2018:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 998,005	\$ 997,857	\$ 4,848	\$ 2,000,710
Accrued payroll and related liabilities	262,836	69,978	-	332,814
Interest payable	-	143,937	-	143,937
Deposits payable	377,030	7,428	-	384,458
Due to others	-	-	395,336	395,336
Total	\$ 1,637,871	\$ 1,219,200	\$ 400,184	\$ 3,257,255

These amounts resulted in the following concentrations in payables:

Vendors	98.8%
Employees	10.2%

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, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Governmental activities:					
Capital leases	\$ 1,516,490	\$ -	\$ (50,759)	\$ 1,465,731	\$ 55,363
2013 Bank Loan- Pension Obligation	1,326,000	-	(315,000)	1,011,000	326,000
Compensated absences	715,625	96,618	-	812,243	-
Net OPEB obligation	1,624,190	6,041,620	(1,624,190)	6,041,620	-
Total governmental activities liabilities	\$ 5,182,305	\$ 6,138,238	\$ (1,989,949)	\$ 9,330,594	\$ 381,363
Business-type activities:					
2011 Wastewater refunding bonds	\$ 4,215,000	\$ -	\$ (390,000)	\$ 3,825,000	\$ 405,000
Premium paid in refunding	351,773	-	(39,086)	312,687	39,086
Net 2011 Wastewater refunding bonds	4,566,773	-	(429,086)	4,137,687	444,086
California Water Resources Control Board revolving loan	3,065,834	-	(488,418)	2,577,416	497,228
California Department of Water Resources safe drinking water loan	\$ 1,407,420	\$ -	\$ (102,061)	\$ 1,305,359	\$ 105,530
Capital lease - Bank of America Leasing	1,553,796	-	(142,485)	1,411,311	149,225
Capital leases	2,782,774	-	(18,032)	2,764,742	26,969
Total business-type activity debt	13,376,597	-	(1,180,082)	12,196,515	1,223,038
Compensated absences	209,154	-	(61,024)	148,130	-
Net OPEB obligation	149,653	556,676	(149,653)	556,676	-
Total business-type activities liabilities	\$ 13,735,404	\$ 556,676	\$ (1,390,759)	\$ 12,901,321	\$ 1,667,124

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018, the outstanding balance of the lease obligation was \$4,189,004.

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, 2018, the outstanding balance of the loan was \$1,011,000.

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, 2018

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, 2018, the outstanding balance of the lease amounted to \$1,411,311.

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 \$812,243 for governmental activities and \$148,130 for business-type activities at June 30, 2018, of those amounts \$65,018 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, 2018, 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, 2018

7. LONG-TERM LIABILITIES, Continued

Future debt service for Governmental Activities at June 30, 2018, is as follows for all debt except compensated absences and the Net OPEB obligation:

Year Ending June 30,	Governmental Activities					
	Corporation Capital Lease Obligations		2013 Umpqua Bank		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	55,363	55,360	326,000	34,880	\$ 381,363	\$ 90,240
2020	18,876	54,747	337,000	23,632	355,876	78,379
2021	28,116	53,896	348,000	12,006	376,116	65,902
2022	35,507	52,644	-	-	35,507	52,644
2023	42,147	51,195	-	-	42,147	51,195
2024-2028	329,047	223,723	-	-	329,047	223,723
2029-2033	584,943	137,276	-	-	584,943	137,276
2034-2038	371,732	18,656	-	-	371,732	18,656
Total	<u>\$ 1,465,731</u>	<u>\$ 647,497</u>	<u>\$ 1,011,000</u>	<u>\$ 70,518</u>	<u>\$ 2,476,731</u>	<u>\$ 718,015</u>
Due within one year	\$ 55,363	\$ 55,360	\$ 326,000	\$ 34,880	\$ 381,363	\$ 90,240
Due after one year	<u>1,410,368</u>	<u>592,137</u>	<u>685,000</u>	<u>35,638</u>	<u>2,095,368</u>	<u>627,775</u>
	<u>\$ 1,465,731</u>	<u>\$ 647,497</u>	<u>\$ 1,011,000</u>	<u>\$ 70,518</u>	<u>\$ 2,476,731</u>	<u>\$ 718,015</u>

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

7. LONG-TERM LIABILITIES, Continued

Future debt service for Business-type Activities at June 30, 2018, 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	405,000	163,113	105,530	43,128	497,227	46,471
2019	425,000	146,613	109,038	39,620	506,192	37,506
2020	440,000	129,238	112,900	35,758	515,318	28,379
2021	465,000	106,613	116,663	31,995	524,609	19,088
2022	490,000	82,738	120,629	28,029	534,071	9,629
2023-2027	1,600,000	103,819	667,502	75,788	-	-
2028-2032	-	-	73,096	1,232	-	-
Total	<u>\$ 3,825,000</u>	<u>\$ 732,134</u>	<u>\$ 1,305,359</u>	<u>\$ 255,549</u>	<u>\$ 2,577,416</u>	<u>\$ 141,073</u>
Due within one year	\$ 405,000	\$ 163,113	\$ 105,530	\$ 43,128	\$ 497,227	\$ 46,471
Due after one year	3,420,000	569,021	1,199,828	212,422	2,080,190	94,602
Total	<u>3,825,000</u>	<u>\$ 732,134</u>	<u>\$ 1,305,359</u>	<u>\$ 255,549</u>	<u>\$ 2,577,416</u>	<u>\$ 141,073</u>
Premium on refunding	312,687					
Total	<u>\$ 4,137,687</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	149,225	64,268	26,969	107,464	\$ 1,183,951	\$ 424,443
2019	156,284	57,210	36,641	106,273	1,233,155	387,221
2020	163,678	49,816	54,578	104,621	1,286,474	347,812
2021	171,421	42,075	68,925	102,192	1,346,618	301,963
2022	179,530	33,964	81,815	99,378	1,406,045	253,738
2023-2027	591,173	49,307	638,738	434,286	3,497,413	663,200
2028-2032	-	-	1,135,478	266,477	1,208,574	267,709
2033-2036	-	-	721,598	36,215	721,598	36,215
Total	<u>\$ 1,411,311</u>	<u>\$ 296,640</u>	<u>\$ 2,764,742</u>	<u>\$ 1,256,906</u>	<u>\$ 11,883,828</u>	<u>\$ 2,682,302</u>
Premium on refunding					312,687	
Total					<u>\$ 12,196,515</u>	
Due within one year	\$ 149,225	\$ 64,268	\$ 26,969	\$ 107,464	\$ 1,223,038	\$ 424,443
Due after one year	1,262,086	232,372	2,737,773	1,149,442	10,973,477	2,257,858
Total	<u>\$ 1,411,311</u>	<u>\$ 296,640</u>	<u>\$ 2,764,742</u>	<u>\$ 1,256,906</u>	<u>\$ 12,196,515</u>	<u>\$ 2,682,302</u>

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

8. NET POSITION/FUND BALANCES

Net Position

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Net investment in capital assets	\$ 47,699,040	\$ 31,561,596	\$ 79,260,636
Restricted	3,114,792	634,225	3,749,017
Unrestricted	<u>5,952,077</u>	<u>5,590,808</u>	<u>11,542,885</u>
Total	<u>\$ 56,765,909</u>	<u>\$ 37,786,629</u>	<u>\$ 94,552,538</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, 2018

8. NET POSITION/FUND BALANCES, Continued

Fund Balances

Nonspendable and Restricted fund balances consisted of the following at June 30, 2018:

<u>Nonspendable:</u>	
General fund	\$ 2,849
HOME grant special revenue fund	4,201,336
Special projects	-
Housing special revenue funds	5,494,763
Total Nonspendable	\$ 9,698,948
<u>Restricted:</u>	
Governmental funds:	
General Fund	1,631,530
Special revenue funds	
Gas tax	950,512
Maintenance District Funds	122,129
Block Grant Funds	23,676
Housing Funds	266,712
Elizabeth Daniels	91,583
Animal shelter	28,650
Total Restricted	3,114,792
<u>Assigned</u>	5,108,054
<u>Unassigned:</u>	
General Fund	9,641,999
Capital Projects	(635,116)
Unassigned (deficit)	(6,803)
Total Unassigned	9,000,080
Total Fund Balance	\$ 26,921,874

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, 2018

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:

