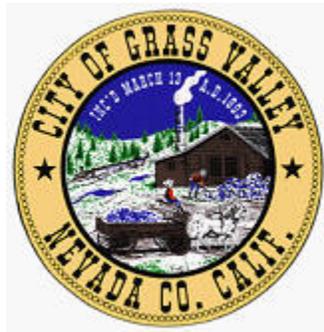


CITY OF GRASS VALLEY, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

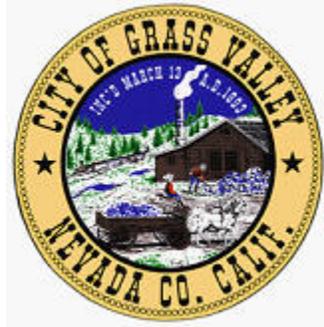
JUNE 30, 2016



Prepared by:

Finance Department

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City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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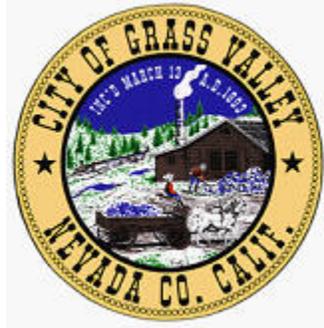
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**Finance
Department**

March 29, 2017

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, 2016. 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, 2016 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, 2016 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 \$22.2 million including sewer and water facilities, with a General Fund budget of \$11.5 million and 97 authorized positions. The City's largest source of income is sales tax which accounts for 43.6% of general fund revenues followed by property tax at 22.3% and motor vehicle license fees. In 2012, the citizens of Grass Valley authorized a 10-year general fund ½ cent sales tax to fund additional police officers, fire personnel and road improvements.

Major Initiatives

The City continued its efforts on a number of significant initiatives in 2015-16 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 balance will assist in a sewer relining project in the older downtown.
- 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 will be 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.
- 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.

Financial Information

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

Acknowledgements

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

Respectfully Submitted,

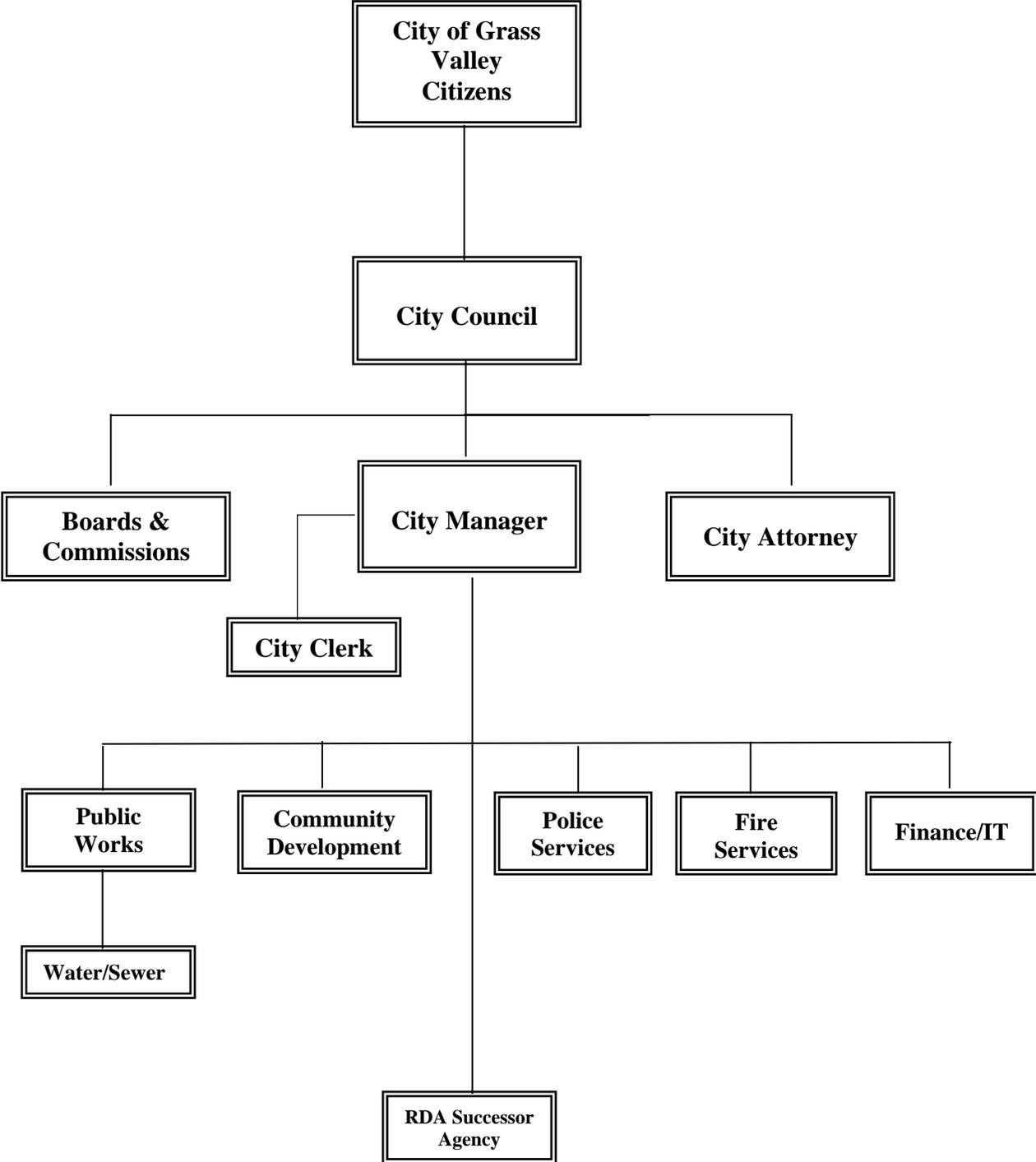
Finance Director

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

Organization Chart

City of Grass Valley

Organizational Chart



City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

List of Officials

CITY COUNCIL

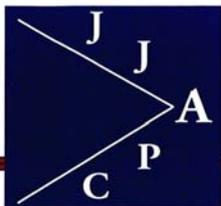
- Jason Fouyer, Mayor
- Howard Levine, Vice Mayor
- Jan Arbuckle, Council Member
- Ben Aguilar, Council Member
- Lisa Swarthout, Council Member

CITY OFFICIALS

- Robert Richardson, City Manager
- Andy Heath, Finance Director
- Alex Gammelgard, Chief of Police
- Tom Kiser, Public Works Director
- 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, 2016, 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, 2016, 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 95-101, and the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 101-108, 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 March 29, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance and is included in the City's Single Audit Report.

March 29, 2017

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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, 2016. 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 \$425,000 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 \$93.1 million at the end of the 2016 fiscal year. Of that amount, about \$17.3 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 decreased by approximately \$5.1 million when compared to the 2015 fiscal year. The majority of the decrease resulted from decreases in capital grants and contributions related to the State Transportation Improvement Program (STIP); and decreases in collections of other taxes and intergovernmental revenues. The City's total expenses for all programs in fiscal year 2016 increased by about \$1.7 million to \$23.9 million compared to \$22.2 million in fiscal year 2015, primarily due to higher operating costs citywide.
- ◆ The general fund reported a fund balance of about \$10.1 million at the end of the 2016 fiscal year, an increase of about \$1.5 million over fiscal year 2015. This increase can be primarily attributed to higher collections of general sales taxes resulting from a one-time payment related to the close out of the "triple flip"; 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 \$8.7 million in restricted and unrestricted net position reported in the enterprise funds, a decrease of \$3.6 million from the prior year. This decrease can be primarily attributed to a \$2.2 million 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, 2016

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, 2016

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, 2016, 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, 2016

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2016, 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 45–93 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 112–185 of this report.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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 \$93,094,748 as of June 30, 2016. The Summary of Net Position as of June 30, 2016, and 2015, follows:

	Summary of Net Position					
	2016			2015		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 25,279,331	\$ 13,183,616	\$ 38,462,947	\$ 23,483,743	\$ 15,186,671	\$ 38,670,414
Noncurrent assets	51,651,057	37,732,447	89,383,504	50,381,140	39,488,930	89,870,070
Total assets	76,930,388	50,916,063	127,846,451	73,864,883	54,675,601	128,540,484
Deferred outflows -	1,052,777	341,630	1,394,407	971,470	159,216	1,130,686
Total assets and deferred outflows	77,983,165	51,257,693	129,240,858	74,836,353	54,834,817	129,671,170
Current and other liabilities	1,346,867	2,324,106	3,670,973	1,516,662	2,059,783	3,576,445
Long-term liabilities	14,637,368	16,807,285	31,444,653	13,919,405	16,214,634	30,134,039
Total liabilities	15,984,235	19,131,391	35,115,626	15,436,067	18,274,417	33,710,484
Deferred inflows -	778,017	252,468	1,030,485	2,829,009	463,650	3,292,659
Total liabilities and deferred inflows	16,762,252	19,383,859	36,146,111	18,265,076	18,738,067	37,003,143
Net position:						
Net investment in capital assets	48,575,541	23,213,597	71,789,138	46,997,932	23,855,710	70,853,642
Restricted	2,917,836	1,087,259	4,005,095	3,296,002	3,278,129	6,574,131
Unrestricted	9,727,536	7,572,978	17,300,514	6,277,343	8,962,911	15,240,254
Total net position	\$ 61,220,913	\$ 31,873,834	\$ 93,094,747	\$ 56,571,277	\$ 36,096,750	\$ 92,668,027

Overall, total net position decreased by approximately \$425,000. Of this amount, net position for governmental activities increased by approximately \$4.6 million and net position for business-type activities decreased by approximately \$4.2 million. About 77.1 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 \$2.8 million and unrestricted net position increased by approximately \$2.1 million.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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 \$24.4 million for the fiscal year ended June 30, 2016. Significant revenues for the City for fiscal year 2016 were derived from sales taxes (32.9%), charges for services (30.9%), and property taxes and assessments (10.9%).