Major Funds:	
Capital Projects	\$ (635,116)
Nonmajor Special Revenue Funds:	
EPA Brownfield	(1,624)
CDBG	(6,007)

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, 2018

8. NET POSITION/FUND BALANCES, Continued

Excess of Expenditures and Transfers over Appropriations:

Expenditures and transfers exceeded appropriations for the year ended June 30, 2018, 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>			
Traffic Safety	162,000	171,797	(9,797)
DUI Grant	3,300	19,080	(15,780)
Downtown Assessment	50,000	110,381	(60,381)
Fire Reserve*	-	13,959	(13,959)
EPA Brownfiel*	-	128,912	(128,912)
CDBG*	-	791,614	(791,614)
CDBG Revolving*	-	10,307	(10,307)
HOME Grant*	-	84,287	(84,287)

* Indicates Fund is not budgeted

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 1,073,581	\$ -
Capital Projects Fund		1,010,931
Total Major Funds	<u>1,073,581</u>	<u>1,010,931</u>
Non-major Funds:		
EPA Brownfield		59,019
Housing Funds		1,624
Block Grant Funds		2,007
Total Non-major Funds	<u>-</u>	<u>62,650</u>
Total Governmental Funds	<u>1,073,581</u>	<u>1,073,581</u>
Total	<u>\$ 1,073,581</u>	<u>\$ 1,073,581</u>

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

9. INTERFUND TRANSACTIONS, Continued

Transfers consisted of the following at June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General fund	\$ 59,299	\$ 1,330,592
Capital projects	1,485,940	-
Total major funds	<u>1,545,239</u>	<u>1,330,592</u>
Non-major Funds:		
Special Revenue Funds		
Gas tax	-	259,242
Traffic safety	150,000	-
COPS Grant	-	-
Impact fees	-	130,278
Fire reserve	42,943	-
Parks and recreation	-	-
Block grant funds	44,277	23,201
Housing funds	-	21,076
Total non-major funds Special Revenue Funds	<u>237,220</u>	<u>433,797</u>
Total Governmental Funds	<u>1,782,459</u>	<u>1,764,389</u>
<u>Proprietary Funds</u>		
Internal Service Funds:		
Vehicle replacement fund	-	18,070
Total Proprietary Funds	<u>-</u>	<u>18,070</u>
Total Transfers	<u>\$ 1,782,459</u>	<u>\$ 1,782,459</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, 2018

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, 2018

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, 2018, 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	10.11%	19.723%
	 <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	6.533%	17.875%

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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	17.875%	11.990%
	<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	11.990%	

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, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety - Police
Contributions - employer	\$ 632,072	\$ 910,702
Contributions - employee (paid employer)	\$ -	\$ -

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 10,203,070
Safety - Police	8,786,699
Total Net Pension Liability	<u>\$ 18,989,769</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, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows:

	Miscellaneous	Safety - Police
Proportion - June 30, 2017	0.25637%	0.14610%
Proportion - June 30, 2018	0.25883%	0.14705%
Change - Increase (Decrease)	0.00246%	0.00095%

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2018, the City recognized pension expense of \$2,829,708. At June 30, 2018, 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	\$ 1,542,774	\$ -
Differences between actual and expected experience	108,922	193,686
Changes in assumptions	2,867,209	219,292
Differences between Employer's Contributions and Proportionate Share of Contributions	-	544,019
Change in Employer's Proportion	309,946	79,240
Net differences between projected and actual earnings on plan investments	637,002	-
Total	<u>\$ 5,465,853</u>	<u>\$ 1,036,237</u>

\$1,542,774 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, 2018. 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	
2019	\$ 644,005
2020	1,639,588
2021	978,812
2022	(375,562)
2023	-
Thereafter	-

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 20167 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions	
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funs
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

The underlying mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF 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 equal 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ¹	Real Return Year 11+ ²
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.55%	-90.00%

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

(2) 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, 2018

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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability as of June 30, 2017			
Miscellaneous	\$ 15,008,972	\$ 10,203,070	\$ 6,222,736
Safety - Police	13,442,222	8,786,698	4,981,038
Total	<u>\$ 28,451,194</u>	<u>\$ 18,989,768</u>	<u>\$ 11,203,774</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, 2018

12. OTHER POST EMPLOYMENT BENEFITS, Continued

Employees Covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	44
Inactive Employees Entitled to But Not Receiving Benefits	13
Participating Active Employees	82
Total Number of participants	139

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	3.13% as of June 30, 2017 2.92% as of June 30, 2018
Inflation	2.75%
Salary Increases	3.25% per annum
Mortality Rate	MacLeod Watts Scale 2017 applied generationally from 2008
Pre-Retirement Turnover ⁽¹⁾	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	7.50% in 2019 decreasing to 5.00% in 2024 and later

⁽¹⁾ The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.92 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

12. OTHER POST EMPLOYMENT BENEFITS, Continued

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2017	\$ 5,999,700	\$ -	\$ 5,999,700
Changes for the year			
Service Cost	381,204	-	381,204
Interest Cost	197,059	-	197,059
Expected Investment Income	-	-	-
Employer Contributions	-	170,170	(170,170)
Changes of benefit terms	-	-	-
Benefit payments	(170,170)	(170,170)	-
Assumption changes	190,502	-	190,502
Plan experience	-	-	-
Recognized deferred resources	-	-	-
Employer contributions in fiscal year	-	-	-
Net Changes	598,595	-	598,595
Balance at 6/30/2018*	\$ 6,598,295	\$ -	\$ 6,598,295

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

The discount rate used for the fiscal year end 2018 is 2.92%. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	1.92%	2.92%	3.92%
Net OPEB Liability	\$ 7,629,015	\$ 6,598,295	\$ 5,758,469

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease	Current Trend	1% Increase
Change in Healthcare Cost Trend Rate			
Net OPEB Liability	\$ 5,615,699	\$ 6,598,295	\$ 7,854,758

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

12. OTHER POST EMPLOYMENT BENEFITS, Continued

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2017)

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$600,915. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 167,850	-
Total	<u>\$ 167,850</u>	<u>-</u>

Future recognition of these deferred resources is shown below.

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2019	\$ 22,652
2020	22,652
2021	22,652
2022	22,652
2023	22,652
Thereafter	54,590

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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.

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.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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

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.

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, 2018, loans receivable consisted of the following:

	Beginning July 1, 2017	Additions	Deletions	Ending June 30, 2018
Redevelopment Housing:				
Springhill Garden Apts	\$ 696,000	\$ 18,000	\$ (5,000)	\$ 709,000
Valley Commons	262,403	7,447	(5,000)	264,850
Redevelopment Projects (Non-Housing):				
Center for the Arts	37,610	-	(10,000)	27,610
Total loans receivable	<u>\$ 996,013</u>	<u>\$ 25,447</u>	<u>\$ (20,000)</u>	<u>\$ 1,001,460</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.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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

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.

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			Balance	Due within
	July 1, 2017	Additions	Retirements	June 30, 2018	one year
2002 ABAG Lease Revenue Bonds	\$ 745,000	\$ -	\$ (65,000)	\$ 680,000	\$ 70,000
2014 Tax Allocation Refunding Bonds	5,535,000	-	(195,000)	5,340,000	190,000
2010 Tax Allocation Bonds	2,925,000	-	(65,000)	2,860,000	65,000
Less: Discount	(148,151)	-	7,661	(140,490)	(7,661)
Total governmental activities	<u>\$ 9,056,849</u>	<u>\$ -</u>	<u>\$ (317,339)</u>	<u>\$ 8,739,510</u>	<u>\$ 317,339</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, 2018

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

Future debt service for Fiduciary Activities at June 30, 2018, is as follows:

June 30,	2002 ABAG Lease Revenue Bonds		2014 Tax Allocation Refunding Bonds		
	Principal	Interest	Principal	Discount	Interest
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	85,000	16,375	210,000	(3,416)	215,238
2024-2028	285,000	21,875	935,000	(17,080)	965,275
2029-2033	-	-	785,000	(17,080)	792,156
2034-2038	-	-	2,020,000	(17,069)	524,063
2039-2041	-	-	605,000	-	31,006
	<u>\$ 680,000</u>	<u>\$ 144,500</u>	<u>\$ 5,340,000</u>	<u>\$ (68,309)</u>	<u>\$ 3,448,390</u>

Due within one year	\$ 70,000	\$ 32,250	\$ 190,000	\$ (3,416)	\$ 238,788
Due after one year	610,000	112,250	5,150,000	(64,893)	3,209,602
	<u>\$ 680,000</u>	<u>\$ 144,500</u>	<u>\$ 5,340,000</u>	<u>\$ (68,309)</u>	<u>\$ 3,448,390</u>

June 30,	2010 Tax Allocation Bonds			Totals		
	Principal	Discount	Interest	Principal	Discount	Interest
2019	65,000	(4,245)	141,588	\$ 325,000	(7,661)	\$ 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	80,000	(4,246)	129,063	375,000	(7,662)	360,676
2024-2028	675,000	(21,230)	573,144	1,895,000	(38,310)	1,560,294
2029-2033	1,235,000	(21,230)	320,313	2,020,000	(38,310)	1,112,469
2034-2038	590,000	(8,492)	31,238	2,610,000	(25,561)	555,301
2039-2041	-	-	-	605,000	-	31,006
	<u>\$ 2,860,000</u>	<u>\$ (72,181)</u>	<u>\$ 1,602,709</u>	<u>\$ 8,880,000</u>	<u>\$ (140,490)</u>	<u>\$ 5,195,599</u>
Due within one year	\$ 65,000	\$ (4,245)	\$ 141,588	\$ 325,000	\$ (7,661)	\$ 412,626
Due after one year	2,795,000	(67,936)	1,461,121	8,555,000	(132,829)	4,782,973
Total	<u>\$ 2,860,000</u>	<u>\$ (72,181)</u>	<u>\$ 1,602,709</u>	<u>8,880,000</u>	<u>(140,490)</u>	<u>\$ 5,195,599</u>
				<u>(140,490)</u>		
				<u>\$ 8,739,510</u>		

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018.

15. NEW ACCOUNTING PRONOUNCEMENTS

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 implemented during fiscal year ended June 30, 2018.

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. This statement had no effect on these financial statements.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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.

The GASB has issued Statement No. 83, "*Certain Asset Retirement Obligations.*" The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 84, "*Fiduciary Activities.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

The GASB has issued Statement No. 85, "*Omnibus 2017.*" The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This statement had no effect on these financial statements.

The GASB has issued Statement No. 86, "*Certain Debt Extinguishment Issues.*" The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement had no effect on these financial statements.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

15. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 87, "*Leases*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Grass Valley, California

Required Supplementary Information - Schedule of Changes in the Net OPEB Liability and Related Ratios for the Measurement Periods Ended June 30,

	2018
Total OPEB Liability	
Service Cost	\$ 381,204
Interest on the total OPEB liability	197,059
Changes of benefit terms	-
Differences between expected and actual experience	-
Benefit payments	(170,170)
Changes in assumptions	190,502
Net change in total OPEB liability	598,595
Total OPEB liability - beginning	5,999,700
Total OPEB liability - ending (a)	\$ 6,598,295
Plan fiduciary net position	
Contributions - employer	\$ 170,170
Net investment income	-
Benefit payments	(170,170)
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ -
Net OPEB liability - ending (a) - (b)	\$ 6,598,295
Covered payroll	\$ 6,726,880
Net OPEB liability as a percentage of covered-employee payroll	98.09%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available

City of Grass Valley, California
Required Supplementary Information - Net OPEB Liability Schedule of Contributions
June 30, 2018

Fiscal Year Ended June 30,	2018
Actuarially Determined Contribution (ADC)	\$ 170,170
Contributions in relation to the ADC	170,170
Contribution deficiency (excess)	\$ -
Covered payroll	6,726,880
Contributions as a percentage of covered payroll	2.53%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available

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

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 632,072	\$ 606,756
Contributions in relation to the actuarially determined contributions	<u>632,072</u>	<u>(606,756)</u>
Contribution deficiency (excess)	<u>\$ 1,264,144</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,845,140	\$ 2,845,140
Contribution as a percentage of covered-employee payroll	22.22%	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>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 910,702	\$ 821,329
Contributions in relation to the actuarially determined contributions	<u>910,702</u>	<u>(821,329)</u>
Contribution deficiency (excess)	<u>\$ 1,821,404</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,575,241	\$ 2,575,241
Contribution as a percentage of covered-employee payroll	35.36%	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>2017</u>	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.25883%	0.25637%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 10,203,070	\$ 8,905,897
Plan's Covered-Employee Payroll	\$ 2,845,140	\$ 2,845,140
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	358.61%	313.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	70.80%	72.46%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 935,959	\$ 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>2017</u>	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.14705%	0.14610%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 8,786,698	\$ 7,567,090
Plan's Covered-Employee Payroll	\$ 2,575,241	\$ 2,575,241
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	341.20%	293.84%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.59%	74.20%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 845,039	\$ 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.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

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

City of Grass Valley, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Permanent Funds	
ASSETS			
Cash and investments	\$ 4,514,205	\$ 126,092	\$ 4,640,297
Receivables:			
Taxes	3,527	-	3,527
Intergovernmental	87,492	-	87,492
Loans/Notes receivable	5,464,025	-	5,464,025
Total assets	<u>\$ 10,069,249</u>	<u>\$ 126,092</u>	<u>\$ 10,195,341</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 60,844	\$ -	\$ 60,844
Due to other funds	62,650	-	62,650
Total liabilities	<u>167,574</u>	<u>-</u>	<u>167,574</u>
Fund Balances:			
Nonspendable	5,494,763	-	5,494,763
Restricted	1,363,029	120,233	1,483,262
Assigned	3,050,686	5,859	3,056,545
Unassigned (deficit)	(6,803)	-	(6,803)
Total fund balances	<u>9,901,675</u>	<u>126,092</u>	<u>10,027,767</u>
Total liabilities and fund balances	<u>\$ 10,069,249</u>	<u>\$ 126,092</u>	<u>\$ 10,195,341</u>

City of Grass Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2018

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Permanent Funds	
REVENUES:			
Taxes and assessments	\$ 400,774	\$ -	\$ 400,774
Fines and forfeitures	56,840	-	56,840
Intergovernmental	1,375,426	-	1,375,426
Use of money and property	125,954	920	126,874
Other revenues	83,950	-	83,950
Total revenues	2,042,944	920	2,043,864
EXPENDITURES:			
Current:			
General government	128,912	-	128,912
Public safety	218,105	-	218,105
Public ways and facilities	82,821	-	82,821
Community development	997,629	-	997,629
Total expenditures	1,625,363	-	1,625,363
REVENUES OVER (UNDER) EXPENDITURES	417,581	920	418,501
OTHER FINANCING SOURCES (USES):			
Transfers in	237,220	-	237,220
Transfers out	(433,797)	-	(433,797)
Total other financing sources (uses)	(196,577)	-	(196,577)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	221,004	920	221,924
FUND BALANCES:			
Beginning of year	9,680,671	125,172	9,805,843
End of year	\$ 9,901,675	\$ 126,092	\$ 10,027,767

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Gas Tax Funds	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
Traffic Safety	Accounts for revenue received for the City's programs associated with the maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention.
DUI Grant	Accounts for revenues received for the State DUI grant related to prevention programs.
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

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

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City of Grass Valley, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Gas Tax	Traffic Safety	DUI Grant
ASSETS			
Cash and investments	\$ 939,329	\$ 69,133	\$ 22,603
Receivables:			
Taxes	-	-	-
Intergovernmental	11,183	2,263	-
Loans/Notes receivable	-	-	-
Total assets	\$ 950,512	\$ 71,396	\$ 22,603
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 14,788	\$ 15,873
Due to other funds	-	-	-
Due to other governments	-	-	-
Total liabilities	-	14,788	15,873
Fund Balances:			
Nonspendable	-	-	-
Restricted	950,512	-	-
Committed	-	-	-
Assigned	-	56,608	6,730
Unassigned (deficit)	-	-	-
Total fund balances	950,512	56,608	6,730
Total liabilities and fund balances	\$ 950,512	\$ 71,396	\$ 22,603

Impact Fees	Downtown Assessment	Fire Reserve	EPA Brownfield
\$ 2,940,943	\$ 4,101	\$ 87,303	\$ -
-	293	-	-
-	-	-	74,046
-	-	-	-
<u>\$ 2,940,943</u>	<u>\$ 4,394</u>	<u>\$ 87,303</u>	<u>\$ 74,046</u>