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

1. **Grants and Contributions – Capital** – The approximately \$4.0 million decrease in capital grants and contributions was due to the receipt of the State Transportation Improvement Program (STIP) grant the previous fiscal year.
2. **Sales Tax.** Annual receipts increased by approximately \$612,000 primarily as a result of increased economic activity in the wake of the “Great Recession”.
3. **Intergovernmental.** Intergovernmental revenues decreased by approximately \$486,000 primarily due to year-over-year decreases in one-time receipts of State Mandate reimbursements, collections of gas tax revenues and gains resulting from sales of property.
4. **Charges for Services.** The approximately \$470,000 decrease in charges for services is primarily related to lower year-over-year collections of developer impact fees.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2016, and 2015, follows:

	Changes in Net Position					
	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 726,473	\$ 6,811,076	\$ 7,537,549	\$ 835,256	\$ 7,172,320	\$ 8,007,576
Grants and contributions:						
Operating	104,696	127,591	232,287	166,149	266,448	432,597
Capital	402,182	-	402,182	4,357,196	-	4,357,196
General revenues:						
Property taxes and assessments	2,662,668	-	2,662,668	2,505,602	-	2,505,602
Sales taxes	8,004,542	-	8,004,542	7,391,561	-	7,391,561
Other taxes	2,098,688	-	2,098,688	2,509,477	-	2,509,477
Intergovernmental	2,093,944	-	2,093,944	2,579,851	-	2,579,851
Use of money and property	242,766	73,016	315,782	300,578	48,211	348,789
Contributions	226,801	-	226,801	11,314	-	11,314
Other general revenues	474,670	314,245	788,915	747,910	528,593	1,276,503
Total revenues	17,037,430	7,325,928	24,363,358	21,404,894	8,015,572	29,420,466
Expenses:						
Governmental activities:						
General government	1,391,815	-	1,391,815	3,846,625	-	3,846,625
Public safety	7,441,747	-	7,441,747	6,987,809	-	6,987,809
Public ways and facilities	2,696,561	-	2,696,561	3,280,011	-	3,280,011
Community development	2,671,930	-	2,671,930	1,334,803	-	1,334,803
Recreation and culture	226,122	-	226,122	272,642	-	272,642
Interest and fiscal charges	123,297	-	123,297	106,213	-	106,213
Business-type activities:						
Water	-	3,011,551	3,011,551	-	1,873,661	1,873,661
Sewer	-	6,373,615	6,373,615	-	4,537,818	4,537,818
Total expenses	14,551,472	9,385,166	23,936,638	15,828,103	6,411,479	22,239,582
Excess (Deficiency) of revenues over expenditures before transfers	2,485,958	(2,059,238)	426,720	5,576,791	1,604,093	7,180,884
Transfers	2,163,678	(2,163,678)	-	699,944	(699,944)	-
Change in net position	4,649,636	(4,222,916)	426,720	6,276,735	904,149	7,180,884
Net position:						
Beginning of year	56,571,277	36,096,750	92,668,027	61,083,094	36,960,752	98,043,846
Adjustments	-	-	-	(10,788,552)	(1,768,151)	(12,556,703)
End of year	\$ 61,220,913	\$ 31,873,834	\$ 93,094,747	\$ 56,571,277	\$ 36,096,750	\$ 92,668,027

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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 \$23.9 million. Governmental activity expenses totaled approximately \$14.6 million or 60.8% of total expenses. Business-type activities incurred approximately \$9.4 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, 2016, and 2015, are as follows:

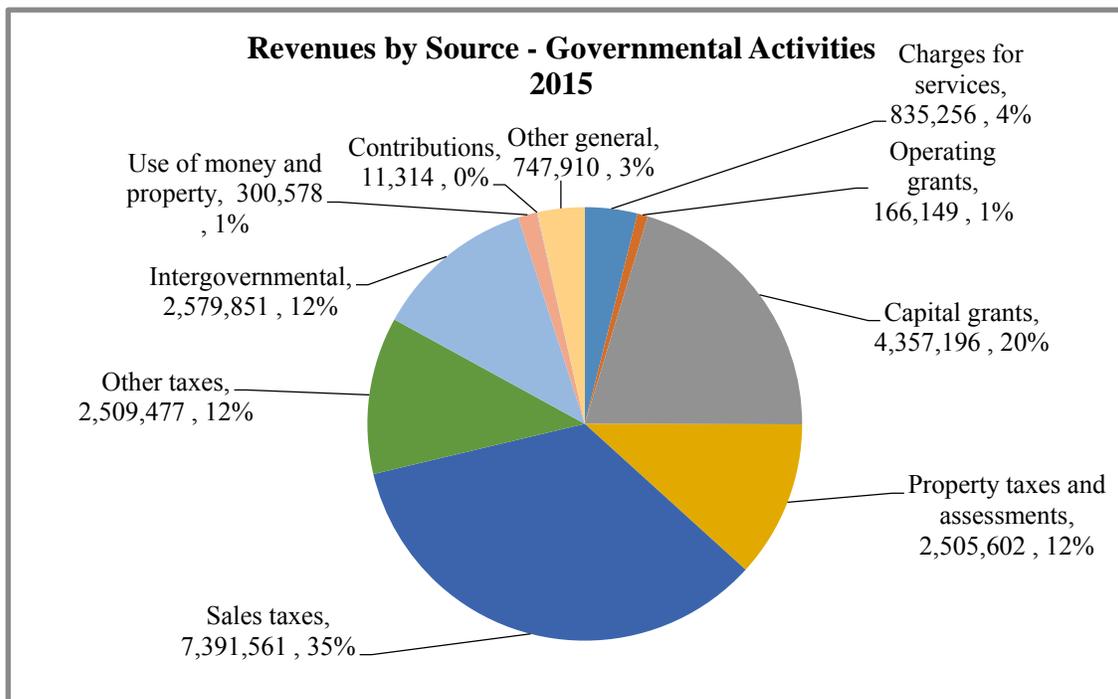
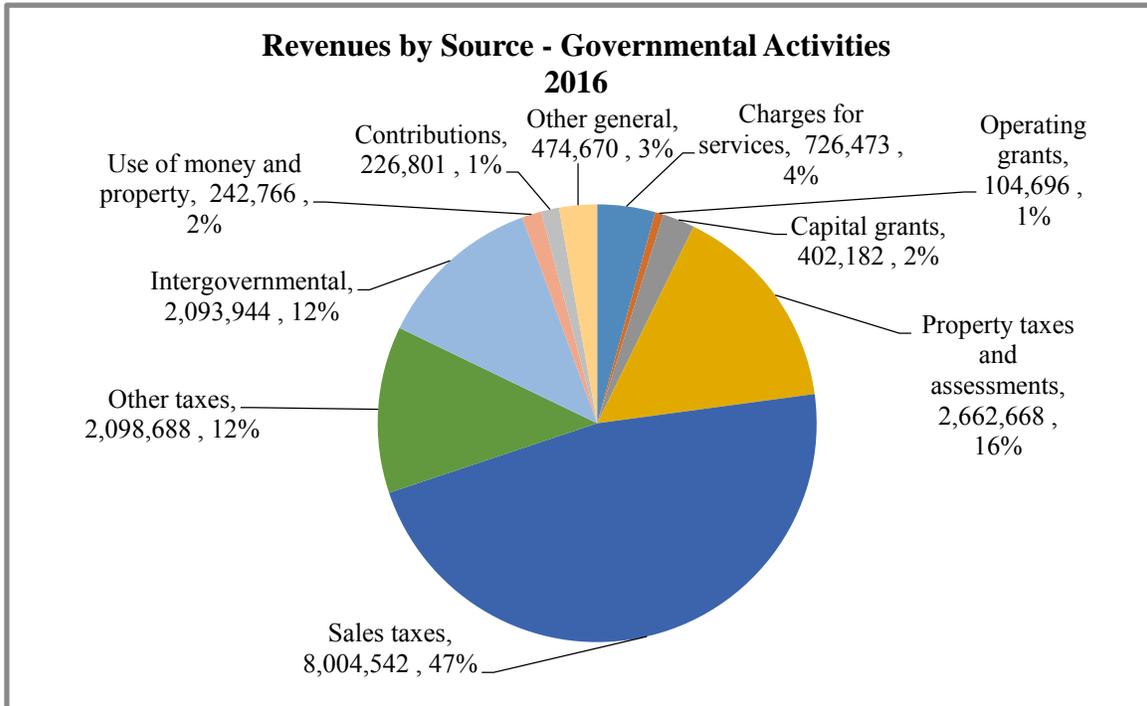
	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,391,815	\$ 1,389,586	\$ 3,846,625	\$ 3,844,663
Public safety	7,441,747	7,238,947	6,987,809	6,762,885
Public ways and facilities	2,696,561	2,108,600	3,280,011	(1,303,129)
Community development	2,671,930	2,231,569	1,334,803	786,228
Recreation and culture	226,122	226,122	272,642	272,642
Interest and fiscal charges	123,297	123,297	106,213	106,213
Total	\$ 14,551,472	\$ 13,318,121	\$ 15,828,103	\$ 10,469,502