\$ 1,212	\$ -	\$ -	\$ 18,199
-	-	-	59,019
<u>44,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>45,292</u>	<u>-</u>	<u>-</u>	<u>77,218</u>

-	-	-	-
-	-	-	-
-	-	-	-
2,895,651	4,394	87,303	-
-	-	-	(3,172)
<u>2,895,651</u>	<u>4,394</u>	<u>87,303</u>	<u>(3,172)</u>
<u>\$ 2,940,943</u>	<u>\$ 4,394</u>	<u>\$ 87,303</u>	<u>\$ 74,046</u>

(continued)

City of Grass Valley, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2018

	Maintenance District Funds	Block Grant Funds	Housing Funds	Totals
ASSETS				
Cash and investments	\$ 124,346	\$ 55,732	\$ 270,715	\$ 4,514,205
Receivables:				
Taxes	3,234	-	-	3,527
Intergovernmental	-	-	-	87,492
Loans/Notes receivable	-	1,502,973	3,961,052	5,464,025
Total assets	\$ 127,580	\$ 1,558,705	\$ 4,231,767	\$ 10,069,249
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,451	\$ 1,318	\$ 4,003	\$ 60,844
Due to other funds	-	1,624	2,007	62,650
Due to other governments	-	-	-	44,080
Total liabilities	5,451	2,942	6,010	167,574
Fund Balances:				
Nonspendable	-	1,533,711	3,961,052	5,494,763
Restricted	122,129	23,676	266,712	1,363,029
Committed	-	-	-	-
Assigned	-	-	-	3,050,686
Unassigned (deficit)	-	(1,624)	(2,007)	(6,803)
Total fund balances	122,129	1,555,763	4,225,757	9,901,675
Total liabilities and fund balances	\$ 127,580	\$ 1,558,705	\$ 4,231,767	\$ 10,069,249

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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, 2018

	Gas Tax	Traffic Safety	DUI Grant
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Fines and forfeitures	-	56,840	-
Intergovernmental	400,057	-	-
Use of money and property	7,050	(29)	-
Other revenues	-	-	-
Total revenues	407,107	56,811	-
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	171,797	19,080
Public ways and facilities	-	-	-
Community development	-	-	-
Capital outlay	120,000	-	-
Total expenditures	120,000	171,797	19,080
REVENUES OVER (UNDER) EXPENDITURES	287,107	(114,986)	(19,080)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	150,000	-
Transfers out	(259,242)	-	-
Total other financing sources and uses	(259,242)	150,000	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	27,865	35,014	(19,080)
FUND BALANCES (DEFICITS):			
Beginning of year	922,647	21,594	25,810
End of year	\$ 950,512	\$ 56,608	\$ 6,730

Impact Fees	Downtown Assessment	Fire Reserve	EPA Brownfield
\$ 274,566	\$ 62,150	\$ -	\$ -
-	-	-	-
-	-	45,686	138,124
20,956	499	(88)	-
-	-	-	-
<u>295,522</u>	<u>62,649</u>	<u>45,598</u>	<u>138,124</u>
-	-	-	128,912
13,269	-	13,959	-
-	-	-	-
-	110,381	-	-
<u>77,896</u>			
<u>91,165</u>	<u>110,381</u>	<u>13,959</u>	<u>128,912</u>
<u>204,357</u>	<u>(47,732)</u>	<u>31,639</u>	<u>9,212</u>
-	-	42,943	-
<u>(130,278)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(130,278)	-	42,943	-
74,079	(47,732)	74,582	9,212
<u>2,821,572</u>	<u>52,126</u>	<u>12,721</u>	<u>(12,384)</u>
<u>\$ 2,895,651</u>	<u>\$ 4,394</u>	<u>\$ 87,303</u>	<u>\$ (3,172)</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, 2018

	Maintenance District Funds	Block Grant Funds	Housing Funds	Totals
REVENUES:				
Taxes and assessments	\$ 64,058	\$ -	\$ -	\$ 400,774
Fines and forfeitures	-	-	-	56,840
Intergovernmental	-	791,559	-	1,375,426
Use of money and property	1,015	13,785	82,766	125,954
Other revenues	-	-	83,950	83,950
Total revenues	65,073	805,344	166,716	2,042,944
EXPENDITURES:				
Current:				
General government	-	-	-	128,912
Public safety	-	-	-	218,105
Public ways and facilities	82,821	-	-	82,821
Community development	-	802,960	84,288	997,629
Capital outlay	-	-	-	197,896
Total expenditures	82,821	802,960	84,288	1,625,363
REVENUES OVER (UNDER) EXPENDITURES	(17,748)	2,384	82,428	417,581
OTHER FINANCING SOURCES (USES):				
Transfers in	-	44,277	-	237,220
Transfers out	-	(23,201)	(21,076)	(433,797)
Total other financing sources and uses	-	21,076	(21,076)	(196,577)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(17,748)	23,460	61,352	221,004
FUND BALANCES (DEFICITS):				
Beginning of year	139,877	1,532,303	4,164,405	9,680,671
End of year	\$ 122,129	\$ 1,555,763	\$ 4,225,757	\$ 9,901,675

(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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 376,275	\$ 412,965	\$ 400,057	\$ (12,908)
Use of money and property	5,000	5,000	7,050	2,050
Total revenues	<u>381,275</u>	<u>417,965</u>	<u>407,107</u>	<u>(10,858)</u>
EXPENDITURES:				
Current:				
Public ways and facilities	-	-	-	-
Capital outlay	120,000	120,000	120,000	-
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>261,275</u>	<u>297,965</u>	<u>287,107</u>	<u>(10,858)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(973,000)	(973,000)	(259,242)	713,758
Total other financing sources (uses)	<u>(973,000)</u>	<u>(973,000)</u>	<u>(259,242)</u>	<u>713,758</u>
Net change in fund balances	<u>(711,725)</u>	<u>(675,035)</u>	<u>27,865</u>	<u>702,900</u>
FUND BALANCES:				
Beginning of year	922,647	922,647	922,647	-
End of year	<u>\$ 210,922</u>	<u>\$ 247,612</u>	<u>\$ 950,512</u>	<u>\$ 702,900</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 45,000	\$ 45,000	\$ 56,840	\$ 11,840
Use of money and property	-	-	(29)	(29)
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>56,811</u>	<u>11,811</u>
EXPENDITURES:				
Current:				
Public safety	162,000	162,000	171,797	(9,797)
Total expenditures	<u>162,000</u>	<u>162,000</u>	<u>171,797</u>	<u>(9,797)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(117,000)</u>	<u>(117,000)</u>	<u>(114,986)</u>	<u>2,014</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	150,000	150,000	-
Total other financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balances	33,000	33,000	35,014	2,014
FUND BALANCES (DEFICIT):				
Beginning of year	21,594	21,594	21,594	-
End of year	<u>\$ 54,594</u>	<u>\$ 54,594</u>	<u>\$ 56,608</u>	<u>\$ 2,014</u>

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public safety	-	3,300	19,080	(15,780)
Total expenditures	<u>-</u>	<u>3,300</u>	<u>19,080</u>	<u>(15,780)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(3,300)</u>	<u>(19,080)</u>	<u>(15,780)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(3,300)</u>	<u>(19,080)</u>	<u>(15,780)</u>
FUND BALANCES:				
Beginning of year	25,810	25,810	25,810	-
End of year	<u>\$ 25,810</u>	<u>\$ 22,510</u>	<u>\$ 6,730</u>	<u>\$ (15,780)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ 210,738	\$ 274,566	\$ 63,828
Use of money and property	15,000	15,000	20,956	5,956
Total revenues	15,000	225,738	295,522	69,784
EXPENDITURES:				
Current:				
Public safety	-	-	13,269	(13,269)
Capital outlay	-	42,000	77,896	(35,896)
Total expenditures	-	42,000	91,165	(49,165)
REVENUES OVER (UNDER) EXPENDITURES	15,000	183,738	204,357	20,619
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(1,624,500)	(1,753,237)	(130,278)	1,622,959
Total other financing sources (uses)	(1,624,500)	(1,753,237)	(130,278)	1,622,959
Net change in fund balances	(1,609,500)	(1,569,499)	74,079	1,643,578
FUND BALANCES:				
Beginning of year	2,821,572	2,821,572	2,821,572	-
End of year	\$ 1,212,072	\$ 1,252,073	\$ 2,895,651	\$ 1,643,578

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 50,000	\$ 50,000	\$ 62,150	\$ 12,150
Use of money and property	-	-	499	499
Total revenues	50,000	50,000	62,649	12,649
EXPENDITURES:				
Current:				
Community development	50,000	50,000	110,381	(60,381)
Total expenditures	50,000	50,000	110,381	(60,381)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(47,732)	(47,732)
Net change in fund balances	-	-	(47,732)	(47,732)
FUND BALANCES:				
Beginning of year	52,126	52,126	52,126	-
End of year	\$ 52,126	\$ 52,126	\$ 4,394	\$ (47,732)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 23,358	\$ 45,686	\$ 22,328
Use of money and property	75	100	(88)	(188)
Total revenues	75	23,458	45,598	22,140
EXPENDITURES:				
Current:				
Public safety	-	-	13,959	(13,959)
Total expenditures	-	-	13,959	(13,959)
REVENUES OVER (UNDER) EXPENDITURES	75	23,458	31,639	8,181
OTHER FINANCING SOURCES (USES):				
Transfers in			42,943	
Total other financing sources (uses)	-	-	42,943	-
Net change in fund balances	75	23,458	74,582	8,181
FUND BALANCES:				
Beginning of year	12,721	12,721	12,721	-
End of year	\$ 12,796	\$ 36,179	\$ 87,303	\$ 8,181

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 138,124	\$ 138,124
Use of money and property	-	-	-	-
Total revenues	-	-	138,124	138,124
EXPENDITURES:				
Current:				
General government	-	-	128,912	(128,912)
Total expenditures	-	-	128,912	(128,912)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	9,212	9,212
Net change in fund balances	-	-	9,212	9,212
FUND BALANCES (DEFICIT):				
Beginning of year	(12,384)	(12,384)	(12,384)	-
End of year	<u>\$ (12,384)</u>	<u>\$ (12,384)</u>	<u>\$ (3,172)</u>	<u>\$ 9,212</u>

City of Grass Valley, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2018

	<u>Whispering Pines</u> <u>Landscape & Lighting</u>	<u>Litton</u> <u>Landscape & Lighting</u>	<u>Morgan Ranch</u> <u>Landscape & Lighting</u>
ASSETS			
Cash and investments	\$ 33,410	\$ 23,759	\$ 6,957
Receivables:			
Taxes	1,146	261	1,133
Total assets	<u>\$ 34,556</u>	<u>\$ 24,020</u>	<u>\$ 8,090</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,659	\$ 281	\$ 1,462
Total liabilities	<u>2,659</u>	<u>281</u>	<u>1,462</u>
Fund Balances:			
Restricted	31,897	23,739	6,628
Total fund balances	<u>31,897</u>	<u>23,739</u>	<u>6,628</u>
Total liabilities and fund balances	<u>\$ 34,556</u>	<u>\$ 24,020</u>	<u>\$ 8,090</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
\$ 20,655	\$ 12,203	\$ 6,586	\$ 8,889	\$ 11,887	\$ 124,346
104	107	72	232	179	3,234
<u>\$ 20,759</u>	<u>\$ 12,310</u>	<u>\$ 6,658</u>	<u>\$ 9,121</u>	<u>\$ 12,066</u>	<u>\$ 127,580</u>
\$ -	\$ -	\$ 12	\$ 366	\$ 671	\$ 5,451
-	-	12	366	671	5,451
20,759	12,310	6,646	8,755	11,395	122,129
20,759	12,310	6,646	8,755	11,395	122,129
<u>\$ 20,759</u>	<u>\$ 12,310</u>	<u>\$ 6,658</u>	<u>\$ 9,121</u>	<u>\$ 12,066</u>	<u>\$ 127,580</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, 2018

	Whispering Pines Landscape & Lighting	Litton Landscape & Lighting	Morgan Ranch Landscape & Lighting
REVENUES:			
Taxes and assessments	22,701	5,172	\$ 22,441
Licenses and permits			
Fines and forfeitures			
Intergovernmental			
Use of money and property	201	156	100
Charges for services	-	-	-
Reimbursements			
Other revenues	-	-	-
Total revenues	<u>22,902</u>	<u>5,328</u>	<u>22,541</u>
EXPENDITURES:			
Current:			
Public ways and facilities	23,247	3,040	33,176
Total expenditures	<u>23,247</u>	<u>3,040</u>	<u>33,176</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>(345)</u>	<u>2,288</u>	<u>(10,635)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(345)	2,288	(10,635)
FUND BALANCES:			
Beginning of year	32,242	21,451	17,263
End of year	<u>\$ 31,897</u>	<u>\$ 23,739</u>	<u>\$ 6,628</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
\$ 2,064	\$ 2,110	\$ 1,434	4,590	\$ 3,546	\$ 64,058
					-
					-
135	74	39	215	95	1,015
-	-			-	-
-	-			-	-
<u>2,199</u>	<u>2,184</u>	<u>1,473</u>	<u>4,805</u>	<u>3,641</u>	<u>65,073</u>
303	213	401	16,131	6,310	82,821
<u>303</u>	<u>213</u>	<u>401</u>	<u>16,131</u>	<u>6,310</u>	<u>82,821</u>
1,896	1,971	1,072	(11,326)	(2,669)	(17,748)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,896	1,971	1,072	(11,326)	(2,669)	(17,748)
18,863	10,339	5,574	20,081	14,064	139,877
<u>\$ 20,759</u>	<u>\$ 12,310</u>	<u>\$ 6,646</u>	<u>\$ 8,755</u>	<u>\$ 11,395</u>	<u>\$ 122,129</u>

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 22,966	\$ 22,966	\$ 22,701	\$ (265)
Use of money and property	65	65	201	136
Total revenues	23,031	23,031	22,902	(129)
EXPENDITURES:				
Current:				
Public ways and facilities	34,868	34,868	23,247	11,621
Total expenditures	34,868	34,868	23,247	11,621
REVENUES OVER (UNDER) EXPENDITURES	(11,837)	(11,837)	(345)	11,492
Net change in fund balances	(11,837)	(11,837)	(345)	11,492
FUND BALANCES (DEFICIT):				
Beginning of year	32,242	32,242	32,242	-
End of year	\$ 20,405	\$ 20,405	\$ 31,897	\$ 11,492

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 5,172	\$ 5,172	\$ 5,172	\$ -
Use of money and property	40	40	156	116
Total revenues	5,212	5,212	5,328	116
EXPENDITURES:				
Current:				
Public ways and facilities	21,852	21,852	3,040	18,812
Total expenditures	21,852	21,852	3,040	18,812
REVENUES OVER (UNDER) EXPENDITURES	(16,640)	(16,640)	2,288	18,928
Net change in fund balances	(16,640)	(16,640)	2,288	18,928
FUND BALANCES:				
Beginning of year	21,451	21,451	21,451	-
End of year	\$ 4,811	\$ 4,811	\$ 23,739	\$ 18,928

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 22,441	\$ 22,441	\$ 22,441	\$ -
Use of money and property	35	35	100	65
Total revenues	<u>22,476</u>	<u>22,476</u>	<u>22,541</u>	<u>65</u>
EXPENDITURES:				
Current:				
Public ways and facilities	22,050	22,050	33,176	(11,126)
Total expenditures	<u>22,050</u>	<u>22,050</u>	<u>33,176</u>	<u>(11,126)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>426</u>	<u>426</u>	<u>(10,635)</u>	<u>(11,061)</u>
Net change in fund balances	426	426	(10,635)	(11,061)
FUND BALANCES:				
Beginning of year	17,263	17,263	17,263	-
End of year	<u>\$ 17,689</u>	<u>\$ 17,689</u>	<u>\$ 6,628</u>	<u>\$ (11,061)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 2,064	\$ 2,064	\$ 2,064	\$ -
Use of money and property	50	50	135	85
Total revenues	2,114	2,114	2,199	85
EXPENDITURES:				
Current:				
Public ways and facilities	16,814	16,814	303	16,511
Total expenditures	16,814	16,814	303	16,511
REVENUES OVER (UNDER) EXPENDITURES	(14,700)	(14,700)	1,896	16,596
Net change in fund balances	(14,700)	(14,700)	1,896	16,596
FUND BALANCES:				
Beginning of year	18,863	18,863	18,863	-
End of year	\$ 4,163	\$ 4,163	\$ 20,759	\$ 16,596