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2016, and 2015, are as follows:

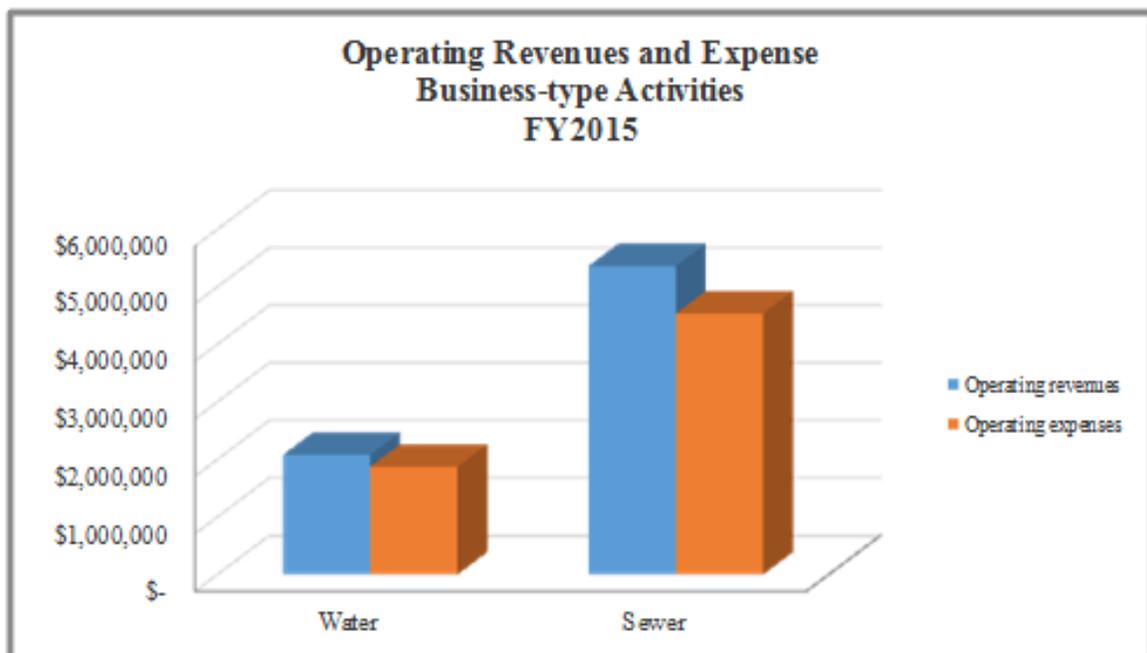
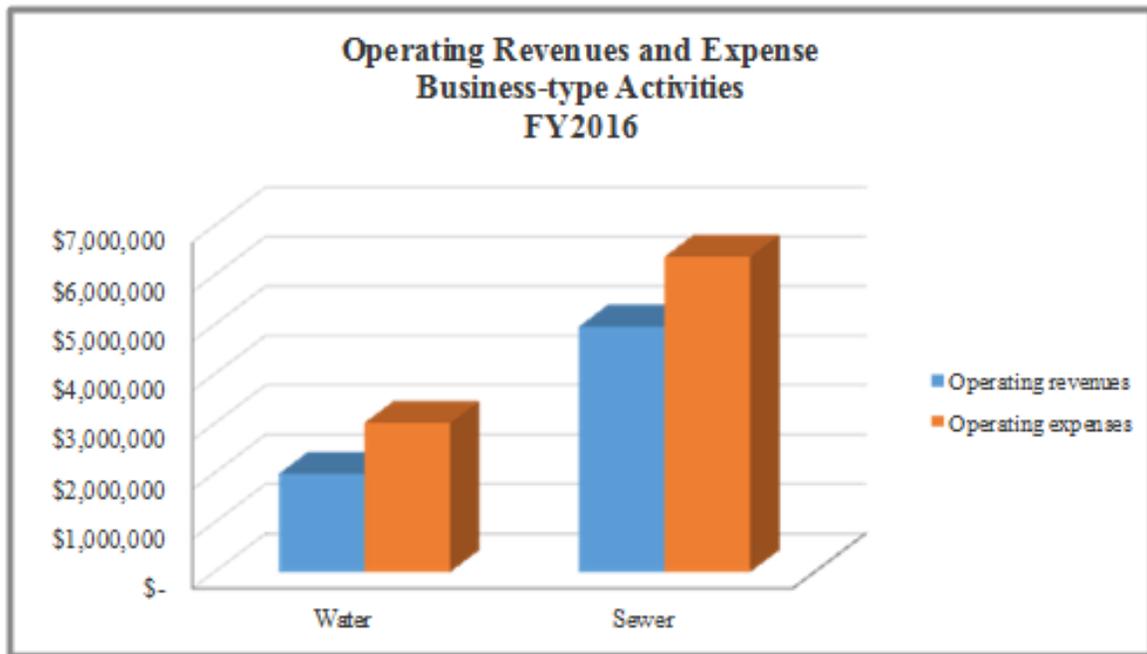


City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities. Business-type activities decreased the City’s net position by approximately \$2.9 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, 2016, and 2015, are as follows:

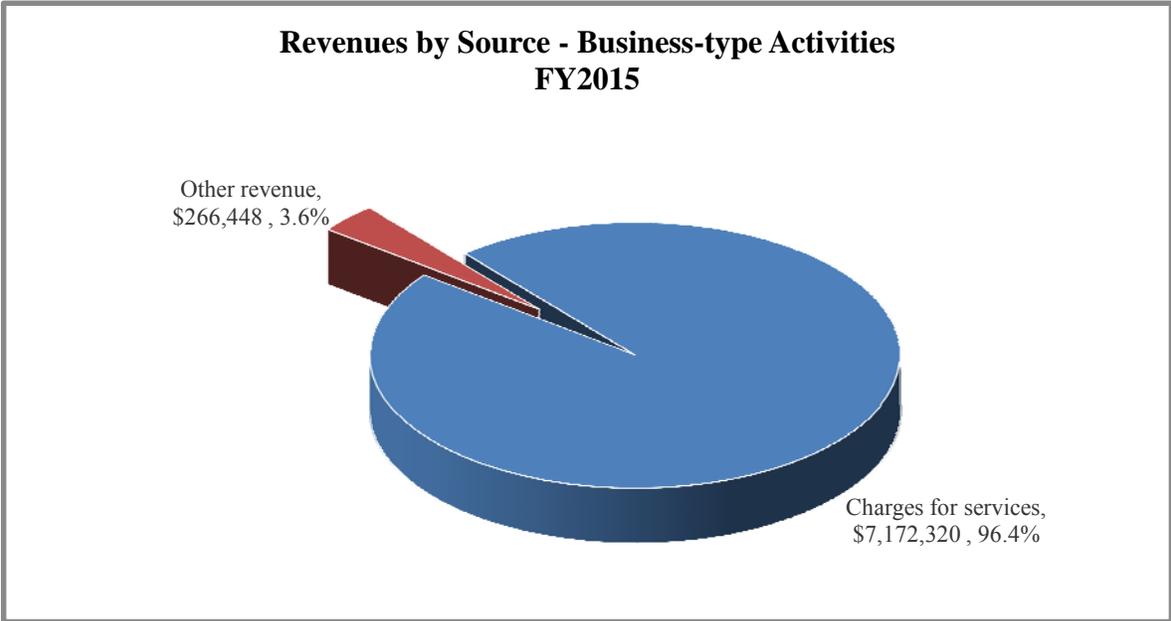
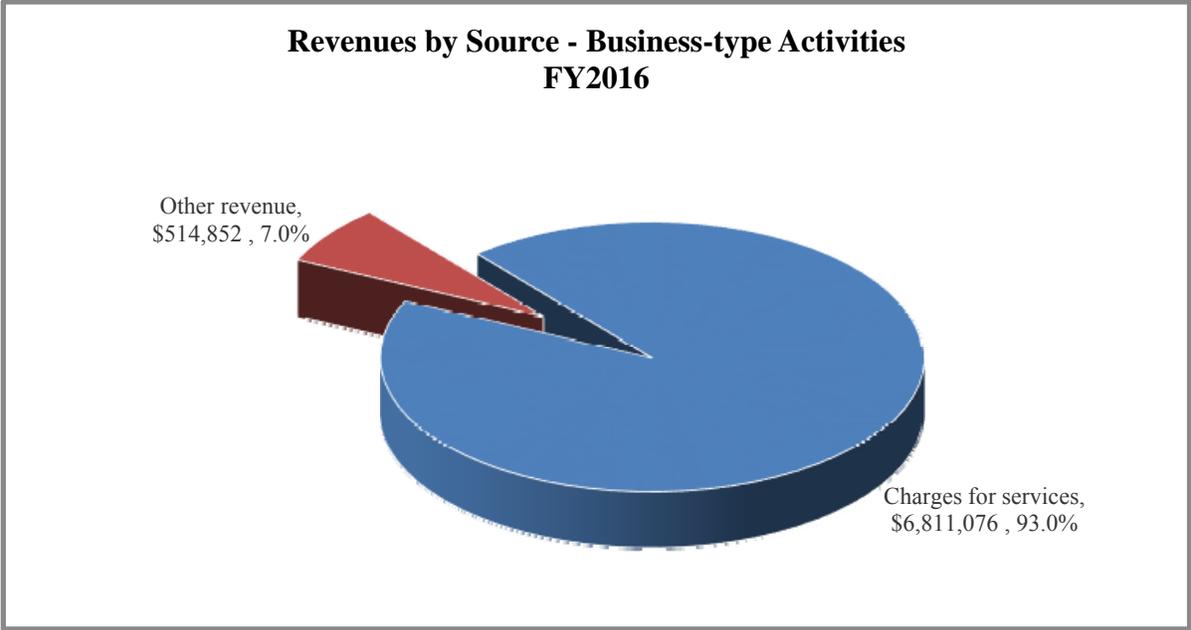


City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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, 2016, and 2015, are as follows:



City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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, 2016, the City's governmental funds reported combined fund balances of approximately \$24.1 million.

The General Fund is the primary operating fund of the City. At the fiscal year ended June 30, 2016, General Fund unassigned fund balance totaled approximately \$8.4 million. This is an increase of approximately \$1.5 million from the prior year.

Proprietary funds. The City's proprietary funds unrestricted net position decreased by approximately \$107,000 in the fiscal year ended June 30, 2016, virtually unchanged from the previous year.

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 \$2.8 million. This was mainly due to increased collections of taxes and assessments and charges for services, couple with lower-than-anticipated expenditures for general government and public safety operations.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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, 2016, amount to approximately \$89.4 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,568,992	\$ 2,997,320	\$ 239,401	\$ 239,401	\$ 2,808,393	\$ 3,236,721
Construction in progress	23,959,209	20,816,278	1,390,642	2,098,419	25,349,851	22,914,697
Buildings and Improvements	3,818,218	4,188,447	25,757,394	26,536,616	29,575,612	30,725,063
Equipment	2,002,908	2,100,036	337,029	159,779	2,339,937	2,259,815
Infrastructure	19,301,730	20,279,059	10,007,981	10,454,715	29,309,711	30,733,774
Total	<u>\$ 51,651,057</u>	<u>\$ 50,381,140</u>	<u>\$ 37,732,447</u>	<u>\$ 39,488,930</u>	<u>\$ 89,383,504</u>	<u>\$ 89,870,070</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 2016, the City Council adopted the FY 2016-17 Budget which includes General Fund revenues of \$11.8 million and appropriations of \$11.6 million. Additionally as a result of the passage of Measure N in November 2012, the FY 2016-17 Budget also includes projected Measure N sales tax revenues of \$2.7 million and Measure N expenditures of \$3.7 million.

In October 2016, the City received its FY16-17 assessed value information from the County; City of Grass Valley assessed values for FY 2016-17 increased by 5.1% in comparison to FY 2015-16, which will result in increased property tax revenue in FY 2016-17 of approximately \$75,000 (excludes supplemental roll activity). FY 2015-16 Measure N sales tax revenue totaled approximately \$2.7 million and is conservatively projected to be approximately the same in FY 2016-17. Regular sales tax revenue is conservatively projected to be slightly lower year-over-year as a result of a one-time true-up payment received in FY 2015-16 that will not be received in FY 2016-17.

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, in an attempt to increase the funding status of the City’s pooled pension plans, annual costs to amortize the unfunded pension liabilities will cost approximately \$850,000 more by FY 2022-23. Additionally, CalPERS recently adopted a plan to reduce the actuarial discount rate from 7.50% to 7.00%, resulting in additional increased anticipated costs of up to \$600,000 annually by 2022-23.

City of Grass Valley, California
Basic Financial Statements
For the year ended June 30, 2016

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 2016 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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Cash and investments	\$ 12,073,448	\$ 10,863,796	\$ 22,937,244
Restricted cash and investments	235,196	1,087,259	1,322,455
Receivables:			
Taxes	2,507,249	-	2,507,249
Interest	52,068	-	52,068
Accounts	-	1,078,939	1,078,939
Intergovernmental	46,633	131,100	177,733
Loans/Notes receivable	9,861,707	-	9,861,707
Other	522,184	-	522,184
Internal balances	(22,522)	22,522	-
Prepaid items	3,368	-	3,368
Capital assets:			
Nondepreciable	26,528,201	2,337,820	28,866,021
Depreciable	25,122,856	35,394,627	60,517,483
Total assets	76,930,388	50,916,063	127,846,451
Deferred outflows: Pension plan	1,052,777	341,630	1,394,407
Total assets and deferred outflows	\$ 77,983,165	\$ 51,257,693	\$ 129,240,858
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable and accrued liabilities	\$ 778,747	\$ 912,964	\$ 1,691,711
Interest payable	-	180,321	180,321
Deposits payable	262,307	5,631	267,938
Current portion of long-term debt	305,813	1,185,922	1,491,735
Compensated absences - current portion	-	39,268	39,268
Long-term liabilities:			
Compensated absences	719,118	189,480	908,598
Due after one year	2,769,426	13,332,928	16,102,354
Net OPEB obligation	1,423,953	130,737	1,554,690
Net Pension obligation	9,724,871	3,154,140	12,879,011
Total liabilities	15,984,235	19,131,391	35,115,626
Deferred inflows: Pension plan	778,017	252,468	1,030,485
Total liabilities and deferred inflows	16,762,252	19,383,859	36,146,111
NET POSITION			
Net investment in capital assets	48,575,541	23,213,597	71,789,138
Restricted	2,917,836	1,087,259	4,005,095
Unrestricted	9,727,536	7,572,978	17,300,514
Total net position	61,220,913	31,873,834	93,094,747
Total liabilities, deferred inflows and net position	\$ 77,983,165	\$ 51,257,693	\$ 129,240,858

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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,391,815	\$ 2,229	\$ -	\$ -
Public safety	7,441,747	202,800	-	-
Public ways and facilities	2,696,561	81,083	104,696	402,182
Community development	2,671,930	440,361	-	-
Recreation and culture	226,122	-	-	-
Interest and fiscal charges	123,297	-	-	-
Total governmental activities	14,551,472	726,473	104,696	402,182
Business-type activities:				
Water	3,011,551	1,980,706	-	-
Sewer	6,373,615	4,830,370	127,591	-
Total business-type activities	9,385,166	6,811,076	127,591	-
Total primary government	\$ 23,936,638	\$ 7,537,549	\$ 232,287	\$ 402,182

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

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

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

Governmental Activities	Business-Type Activities	Totals
\$ (1,389,586)	\$ -	\$ (1,389,586)
(7,238,947)	-	(7,238,947)
(2,108,600)	-	(2,108,600)
(2,231,569)	-	(2,231,569)
(226,122)	-	(226,122)
(123,297)	-	(123,297)
(13,318,121)	-	(13,318,121)
-	(1,030,845)	(1,030,845)
-	(1,415,654)	(1,415,654)
-	(2,446,499)	(2,446,499)
(13,318,121)	(2,446,499)	(15,764,620)
2,662,668	-	2,662,668
8,004,542	-	8,004,542
2,098,688	-	2,098,688
2,093,944	-	2,093,944
242,766	73,016	315,782
226,801	-	226,801
474,670	314,245	788,915
15,804,079	387,261	16,191,340
2,163,678	(2,163,678)	-
17,967,757	(1,776,417)	16,191,340
4,649,636	(4,222,916)	426,720
56,571,277	36,096,750	92,668,027
\$ 61,220,913	\$ 31,873,834	\$ 93,094,747

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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, 2016

	Major Funds		
	General Fund	HOME Grant Special Revenue	Capital Projects
ASSETS			
Cash and investments	\$ 7,713,860	\$ -	\$ -
Restricted cash and investments	-	-	235,196
Receivables:			
Taxes	2,504,190	-	-
Interest	52,068	-	-
Intergovernmental	36,236	-	-
Loans/Notes receivable	-	4,045,250	-
Other receivable	522,184	-	-
Due from other funds	23,828	-	-
Prepaid items	3,368	-	-
Total assets	\$ 10,855,734	\$ 4,045,250	\$ 235,196
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 515,908	\$ -	\$ 120,732
Due to other funds	-	-	23,941
Deposits payable	262,307	-	-
Total liabilities	778,215	-	144,673
Fund balances:			
Nonspendable	3,368	4,045,250	-
Restricted	1,631,530	-	-
Assigned	-	-	90,523
Unassigned (deficit)	8,442,621	-	-
Total fund balances	10,077,519	4,045,250	90,523
Total liabilities and fund balances	\$ 10,855,734	\$ 4,045,250	\$ 235,196