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 2,110	\$ 2,110	\$ 2,110	\$ -
Use of money and property	20	20	74	54
Total revenues	2,130	2,130	2,184	54
EXPENDITURES:				
Current:				
Public ways and facilities	8,250	8,250	213	8,037
Total expenditures	8,250	8,250	213	8,037
REVENUES OVER (UNDER) EXPENDITURES	(6,120)	(6,120)	1,971	8,091
Net change in fund balances	(6,120)	(6,120)	1,971	8,091
FUND BALANCES:				
Beginning of year	10,339	10,339	10,339	-
End of year	\$ 4,219	\$ 4,219	\$ 12,310	\$ 8,091

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 1,434	\$ 1,434	\$ 1,434	\$ -
Use of money and property	20	20	39	19
Total revenues	<u>1,454</u>	<u>1,454</u>	<u>1,473</u>	<u>19</u>
EXPENDITURES:				
Current:				
Public ways and facilities	5,670	5,670	401	5,269
Total expenditures	<u>5,670</u>	<u>5,670</u>	<u>401</u>	<u>5,269</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,216)</u>	<u>(4,216)</u>	<u>1,072</u>	<u>5,288</u>
Net change in fund balances	<u>(4,216)</u>	<u>(4,216)</u>	<u>1,072</u>	<u>5,288</u>
FUND BALANCES:				
Beginning of year	5,574	5,574	5,574	-
End of year	<u>\$ 1,358</u>	<u>\$ 1,358</u>	<u>\$ 6,646</u>	<u>\$ 5,288</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 4,590	\$ 4,590	\$ 4,590	\$ -
Use of money and property	60	60	215	155
Total revenues	4,650	4,650	4,805	155
EXPENDITURES:				
Current:				
Public ways and facilities	21,510	21,510	16,131	5,379
Total expenditures	21,510	21,510	16,131	5,379
REVENUES OVER (UNDER) EXPENDITURES	(16,860)	(16,860)	(11,326)	5,534
Net change in fund balances	(16,860)	(16,860)	(11,326)	5,534
FUND BALANCES:				
Beginning of year	20,081	20,081	20,081	-
End of year	\$ 3,221	\$ 3,221	\$ 8,755	\$ 5,534

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 3,546	\$ 3,546	\$ 3,546	\$ -
Use of money and property	25	25	95	70
Total revenues	3,571	3,571	3,641	70
EXPENDITURES:				
Current:				
Public ways and facilities	14,430	14,430	6,310	8,120
Total expenditures	14,430	14,430	6,310	8,120
REVENUES OVER (UNDER) EXPENDITURES	(10,859)	(10,859)	(2,669)	8,190
Net change in fund balances	(10,859)	(10,859)	(2,669)	8,190
FUND BALANCES:				
Beginning of year	14,064	14,064	14,064	-
End of year	\$ 3,205	\$ 3,205	\$ 11,395	\$ 8,190

City of Grass Valley, California
Combining Balance Sheet
Block Grant Special Revenue Funds
June 30, 2018

ASSETS	<u>CDBG</u>	<u>CDBG Revolving</u>	<u>Revolving Loan</u>	<u>04-STBG 1960</u>
Cash and investments	\$ -	\$ 32,056	\$ 23,676	\$ -
Receivables:				
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	539,499	309,816	271,460
Total assets	<u>\$ -</u>	<u>\$ 571,555</u>	<u>\$ 333,492</u>	<u>\$ 271,460</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,318	\$ -	\$ -
Due to other funds	1,624	-	-	-
Total liabilities	<u>1,624</u>	<u>1,318</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	570,237	309,816	271,460
Unassigned (deficit)	(1,624)	-	-	-
Total fund balances	<u>(1,624)</u>	<u>570,237</u>	<u>333,492</u>	<u>271,460</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 571,555</u>	<u>\$ 333,492</u>	<u>\$ 271,460</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>2,377</u>	<u>51,117</u>	<u>30,639</u>	<u>68,017</u>	<u>110,000</u>
<u>\$ 2,377</u>	<u>\$ 51,117</u>	<u>\$ 30,639</u>	<u>\$ 68,017</u>	<u>\$ 110,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,377	51,117	30,639	68,017	110,000
-	-	-	-	-
<u>2,377</u>	<u>51,117</u>	<u>30,639</u>	<u>68,017</u>	<u>110,000</u>
<u>\$ 2,377</u>	<u>\$ 51,117</u>	<u>\$ 30,639</u>	<u>\$ 68,017</u>	<u>\$ 110,000</u>

(continued)

City of Grass Valley, California
Combining Balance Sheet
Block Grant Special Revenue Funds
June 30, 2018

	<u>CDBG Doris Dr</u>	<u>CDBG Housing</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ -	\$ -	\$ 55,732
Receivables:			
Intergovernmental	-	-	-
Loans/Notes receivable	46,988	73,060	1,502,973
Total assets	<u>\$ 46,988</u>	<u>\$ 73,060</u>	<u>\$ 1,558,705</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,318
Due to other funds	-	-	1,624
Total liabilities	<u>-</u>	<u>-</u>	<u>2,942</u>
Fund Balances:			
Nonspendable	46,988	73,060	1,533,711
Unassigned (deficit)	-	-	(1,624)
Total fund balances	<u>46,988</u>	<u>73,060</u>	<u>1,555,763</u>
Total liabilities and fund balances	<u>\$ 46,988</u>	<u>\$ 73,060</u>	<u>\$ 1,558,705</u>

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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, 2018

	CDBG	CDBG Revolving	Revolving Loan	04-STBG 1960
REVENUES:				
Intergovernmental	\$ 791,559	\$ -	\$ -	\$ -
Use of money and property	(925)	2,738	8,503	888
Total revenues	790,634	2,738	8,503	888
EXPENDITURES:				
Current:				
Community development	791,614	10,307	1,039	-
Total expenditures	791,614	10,307	1,039	-
REVENUES OVER (UNDER) EXPENDITURES	(980)	(7,569)	7,464	888
OTHER FINANCING SOURCES (USES):				
Transfers in	13,392	30,885	-	-
Transfers out	-	-	(13,392)	(1,188)
Total other financing sources and uses	13,392	30,885	(13,392)	(1,188)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	12,412	23,316	(5,928)	(300)
FUND BALANCES:				
Beginning of year	(14,036)	546,921	339,420	271,760
End of year	\$ (1,624)	\$ 570,237	\$ 333,492	\$ 271,460

86-STBG 217	91-STBG 467	95-STBG 897	97-STBG 1118	99-STBG 1362
\$ -	\$ -	\$ -	\$ -	\$ -
155	429	391	1,275	-
155	429	391	1,275	-
-	-	-	-	-
-	-	-	-	-
155	429	391	1,275	-
-	-	-	-	-
(2,405)	(1,317)	(1,380)	-	-
(2,405)	(1,317)	(1,380)	-	-
(2,250)	(888)	(989)	1,275	-
4,627	52,005	31,628	66,742	110,000
\$ 2,377	\$ 51,117	\$ 30,639	\$ 68,017	\$ 110,000

(continued)

City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Block Grant Special Revenue Funds
For the year ended June 30, 2018

	CDBG Doris Dr	CDBG Housing	Totals
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ 791,559
Use of money and property	331	-	13,785
Total revenues	331	-	805,344
EXPENDITURES:			
Current:			
Community development	-	-	802,960
Total expenditures	-	-	802,960
REVENUES OVER (UNDER) EXPENDITURES	331	-	2,384
OTHER FINANCING SOURCES (USES):			
Transfers in			44,277
Transfers out	(3,519)	-	(23,201)
Total other financing sources and uses	(3,519)	-	21,076
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(3,188)	-	23,460
FUND BALANCES:			
Beginning of year	50,176	73,060	1,532,303
End of year	\$ 46,988	\$ 73,060	\$ 1,555,763

(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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 791,559	\$ 791,559
Use of money and property	-	-	(925)	(925)
Total revenues	-	-	790,634	790,634
EXPENDITURES:				
Current:				
Community development	-	-	791,614	(791,614)
Total expenditures	-	-	791,614	(791,614)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(980)	(980)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	13,392	13,392
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	13,392	13,392
Net change in fund balances	-	-	12,412	12,412
FUND BALANCES:				
Beginning of year	(14,036)	(14,036)	(14,036)	-
End of year	<u>\$ (14,036)</u>	<u>\$ (14,036)</u>	<u>\$ (1,624)</u>	<u>\$ 12,412</u>