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

Special Projects	Nonmajor Governmental Funds	Totals
\$ 127,044	\$ 4,103,767	\$ 11,944,671
-	-	235,196
-	3,059	2,507,249
-	-	52,068
-	10,397	46,633
-	5,816,457	9,861,707
-	-	522,184
-	-	23,828
-	-	3,368
<u>\$ 127,044</u>	<u>\$ 9,933,680</u>	<u>\$ 25,196,904</u>
\$ -	\$ 135,026	\$ 771,666
-	21,319	45,260
-	-	262,307
<u>-</u>	<u>156,345</u>	<u>1,079,233</u>
-	5,816,457	9,865,075
-	1,286,306	2,917,836
127,044	2,706,960	2,924,527
-	(32,388)	8,410,233
<u>127,044</u>	<u>9,777,335</u>	<u>24,117,671</u>
<u>\$ 127,044</u>	<u>\$ 9,933,680</u>	<u>\$ 25,196,904</u>

City of Grass Valley, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balances - total governmental funds		\$ 24,117,671
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.		50,149,265
Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities.		
Deferred outflows	1,052,777	
Deferred inflows	<u>(778,017)</u>	274,760
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	\$ (719,118)	
Due within one year	(305,813)	
Due after one year	(2,769,426)	
Net OPEB obligation	(1,423,953)	
Net Pension obligation	<u>(9,724,871)</u>	(14,943,181)
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	128,777	
Noncurrent assets	1,501,792	
Accounts payable and accrued liabilities	(8,171)	
Noncurrent liabilities	<u>-</u>	1,622,398
Net position of governmental activities		<u><u>\$ 61,220,913</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, 2016

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 11,944,671	\$ -	\$ -	\$ 128,777	\$ 12,073,448
Receivables:					
Taxes	2,507,249	-	-	-	2,507,249
Interest	52,068	-	-	-	52,068
Intergovernmental	46,633	-	-	-	46,633
Loans/Notes receivable	9,861,707	-	-	-	9,861,707
Other receivable	522,184	-	-	-	522,184
Due from other funds	23,828	(23,828)	-	-	-
Internal balances	-	(22,522)	-	-	(22,522)
Prepaid items	3,368	-	-	-	3,368
Total current assets	<u>25,196,904</u>	<u>(46,350)</u>	<u>-</u>	<u>128,777</u>	<u>25,279,331</u>
Noncurrent assets:					
Capital assets, net	-	-	50,149,265	1,501,792	51,651,057
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>50,149,265</u>	<u>1,501,792</u>	<u>51,651,057</u>
Deferred outflows - pension plan	-	-	1,052,777	-	1,052,777
Total assets	<u>\$ 25,196,904</u>	<u>\$ (46,350)</u>	<u>\$ 51,202,042</u>	<u>\$ 1,630,569</u>	<u>\$ 77,983,165</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 771,666	\$ -	\$ -	\$ 7,081	\$ 778,747
Due to other funds	45,260	(46,350)	-	1,090	-
Deposits payable	262,307	-	-	-	262,307
Current portion of long-term debt	-	-	305,813	-	305,813
Total current liabilities	<u>1,079,233</u>	<u>(46,350)</u>	<u>305,813</u>	<u>8,171</u>	<u>1,346,867</u>
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	719,118	-	719,118
Due after one year	-	-	2,769,426	-	2,769,426
Net OPEB obligation	-	-	1,423,953	-	1,423,953
Net Pension obligation	-	-	9,724,871	-	9,724,871
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>14,637,368</u>	<u>-</u>	<u>14,637,368</u>
Total liabilities	<u>1,079,233</u>	<u>(46,350)</u>	<u>14,943,181</u>	<u>8,171</u>	<u>15,984,235</u>
Deferred inflows: Pension plan	-	-	778,017	-	778,017
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	9,865,075	(9,865,075)	-	-	-
Restricted	2,917,836	(2,917,836)	-	-	-
Assigned	2,924,527	(2,924,527)	-	-	-
Unassigned (deficit)	8,410,233	(8,410,233)	-	-	-
Net position:					
Net investment in capital assets	-	-	47,074,026	1,501,515	48,575,541
Restricted	-	-	2,917,836	-	2,917,836
Unrestricted	-	24,117,671	(14,511,018)	120,883	9,727,536
Total fund balances/ net position	<u>24,117,671</u>	<u>-</u>	<u>35,480,844</u>	<u>1,622,398</u>	<u>61,220,913</u>
Total liabilities, deferred inflows and net position	<u>\$ 25,196,904</u>	<u>\$ (46,350)</u>	<u>\$ 51,202,042</u>	<u>\$ 1,630,569</u>	<u>\$ 77,983,165</u>

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

City of Grass Valley, California
Statement of Revenues, Expenditures, and Changes in
Fund Balances Governmental Funds
For the year ended June 30, 2016

	Major Funds		
	General Fund	HOME Grant Special Revenue	Capital Projects
REVENUES:			
Taxes and assessments	\$ 12,614,319	\$ -	\$ -
Fines and forfeitures	-	-	-
Intergovernmental	1,209,697	-	506,878
Use of money and property	50,521	60,118	560
Charges for services	726,473	-	-
Reimbursements	104,498	-	-
Other revenues	541,706	-	-
Total revenues	15,247,214	60,118	507,438
EXPENDITURES:			
Current:			
General government	2,198,101	-	-
Public safety	7,268,454	-	-
Public ways and facilities	791,905	-	-
Community development	790,292	-	-
Recreation and culture	223,920	-	-
Capital outlay	103,036	-	4,387,988
Debt service:			
Principal	307,510	-	-
Interest and fiscal charges	123,297	-	-
Total expenditures	11,806,515	-	4,387,988
REVENUES OVER (UNDER) EXPENDITURES	3,440,699	60,118	(3,880,550)
OTHER FINANCING SOURCES (USES):			
Proceeds from sales of assets	6,000	-	-
Transfers in	17,813	-	4,388,940
Transfers out	(1,967,262)	-	(14,215)
Total other financing sources (uses)	(1,943,449)	-	4,374,725
Net change in fund balances	1,497,250	60,118	494,175
FUND BALANCES (DEFICIT):			
Beginning of year	8,580,269	3,985,132	(403,652)
End of year	\$ 10,077,519	\$ 4,045,250	\$ 90,523

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

Special Projects	Other Governmental Funds	Totals
\$ -	\$ 151,579	\$ 12,765,898
-	49,267	49,267
-	884,247	2,600,822
43	131,524	242,766
-	-	726,473
-	-	104,498
-	-	541,706
43	1,216,617	17,031,430
-	184,247	2,382,348
-	148,842	7,417,296
-	57,796	849,701
-	572,189	1,362,481
-	-	223,920
-	-	4,491,024
-	-	307,510
-	-	123,297
-	963,074	17,157,577
43	253,543	(126,147)
-	-	6,000
-	608,790	5,015,543
-	(907,503)	(2,888,980)
-	(298,713)	2,132,563
43	(45,170)	2,006,416
127,001	9,822,505	22,111,255
\$ 127,044	\$ 9,777,335	\$ 24,117,671

City of Grass Valley, California
Reconciliation of Fund Basis Statements to
Government-wide Statement of Activities
For the year ended June 30, 2016

Functions/Programs	Fund Based Totals	Compensated Absences/			Capital Asset			Government- wide Totals
		Debt Service	Internal Service	Depreciation	(Additions)/ Retirements	OPEB Obligation	Pension Obligation	
Governmental activities:								
General government	\$ 2,382,348		\$ 335,951	\$ 66,160		\$ 193,288	\$ (1,585,932)	\$ 1,391,815
Public safety	7,417,296	-	-	24,451		-	-	7,441,747
Public ways and facilities	849,701	-	-	1,846,860		-	-	2,696,561
Community development	1,362,481	-	-	387,455	921,994	-	-	2,671,930
Recreation and culture	223,920	-	-	2,202	-	-	-	226,122
Capital outlay	4,491,024	-	-	-	(4,491,024)	-	-	-
Debt service/Interest	430,807	(307,510)	-	-	-	-	-	123,297
Total governmental activities	\$ 17,157,577	\$ (307,510)	\$ 335,951	\$ 2,327,128	\$ (3,569,030)	\$ 193,288	\$ (1,585,932)	\$ 14,551,472

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, 2016

Net change in fund balances - total governmental funds \$ 2,006,416

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	\$ 3,569,030	
Depreciation expense	<u>(2,327,128)</u>	1,241,902

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		307,510
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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	(193,288)	
Net Pension obligation	<u>1,585,932</u>	1,392,644

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 (\$335,951) is included in the governmental activities in the government-wide Statement of Net Position and the residual transfer amount of \$37,115 .

	37,115	
	<u>(335,951)</u>	<u>(298,836)</u>

Change in net position of governmental activities		<u><u>\$ 4,649,636</u></u>
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The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California

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

Budget to Actual - General Fund and Major Special Revenue Fund

For the year ended June 30, 2016

	General Fund			
	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 11,758,800	\$ 11,758,800	\$ 12,614,319	\$ 855,519
Licenses and permits	-	-	-	-
Fines and forfeitures	5,000	5,000	-	(5,000)
Intergovernmental	1,155,975	1,155,975	1,209,697	53,722
Use of money and property	12,000	12,000	50,521	38,521
Charges for services	608,178	311,978	726,473	414,495
Reimbursements	76,000	76,000	104,498	28,498
Other revenues	291,436	514,991	541,706	26,715
Total revenues	13,907,389	13,834,744	15,247,214	1,412,470
EXPENDITURES:				
Current:				
General government	2,383,459	2,392,484	2,198,101	194,383
Public safety	7,685,937	7,685,937	7,268,454	417,483
Public ways and facilities	820,735	766,203	791,905	(25,702)
Community development	743,983	743,983	790,292	(46,309)
Recreation and culture	354,711	350,211	223,920	126,291
Capital outlay	-	-	103,036	(103,036)
Debt service:				
Principal	305,813	305,813	307,510	(1,697)
Interest and fiscal charges	137,803	137,803	123,297	14,506
Total expenditures	12,432,441	12,382,434	11,806,515	575,919
REVENUES OVER (UNDER) EXPENDITURES	1,474,948	1,452,310	3,440,699	1,988,389
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of debt	-	-	-	-
Transfers in	12,000	12,000	17,813	5,813
Transfers out	(2,734,400)	(2,734,400)	(1,967,262)	767,138
Total other financing sources (uses)	(2,722,400)	(2,722,400)	(1,943,449)	778,951
Net change in fund balances	(1,247,452)	(1,270,090)	1,497,250	2,767,340
FUND BALANCES:				
Beginning of year	8,580,269	8,580,269	8,580,269	-
End of year	\$ 7,332,817	\$ 7,310,179	\$ 10,077,519	\$ 2,767,340

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		
\$ -	\$ -	\$ -	\$ -	\$ 11,758,800	\$ 11,758,800	\$ 12,614,319	\$ 855,519
-	-	-	-	-	-	-	-
-	-	-	-	5,000	5,000	-	(5,000)
-	-	-	-	1,155,975	1,155,975	1,209,697	53,722
60,394	60,394	60,118	(276)	72,394	72,394	110,639	38,245
-	-	-	-	608,178	311,978	726,473	414,495
-	-	-	-	76,000	76,000	104,498	28,498
-	-	-	-	291,436	514,991	541,706	26,715
60,394	60,394	60,118	(276)	13,967,783	13,895,138	15,307,332	1,412,194
-	-	-	-	2,383,459	2,392,484	2,198,101	194,383
-	-	-	-	7,685,937	7,685,937	7,268,454	417,483
-	-	-	-	820,735	766,203	791,905	(25,702)
-	-	-	-	743,983	743,983	790,292	(46,309)
-	-	-	-	354,711	350,211	223,920	126,291
-	-	-	-	-	-	103,036	(103,036)
-	-	-	-	305,813	305,813	307,510	(1,697)
-	-	-	-	137,803	137,803	123,297	14,506
-	-	-	-	12,432,441	12,382,434	11,806,515	575,919
60,394	60,394	60,118	(276)	1,535,342	1,512,704	3,500,817	1,988,113
-	-	-	-	-	-	-	-
-	-	-	-	12,000	12,000	17,813	5,813
-	-	-	-	(2,734,400)	(2,734,400)	(1,967,262)	767,138
-	-	-	-	(2,722,400)	(2,722,400)	(1,943,449)	778,951
60,394	60,394	60,118	(276)	(1,187,058)	(1,209,696)	1,557,368	2,767,064
3,985,132	3,985,132	3,985,132	-	12,565,401	12,565,401	12,565,401	-
\$ 4,045,526	\$ 4,045,526	\$ 4,045,250	\$ (276)	\$ 11,378,343	\$ 11,355,705	\$ 14,122,769	\$ 2,767,064

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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, 2016

	Water Fund	Sewer Fund	Totals	Governmental Activities Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS				
Current assets:				
Cash and investments	\$ 3,429,378	\$ 7,434,418	\$ 10,863,796	\$ 128,777
Restricted cash and investments	62,258	1,025,001	1,087,259	-
Receivables:				
Accounts	330,600	748,339	1,078,939	-
Intergovernmental	511	130,589	131,100	-
Due from other funds	8,162	14,360	22,522	-
Total current assets	<u>3,830,909</u>	<u>9,352,707</u>	<u>13,183,616</u>	<u>128,777</u>
Noncurrent assets:				
Capital assets, net	8,690,558	29,041,889	37,732,447	1,501,792
Total noncurrent assets	<u>8,690,558</u>	<u>29,041,889</u>	<u>37,732,447</u>	<u>1,501,792</u>
Total assets	<u>12,521,467</u>	<u>38,394,596</u>	<u>50,916,063</u>	<u>1,630,569</u>
Deferred outflows -	115,735	225,895	341,630	-
Total assets and deferred outflows	<u>\$ 12,637,202</u>	<u>\$ 38,620,491</u>	<u>\$ 51,257,693</u>	<u>\$ 1,630,569</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 65,492	\$ 540,148	\$ 605,640	\$ 7,081
Accrued payroll	19,347	47,177	66,524	-
Due to other funds	-	-	-	1,090
Interest payable	32,580	147,741	180,321	-
Prepaid connection fees	-	240,800	240,800	-
Deposits payable	5,631	-	5,631	-
Long-term liabilities - current portion	231,956	953,966	1,185,922	-
Compensated absences - current portion	15,580	23,688	39,268	-
Total current liabilities	<u>370,586</u>	<u>1,953,520</u>	<u>2,324,106</u>	<u>8,171</u>
Noncurrent liabilities:				
Compensated absences	58,711	130,769	189,480	-
Due after one year	2,932,100	10,400,828	13,332,928	-
Net OPEB obligation	40,149	90,588	130,737	-
Net Pension obligation	1,065,291	2,088,849	3,154,140	-
Total noncurrent liabilities	<u>4,096,251</u>	<u>12,711,034</u>	<u>16,807,285</u>	<u>-</u>
Total liabilities	<u>4,466,837</u>	<u>14,664,554</u>	<u>19,131,391</u>	<u>8,171</u>
Deferred inflows -	85,530	166,938	252,468	-
Total liabilities and deferred inflows	<u>4,552,367</u>	<u>14,831,492</u>	<u>19,383,859</u>	<u>8,171</u>
Net Position:				
Net investment in capital assets	5,526,502	17,687,095	23,213,597	1,501,515
Restricted	62,258	1,025,001	1,087,259	-
Unrestricted	2,496,075	5,076,903	7,572,978	120,883
Total net position	<u>8,084,835</u>	<u>23,788,999</u>	<u>31,873,834</u>	<u>1,622,398</u>
Total liabilities, deferred inflows and net position	<u>\$ 12,637,202</u>	<u>\$ 38,620,491</u>	<u>\$ 51,257,693</u>	<u>\$ 1,630,569</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, 2016

	Water Fund	Sewer Fund	Totals	Governmental Activities Internal Service Funds
OPERATING REVENUES:				
Charges for service	1,980,706	4,830,370	\$ 6,811,076	\$ -
Other operating revenue	-	127,591	127,591	-
Total operating revenues	1,980,706	4,957,961	6,938,667	-
OPERATING EXPENSES:				
Salaries and benefits	1,057,469	2,034,853	3,092,322	-
Contractual services	184,580	538,677	723,257	-
Materials and supplies	26,896	181,949	208,845	-
Repairs and maintenance	382,628	573,722	956,350	-
Purchased water	296,007	-	296,007	-
Utilities	21,563	320,222	341,785	-
Insurance	33,808	52,714	86,522	-
Allocated overhead	18,485	520,277	538,762	-
Depreciation	382,188	1,328,916	1,711,104	384,244
Total operating expenses	2,403,624	5,551,330	7,954,954	384,244
OPERATING INCOME(LOSS)	(422,918)	(593,369)	(1,016,287)	(384,244)
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) on sale of capital assets	(493,880)	(429,473)	(923,353)	10,200
Connection/Impact fees	41,714	61,351	103,065	-
Interest revenue	23,321	49,695	73,016	978
Interest expense	(114,047)	(392,812)	(506,859)	-
Miscellaneous revenues (expenses)	61,016	150,164	211,180	-
Total non-operating revenues, net	(481,876)	(561,075)	(1,042,951)	11,178
NET INCOME(LOSS) BEFORE TRANSFERS	(904,794)	(1,154,444)	(2,059,238)	(373,066)
Transfers in	570,383	1,657,060	2,227,443	37,115
Transfers out	(865,430)	(3,525,691)	(4,391,121)	-
Total transfers	(295,047)	(1,868,631)	(2,163,678)	37,115
CHANGE IN NET POSITION	(1,199,841)	(3,023,075)	(4,222,916)	(335,951)
NET POSITION:				
Beginning of year	9,284,676	26,812,074	36,096,750	1,958,349
End of year	<u>\$ 8,084,835</u>	<u>\$ 23,788,999</u>	<u>\$ 31,873,834</u>	<u>\$ 1,622,398</u>