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,738	\$ 2,738
Total revenues	-	-	2,738	2,738
EXPENDITURES:				
Current:				
Community development	-	-	10,307	(10,307)
Total expenditures	-	-	10,307	(10,307)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(7,569)	(7,569)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	30,885	30,885
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	30,885	30,885
Net change in fund balances	-	-	23,316	23,316
FUND BALANCES:				
Beginning of year	546,921	546,921	546,921	-
End of year	\$ 546,921	\$ 546,921	\$ 570,237	\$ 23,316

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 8,503	\$ 8,503
Total revenues	<u>-</u>	<u>-</u>	<u>8,503</u>	<u>8,503</u>
EXPENDITURES:				
Current:				
Community development	-	-	1,039	(1,039)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,039</u>	<u>(1,039)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>7,464</u>	<u>7,464</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(13,392)	(13,392)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(13,392)</u>	<u>(13,392)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(5,928)</u>	<u>(5,928)</u>
FUND BALANCES:				
Beginning of year	339,420	339,420	339,420	-
End of year	<u>\$ 339,420</u>	<u>\$ 339,420</u>	<u>\$ 333,492</u>	<u>\$ (5,928)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 888	\$ 888
Total revenues	<u>-</u>	<u>-</u>	<u>888</u>	<u>888</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>888</u>	<u>888</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1,188)	(1,188)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,188)</u>	<u>(1,188)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(300)</u>	<u>(300)</u>
FUND BALANCES:				
Beginning of year	271,760	271,760	271,760	-
End of year	<u>\$ 271,760</u>	<u>\$ 271,760</u>	<u>\$ 271,460</u>	<u>\$ (300)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 155	155
Total revenues	<u>-</u>	<u>-</u>	<u>155</u>	<u>155</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>155</u>	<u>155</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(2,405)	(2,405)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,405)</u>	<u>(2,405)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(2,250)</u>	<u>(2,250)</u>
FUND BALANCES:				
Beginning of year	4,627	4,627	4,627	-
End of year	<u>\$ 4,627</u>	<u>\$ 4,627</u>	<u>\$ 2,377</u>	<u>\$ (2,250)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 429	\$ 429
Total revenues	<u>-</u>	<u>-</u>	<u>429</u>	<u>429</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>429</u>	<u>429</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1,317)	(1,317)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,317)</u>	<u>(1,317)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(888)</u>	<u>(888)</u>
FUND BALANCES:				
Beginning of year	52,005	52,005	52,005	-
End of year	<u>\$ 52,005</u>	<u>\$ 52,005</u>	<u>\$ 51,117</u>	<u>\$ (888)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 391	\$ 391
Total revenues	-	-	391	391
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	391	391
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1,380)	(1,380)
Total other financing sources (uses)	-	-	(1,380)	(1,380)
Net change in fund balances	-	-	(989)	(989)
FUND BALANCES:				
Beginning of year	31,628	31,628	31,628	-
End of year	\$ 31,628	\$ 31,628	\$ 30,639	\$ (989)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,275	\$ 1,275
Total revenues	<u>-</u>	<u>-</u>	<u>1,275</u>	<u>1,275</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,275</u>	<u>1,275</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1,275</u>	<u>1,275</u>
FUND BALANCES:				
Beginning of year	66,742	66,742	66,742	-
End of year	<u>\$ 66,742</u>	<u>\$ 66,742</u>	<u>\$ 68,017</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, 2018

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

City of Grass Valley, California

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

CDBG Doris Dr Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 331	\$ 331
Total revenues	-	-	331	331
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	331	331
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(3,519)	(3,519)
Total other financing sources (uses)	-	-	(3,519)	(3,519)
Net change in fund balances	-	-	(3,188)	(3,188)
FUND BALANCES:				
Beginning of year	50,176	50,176	50,176	-
End of year	\$ 50,176	\$ 50,176	\$ 46,988	\$ (3,188)

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, 2018

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

City of Grass Valley, California
Combining Balance Sheet
Housing Special Revenue Funds
June 30, 2018

	<u>HOME Grant</u>	<u>09-HOME 6272</u>	<u>HOME 8564</u>
ASSETS			
Cash and investments	\$ 79,025	\$ 91,077	\$ 61,349
Receivables:			
Loans/Notes receivable	<u>529,847</u>	<u>460,849</u>	<u>456,582</u>
Total assets	<u><u>\$ 608,872</u></u>	<u><u>\$ 551,926</u></u>	<u><u>\$ 517,931</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,003	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,003</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	529,847	460,849	456,582
Restricted	75,022	91,077	61,349
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>604,869</u>	<u>551,926</u>	<u>517,931</u>
Total liabilities and fund balances	<u><u>\$ 608,872</u></u>	<u><u>\$ 551,926</u></u>	<u><u>\$ 517,931</u></u>

99-HOME 0369	Housing Rehabilitation	00-HOME 0461	Totals
\$ -	\$ -	\$ 39,264	\$ 270,715
486,669	391,352	1,635,753	3,961,052
<u>\$ 486,669</u>	<u>\$ 391,352</u>	<u>\$ 1,675,017</u>	<u>\$ 4,231,767</u>
\$ -	\$ -	\$ -	\$ 4,003
2,007	-	-	2,007
<u>2,007</u>	<u>-</u>	<u>-</u>	<u>6,010</u>
486,669	391,352	1,635,753	3,961,052
-	-	39,264	266,712
<u>(2,007)</u>	<u>-</u>	<u>-</u>	<u>(2,007)</u>
<u>484,662</u>	<u>391,352</u>	<u>1,675,017</u>	<u>4,225,757</u>
<u>\$ 486,669</u>	<u>\$ 391,352</u>	<u>\$ 1,675,017</u>	<u>\$ 4,231,767</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, 2018

	<u>HOME Grant</u>	<u>09-HOME 6272</u>	<u>HOME 8564</u>
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	1,845	13,601	13,863
Other revenues	83,950	-	-
Total revenues	<u>85,795</u>	<u>13,601</u>	<u>13,863</u>
EXPENDITURES:			
Current:			
Community development	84,287	-	-
Total expenditures	<u>84,287</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>1,508</u>	<u>13,601</u>	<u>13,863</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES			
OVER (UNDER) EXPENDITURES AND OTHER			
FINANCING (USES)	1,508	13,601	13,863
FUND BALANCES:			
Beginning of year	603,361	538,325	504,068
End of year	<u>\$ 604,869</u>	<u>\$ 551,926</u>	<u>\$ 517,931</u>

<u>99-HOME 0369</u>	<u>Housing Rehabilitation</u>	<u>00-HOME 0461</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -
(604)	6,537	47,524	82,766
-	-	-	83,950
<u>(604)</u>	<u>6,537</u>	<u>47,524</u>	<u>166,716</u>
1	-	-	84,288
1	-	-	84,288
<u>(605)</u>	<u>6,537</u>	<u>47,524</u>	<u>82,428</u>
-	-	-	-
-	(21,076)	-	(21,076)
-	(21,076)	-	(21,076)
(605)	(14,539)	47,524	61,352
<u>485,267</u>	<u>405,891</u>	<u>1,627,493</u>	<u>4,164,405</u>
<u>\$ 484,662</u>	<u>\$ 391,352</u>	<u>\$ 1,675,017</u>	<u>\$ 4,225,757</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,845	\$ 1,845
Other revenues			83,950	83,950
Total revenues	-	-	85,795	85,795
EXPENDITURES:				
Current:				
Community development	-	-	84,287	(84,287)
Total expenditures	-	-	84,287	(84,287)
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,508	1,508
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	1,508	1,508
FUND BALANCES:				
Beginning of year	603,361	603,361	603,361	-
End of year	\$ 603,361	\$ 603,361	\$ 604,869	\$ 1,508