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

City of Grass Valley, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/users for services provided	\$ 2,000,089	\$ 4,920,612	\$ 6,920,701	\$ -
Cash payments to suppliers for goods and services	(1,089,172)	(1,831,335)	(2,920,507)	7,081
Cash payments to employees for services	(1,051,610)	(2,000,020)	(3,051,630)	-
Net cash provided by operating activities	<u>(140,693)</u>	<u>1,089,257</u>	<u>948,564</u>	<u>7,081</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Change in net OPEB obligation	6,242	9,462	15,704	-
Change in net pension obligation	1,492,504	2,097,112	3,589,616	-
Transfers received	570,383	1,657,060	2,227,443	38,205
Transfers paid	(873,592)	(3,540,051)	(4,413,643)	-
Net cash used by noncapital financing activities	<u>1,195,537</u>	<u>223,583</u>	<u>1,419,120</u>	<u>38,205</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Connection/Impact fees received	41,714	61,351	103,065	-
Acquisition and construction of capital assets	(869,948)	(98,784)	(968,732)	(80,200)
Other income received	61,016	150,164	211,180	-
Principal paid on long term debt	(197,351)	(917,019)	(1,114,370)	-
Interest paid on long term debt	(116,417)	(406,223)	(522,640)	-
Net cash (used) by capital and related financing activities	<u>(1,080,986)</u>	<u>(1,210,511)</u>	<u>(2,291,497)</u>	<u>(80,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Change in restricted cash and investments	(298,809)	(1,892,061)	(2,190,870)	-
Investment income received	23,321	49,695	73,016	978
Net cash provided by investing activities	<u>(275,488)</u>	<u>(1,842,366)</u>	<u>(2,117,854)</u>	<u>978</u>
Net increase (decrease) in cash and cash equivalents	<u>(301,630)</u>	<u>(1,740,037)</u>	<u>(2,041,667)</u>	<u>(33,936)</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	3,793,266	10,199,456	13,992,722	162,713
End of year	<u>\$ 3,491,636</u>	<u>\$ 8,459,419</u>	<u>\$ 11,951,055</u>	<u>\$ 128,777</u>
PRESENTATION IN STATEMENT OF NET POSITION:				
Cash and investments	\$ 3,429,378	\$ 7,434,418	\$ 10,863,796	\$ 128,777
Restricted cash and investments	62,258	1,025,001	1,087,259	-
Total Cash and Cash Equivalents	<u>\$ 3,491,636</u>	<u>\$ 8,459,419</u>	<u>\$ 11,951,055</u>	<u>\$ 128,777</u>
Reconciliation of income from operations to net cash provided by operating activities:				
Operating income	\$ (422,918)	\$ (593,369)	\$ (1,016,287)	\$ (384,244)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	382,188	1,328,916	1,711,104	384,244
(Increase) decrease in current assets:				
Accounts receivable	21,353	91,992	113,345	-
Intergovernmental receivables:	(94)	(129,341)	(129,435)	-
Prepays	-	40	40	-
Increase (decrease) in liabilities and deferred inflows/outflows:				
Accounts payable	(125,205)	356,186	230,981	7,081
Accrued payroll	3,711	19,405	23,116	-
Deposits payable	(1,876)	-	(1,876)	-
Compensated absences	2,148	15,428	17,576	-
Net cash provided by operating activities	<u>\$ (140,693)</u>	<u>\$ 1,089,257</u>	<u>\$ 948,564</u>	<u>\$ 7,081</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2016.

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

FIDUCIARY ACTIVITIES

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

City of Grass Valley, California

Statement of Fiduciary Net Position

Fiduciary Activities

June 30, 2016

	Successor Agency		
	Former Grass Valley Redevelopment Agency	Housing	Agency Funds
Current assets:			
Cash and investments	\$ 584,889	\$ -	\$ 158,571
Cash and investments with trustee/fiscal agent	998,200	-	277,298
Notes/Loans receivable	47,610	942,956	-
Assessments receivable	-	-	7,399
Other receivables	503	-	-
Total current assets	<u>1,631,202</u>	<u>942,956</u>	<u>443,268</u>
Total assets	<u>\$ 1,631,202</u>	<u>\$ 942,956</u>	<u>\$ 443,268</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,699	\$ -	\$ -
Due to others	-	-	443,268
Current portion of long-term debt	292,339	-	-
Total current liabilities	<u>295,038</u>	<u>-</u>	<u>443,268</u>
Long-term liabilities:			
Due after one year	9,041,848	-	-
Total long-term liabilities	<u>9,041,848</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>9,336,886</u>	<u>-</u>	<u>\$ 443,268</u>
Net Position (Deficit):			
Restricted for:			
Debt service	998,200	-	
Net position held in trust for Redevelopment Dissolution	<u>(8,703,884)</u>	<u>942,956</u>	
Total net position (deficit)	<u>(7,705,684)</u>	<u>942,956</u>	
Total liabilities and net position	<u>\$ 1,631,202</u>	<u>\$ 942,956</u>	

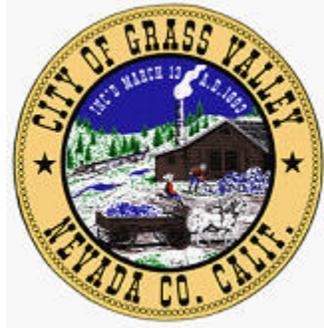
The accompanying notes are an integral part of these basic financial statements.

City of Grass Valley, California
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the year ended June 30, 2016

	Successor Agency		
	Former Grass Valley Redevelopment Agency	Housing	Totals
	Agency	Housing	Totals
ADDITIONS:			
Property taxes	\$ 879,187	\$ -	\$ 879,187
Investment income	7,275	25,448	32,723
Other	503	-	503
Total additions	<u>886,965</u>	<u>25,448</u>	<u>912,413</u>
DEDUCTIONS:			
Community development	929,367	-	929,367
Note receivable writeoff	(262,253)	-	(262,253)
Interest and trustee fees	-	-	-
Loss on refunding	-	-	-
Total deductions	<u>667,114</u>	<u>-</u>	<u>667,114</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>229,851</u>	<u>15,448</u>	<u>245,299</u>
NET POSITION (DEFICIT):			
Beginning of year	(7,935,535)	927,508	(7,008,027)
End of year	<u>\$ (7,705,684)</u>	<u>\$ 942,956</u>	<u>\$ (6,762,728)</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, 2016

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City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property Tax, Continued

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

Interfund Transfers

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

Implementation of GASB Statements 68 and 71 related to Pension Plan

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

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

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

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

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the City's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

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

Budgetary Accounting

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

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

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2016. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

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

Reclassifications

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. CASH AND INVESTMENTS

At June 30, 2016, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

<u>Cash, cash equivalents and investments pooled</u>	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
<u>Pooled cash, at fair value</u>					
Cash in bank	\$ -	\$ -	\$ -	\$ 160,167	\$ 160,167
Petty cash	-	-	-	850	850
Total pooled items	-	-	-	161,017	161,017
<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	783,211	2,295,993	3,079,204
		Certificate of Deposits	2,555,064	-	2,555,064
		Money market	1,505,656	498,297	2,764,032
State of California Local Agency Investment Fund			17,719,340	-	17,719,340
Total pooled investments - interest obligations			22,563,271	498,297	26,117,640
Total cash equivalents and investments pooled			\$ 22,563,271	\$ 498,297	\$ 26,278,657

Amounts reported in:

Governmental activities	\$ 12,073,448
Governmental activities - Restricted	235,196
Business-type activities	10,863,796
Business-type activities - Restricted	1,087,259
Fiduciary activities	743,460
Fiduciary activities - Restricted	1,275,498
Total	\$ 26,278,657

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal agency securities	3,079,204	2.88
Certificates of deposits	2,555,064	N/A
Money market funds	2,764,032	N/A
Local Agency Investment Fund	17,719,340	N/A
Total fair value	\$ 26,117,640	
Weighted average of maturity		1.45

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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, 2016, 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, 2016

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, 2016, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

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

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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, 2016, the carrying amount of the City's deposits was \$2,555,064 and the balances in financial institutions were \$2,493,000. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$2,243,000 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, 2016, 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, 2016 was \$ \$22,712,084,628 of which the City had a balance of \$17,708,340. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2016 has a portfolio with market valuation of \$ 75,497,087,666. Of the total invested, 99.03% was invested in non-derivative financial products and 0.97% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2016:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Current:				
Taxes and assessments	\$ 2,507,249	\$ -		\$ 2,507,249
Interest	52,068	-	-	52,068
Accounts	-	1,078,939	-	1,078,939
Intergovernmental	46,633	131,100	-	177,733
Other receivable	522,184		503	522,687
Total current	<u>3,128,134</u>	<u>1,210,039</u>	<u>503</u>	<u>4,338,676</u>
Noncurrent:				
Loans receivable	9,861,707		990,566	10,852,273
Total noncurrent	<u>9,861,707</u>	<u>-</u>	<u>990,566</u>	<u>10,852,273</u>
Total receivables	<u>\$ 12,989,841</u>	<u>\$ 1,210,039</u>	<u>\$ 991,069</u>	<u>\$ 15,190,949</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	4.10%
Individuals/Businesses	82.66%
Financial	1.20%
Other	12.04%

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, 2016

3. 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, 2016, consisted of the following:

	Beginning July 1, 2015	Additions	Deletions	Ending June 30, 2016
Community Development Block Grant	\$ 913,837	\$ 2,237	\$ (24,496)	\$ 891,578
HOME loans	7,082,791	121,882	-	7,204,673
STBG	486,522	1,425	(282)	487,665
Business Revolving Loans	530,327	352,461	(24,449)	858,339
Rehabilitation loans	423,357	5,274	(9,180)	419,451
Total loans/notes receivable	<u>\$ 9,436,834</u>	<u>\$ 483,279</u>	<u>\$ (58,406)</u>	<u>\$ 9,861,707</u>

The following is a summary of the loans and notes receivable outstanding as of June 30, 2016:

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, 2016, was \$891,578.