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 13,601	\$ 13,601
Total revenues	-	-	13,601	13,601
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	13,601	13,601
Net change in fund balances	-	-	13,601	13,601
FUND BALANCES:				
Beginning of year	538,325	538,325	538,325	-
End of year	<u>\$ 538,325</u>	<u>\$ 538,325</u>	<u>\$ 551,926</u>	<u>\$ 13,601</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	13,863	13,863
Other revenues	-	-	-	-
Total revenues	-	-	13,863	13,863
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	13,863	13,863
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	13,863	13,863
FUND BALANCES:				
Beginning of year	504,068	504,068	504,068	-
End of year	<u>\$ 504,068</u>	<u>\$ 504,068</u>	<u>\$ 517,931</u>	<u>\$ 13,863</u>

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (604)	\$ (604)
Total revenues	<u>-</u>	<u>-</u>	<u>(604)</u>	<u>(604)</u>
EXPENDITURES:				
Current:				
Community development	-	-	1	(1)
Total expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(605)</u>	<u>(605)</u>
Net change in fund balances	-	-	(605)	(605)
FUND BALANCES:				
Beginning of year	485,267	485,267	485,267	-
End of year	<u>\$ 485,267</u>	<u>\$ 485,267</u>	<u>\$ 484,662</u>	<u>\$ (605)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 6,537	\$ 6,537
Total revenues	<u>-</u>	<u>-</u>	<u>6,537</u>	<u>6,537</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>6,537</u>	<u>6,537</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(21,076)	(21,076)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(21,076)</u>	<u>(21,076)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(14,539)</u>	<u>(14,539)</u>
FUND BALANCES:				
Beginning of year	405,891	405,891	405,891	-
End of year	<u>\$ 405,891</u>	<u>\$ 405,891</u>	<u>\$ 391,352</u>	<u>\$ (14,539)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 47,524	\$ 47,524
Total revenues	-	-	47,524	47,524
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	47,524	47,524
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	47,524	47,524
FUND BALANCES:				
Beginning of year	1,627,493	1,627,493	1,627,493	-
End of year	\$ 1,627,493	\$ 1,627,493	\$ 1,675,017	\$ 47,524

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NON-MAJOR PERMANENT FUNDS

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

City of Grass Valley, California
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2018

	Permanent Funds		Non-Major Permanent Funds Totals
	Elizabeth Daniels	Animal Shelter	
ASSETS			
Cash and investments	\$ 96,264	\$ 29,828	\$ 126,092
Total assets	<u>\$ 96,264</u>	<u>\$ 29,828</u>	<u>\$ 126,092</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	91,583	28,650	120,233
Assigned	4,681	1,178	5,859
Total fund balances	<u>96,264</u>	<u>29,828</u>	<u>126,092</u>
Total liabilities and fund balances	<u>\$ 96,264</u>	<u>\$ 29,828</u>	<u>\$ 126,092</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, 2018

	Permanent Funds		Non-Major Permanent Funds Totals
	Elizabeth Daniels	Animal Shelter	
REVENUES:			
Use of money and property	\$ 702	\$ 218	\$ 920
Total revenues	<u>702</u>	<u>218</u>	<u>920</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>702</u>	<u>218</u>	<u>920</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	702	218	920
FUND BALANCES:			
Beginning of year	95,562	29,610	125,172
End of year	<u>\$ 96,264</u>	<u>\$ 29,828</u>	<u>\$ 126,092</u>

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INTERNAL SERVICE FUNDS

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

City of Grass Valley, California
Combining Statement of Net Position
Internal Service Funds
For the year ended June 30, 2018

	Vehicle Replacement Fund	Technology Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 99,298	\$ -	\$ 99,298
Due from other funds	-	-	-
Total current assets	99,298	-	99,298
Noncurrent assets:			
Capital assets, net	-	-	-
Total noncurrent assets	-	-	-
Total assets	\$ 99,298	\$ -	\$ 99,298
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total current liabilities	-	-	-
Net Position:			
Net investment in capital assets	-	-	-
Unrestricted (deficit)	99,298	-	99,298
Total net position	99,298	-	99,298
Total liabilities and net position	\$ 99,298	\$ -	\$ 99,298

City of Grass Valley, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2018

	Vehicle Replacement Fund	Technology Fund	Totals
OPERATING REVENUES:			
Charges for services	\$ -	\$ -	\$ -
Other	-	-	-
Total operating revenues	-	-	-
OPERATING EXPENSES:			
Salaries and benefits	-	-	-
Contractual services	-	-	-
Total operating expenses	-	-	-
OPERATING INCOME (LOSS)	-	-	-
NONOPERATING REVENUES (EXPENSES):			
Loss from the disposal of capital assets	(1,695,366)	-	(1,695,366)
Transfer of capital assets	-	-	-
Interest revenue	489	-	489
Interest expense	(12,517)	-	(12,517)
Total non-operating revenues (expenses)	(1,707,394)	-	(1,707,394)
NET INCOME (LOSS) BEFORE TRANSFERS	(1,707,394)	-	(1,707,394)
Transfers in	0	-	-
Transfers out	(18,070)	-	(18,070)
Total transfers	(18,070)	-	(18,070)
Change in net position	(1,725,464)	-	(1,725,464)
RESIDUAL EQUITY TRANSFERS OUT	-	-	-
NET POSITION (DEFICIT):			
Beginning of year	1,824,762	-	1,824,762
Restatements	-	-	-
Beginning of year, as restated	1,824,762	-	1,824,762
End of year	<u>\$ 99,298</u>	<u>\$ -</u>	<u>\$ 99,298</u>

City of Grass Valley, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2018

	Vehicle Replacement Fund	Technology Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided	\$ -	\$ -	\$ -
Cash paid to employees for services	-	-	-
Net cash provided (used) by operating activities	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received (paid)	-	-	-
Transfers paid	(18,070)	-	(18,070)
Net cash provided (used) by noncapital financing activities	(18,070)	-	(18,070)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of capital assets	7,208	-	7,208
Interest paid on long-term debt	(12,517)	-	(12,517)
Net cash (used) by capital and related financing activities	(5,309)	-	(5,309)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	489	-	489
Net cash provided by investing activities	489	-	489
Net increase (decrease) in cash and cash equivalents	(22,890)	-	(22,890)
CASH AND CASH EQUIVALENTS:			
Beginning of year	122,188	-	122,188
End of year	<u>\$ 99,298</u>	<u>\$ -</u>	<u>\$ 99,298</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	-	-
(Increase) decrease in current assets:			
Intergovernmental receivables	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	-	-	-
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Grass Valley, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

Whispering Pines Morgan Ranch Redemption	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and investments	\$ 60	\$ 61	\$ (60)	\$ 61
Total assets	\$ 60	\$ 61	\$ (60)	\$ 61
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	60	61	(60)	61
Total liabilities	\$ 60	\$ 61	\$ (60)	\$ 61
Whispering Pines Morgan Ranch Reserve 2001				
ASSETS				
Cash and investments	\$ 3	\$ 3	\$ (3)	\$ 3
Cash and investments held by trustees	277,265	140,214	(277,265)	140,214
Total assets	\$ 277,268	\$ 140,217	\$ (277,268)	\$ 140,217
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	277,268	140,217	(277,268)	140,217
Total liabilities	\$ 277,268	\$ 140,217	\$ (277,268)	\$ 140,217
Whispering Pines Morgan Ranch Redemption 2001				
ASSETS				
Cash and investments	\$ 158,508	\$ 254,751	\$ (158,508)	\$ 254,751
Cash and investments held by trustees	33	215	(33)	215
Receivables:				
Assessments	7,399	92	(7,399)	92
Total assets	\$ 165,940	\$ 255,058	\$ (165,940)	\$ 255,058
LIABILITIES				
Deposits payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	165,940	255,058	(165,940)	255,058
Total liabilities	\$ 165,940	\$ 255,058	\$ (165,940)	\$ 255,058

City of Grass Valley, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds, Continued
For the year ended June 30, 2018

Totals	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
ASSETS				
Cash and investments	\$ 158,571	\$ 254,815	\$ (158,571)	\$ 254,815
Cash and investments held by trustees	277,298	140,429	(277,298)	140,429
Receivables:				
Assessments	7,399	92	(7,399)	92
Total assets	<u>\$ 443,268</u>	<u>\$ 395,336</u>	<u>\$ (443,268)</u>	<u>\$ 395,336</u>
LIABILITIES				
Due to (from) others	\$ 443,268	\$ 395,336	\$ (443,268)	\$ 395,336
Total liabilities	<u>\$ 443,268</u>	<u>\$ 395,336</u>	<u>\$ (443,268)</u>	<u>\$ 395,336</u>