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, 2016

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, 2016, was as follows:

Governmental activities	Balance July 1, 2015	Additions	Deletions	Adjustments / Transfers	Balance June 30, 2016
Nondepreciable assets:					
Land	\$ 2,997,320	\$ 28,015	\$ (456,343)	\$ -	\$ 2,568,992
Construction in progress	20,816,278	3,867,432	-	(724,501)	23,959,209
Total nondepreciable assets	23,813,598	3,867,432	-	(724,501)	26,528,201
Depreciable assets:					
Buildings and Improvements	10,527,082	-	-	-	10,527,082
Equipment	7,471,584	157,941	-	-	7,629,525
Infrastructure	44,393,930	-	-	724,501	45,118,431
Total depreciable assets	62,392,596	157,941	-	724,501	63,275,038
Total	86,206,194	4,025,373	-	-	89,803,239
Accumulated depreciation:					
Buildings and Improvements	(6,338,635)	(370,229)	-	-	(6,708,864)
Equipment	(5,371,548)	(255,069)	-	-	(5,626,617)
Infrastructure	(24,114,871)	(1,701,830)	-	-	(25,816,701)
Total accumulated depreciation	(35,825,054)	(2,327,128)	-	-	(38,152,182)
Net depreciable assets	26,567,542	(2,169,187)	-	724,501	25,122,856
Total net capital assets	\$ 50,381,140	\$ 1,698,245	\$ -	\$ -	\$ 51,651,057

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

5. CAPITAL ASSETS, Continued

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

General government	\$ 66,160
Public safety	24,451
Public ways and facilities	1,846,860
Community development	387,455
Recreation and culture	2,202
	<u>\$ 2,327,128</u>

Business-type capital asset activity for the year ended June 30, 2016, was as follows:

<u>Business-type activities</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments/ Transfers</u>	<u>Balance June 30, 2016</u>
<u>Nondepreciable assets:</u>					
Land	\$ 239,401	\$ -	\$ -	\$ -	\$ 239,401
Construction in progress	2,098,419	136,488	(391,081)	(453,184)	1,390,642
Total nondepreciable assets	<u>2,337,820</u>	<u>136,488</u>	<u>(391,081)</u>	<u>(453,184)</u>	<u>1,630,043</u>
<u>Depreciable assets:</u>					
Buildings and Improvements	47,355,809	-	-	453,184	47,808,993
Equipment	886,137	233,287	(7,150)	-	1,112,274
Infrastructure	19,390,002	-	-	-	19,390,002
Total depreciable assets	<u>67,631,948</u>	<u>233,287</u>	<u>(7,150)</u>	<u>453,184</u>	<u>68,311,269</u>
Total assets	<u>69,969,768</u>	<u>369,775</u>	<u>(398,231)</u>	<u>-</u>	<u>69,941,312</u>
<u>Accumulated depreciation:</u>					
Buildings and Improvements	(20,819,193)	(1,239,556)	7,150	-	(22,051,599)
Equipment	(726,358)	(48,887)	-	-	(775,245)
Infrastructure	(8,935,287)	(446,734)	-	-	(9,382,021)
Total accumulated depreciation	<u>(30,480,838)</u>	<u>(1,735,177)</u>	<u>7,150</u>	<u>-</u>	<u>(32,208,865)</u>
Net depreciable assets	<u>37,151,110</u>	<u>(1,501,890)</u>	<u>-</u>	<u>453,184</u>	<u>36,102,404</u>
Total net capital assets	<u>\$ 39,488,930</u>	<u>\$ (1,365,402)</u>	<u>\$ (391,081)</u>	<u>\$ -</u>	<u>\$ 37,732,447</u>

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

Water	\$ 367,175
Sewer	1,368,002
	<u>\$ 1,735,177</u>

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2016:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 520,129	\$ 846,440	\$ 2,699	\$ 1,369,268
Accrued payroll and related liabilities	258,618	66,524	-	325,142
Interest payable	-	180,321	-	180,321
Deposits payable	262,307	5,631	-	267,938
Due to others	-	-	443,268	443,268
Total	\$ 1,041,054	\$ 1,098,916	\$ 445,967	\$ 2,585,937

These amounts resulted in the following concentrations in payables:

Vendors	87.4%
Employees	12.6%

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, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Governmental activities:					
Capital leases	\$ 1,461,126	\$ -	\$ (15,887)	\$ 1,445,239	\$ 10,690
2013 Bank Loan- Pension Obligation	1,921,000	-	(291,000)	1,630,000	304,000
Compensated absences	750,830	-	(31,712)	719,118	-
Net OPEB obligation	1,230,665	193,288	-	1,423,953	-
Total governmental activities liabilities	\$ 5,363,621	\$ 193,288	\$ (338,599)	\$ 5,218,310	\$ 314,690
Business-type activities:					
2011 Wastewater refunding bonds	\$ 4,935,000	\$ -	\$ (350,000)	\$ 4,585,000	\$ 370,000
Premium paid in refunding	433,304	-	(39,086)	394,218	39,086
Bond discount	(3,359)	-	-	(3,359)	-
Net 2011 Wastewater refunding bonds	5,364,945	-	(389,086)	4,975,859	409,086
California Department of Water Resources safe drinking water loan	1,601,578	-	(95,352)	1,506,226	98,806
California Water Resources Control Board revolving loan	4,016,877	-	(471,273)	3,545,604	479,770
Capital lease - Bank of America Leasing	1,819,748	-	(129,903)	1,689,845	136,049
Capital leases	2,830,072	-	(28,756)	2,801,316	18,543
Total business-type activity debt	15,633,220	-	(1,114,370)	14,518,850	1,142,254
Compensated absences	211,172	57,543	(39,967)	228,748	39,268
Net OPEB obligation	115,033	15,704	-	130,737	-
Total business-type activities liabilities	\$ 15,959,425	\$ 73,247	\$ (1,154,337)	\$ 14,878,335	\$ 1,590,608

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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, 2016, the outstanding balance of the lease obligation was \$4,246,555.

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, 2016 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, 2016, the outstanding balance of the loan was \$1,630,000.

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, 2016

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, 2016, the outstanding balance of the lease amounted to \$1,689,845.

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 \$719,118 for governmental activities and \$228,748 for business-type activities at June 30, 2016, of those amounts \$39,268 is expected to be paid within a year.

Net OPEB Obligation

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2016, the City had a Net OPEB Obligation of \$1,423,953 for governmental activities and \$130,737 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, 2016

7. LONG-TERM LIABILITIES, Continued

Future debt service for Governmental Activities at June 30, 2016, is as follows for all debt except compensated absences and the Net OPEB obligation:

Year Ending June 30,	Governmental Activities					
	US Bank		Municipal Finance Corporation		2013 Umpqua Bank	
	Capital Lease Obligations		Capital Lease Obligations			
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,137	\$ 193	\$ 9,553	\$ 56,090	\$ 304,000	\$ 56,235
2018	999	110	9,289	55,788	315,000	45,748
2019	-	-	13,893	55,360	326,000	34,880
2020	-	-	18,876	54,747	337,000	23,632
2021	-	-	28,116	53,896	348,000	12,006
2022-2026	-	-	249,119	245,777	-	12,006
2027-2032	-	-	600,624	201,058	-	-
2033-2037	-	-	513,633	36,659	-	-
Total	\$ 2,136	\$ 303	\$ 1,443,103	\$ 759,375	\$ 1,630,000	\$ 184,507
Due within one year	\$ 1,137	\$ 193	\$ 9,553	\$ 56,090	\$ 304,000	\$ 56,235
Due after one year	999	110	1,433,550	703,285	1,326,000	128,272
	\$ 2,136	\$ 303	\$ 1,443,103	\$ 759,375	\$ 1,630,000	\$ 184,507

Year Ending June 30,	Total	
	Principal	Interest
2017	\$ 314,690	\$ 112,518
2018	325,288	101,646
2019	339,893	90,240
2020	355,876	78,379
2021	376,116	65,902
2022-2026	249,119	257,783
2027-2032	600,624	201,058
2033-2037	513,633	36,659
Total	\$ 3,075,239	\$ 944,185
Due within one year	\$ 314,690	\$ 112,518
Due after one year	2,760,549	831,667
	\$ 3,075,239	\$ 944,185

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

7. LONG-TERM LIABILITIES, Continued

Future debt service for Business-type Activities at June 30, 2016, 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
2017	\$ 370,000	\$ 201,988	\$ 98,806	\$ 49,852	\$ 479,770	\$ 63,927
2018	390,000	182,988	102,061	46,597	488,420	55,277
2019	405,000	163,113	105,530	43,128	497,227	46,471
2020	425,000	146,613	109,038	39,620	506,192	37,506
2021	440,000	129,238	112,900	35,758	515,318	28,379
2022-2026	2,555,000	293,169	624,340	118,950	1,058,677	28,717
2027-2031	-	-	353,551	18,094	-	-
Total	\$ 4,585,000	\$ 1,117,109	\$ 1,506,226	\$ 351,999	\$ 3,545,604	\$ 260,277
Due within one year	\$ 370,000	\$ 201,988	\$ 98,806	\$ 49,852	\$ 479,770	\$ 63,927
Due after one year	4,215,000	915,121	1,407,420	302,147	3,065,834	196,350
Total	4,585,000	\$ 1,117,109	\$ 1,506,226	\$ 351,999	\$ 3,545,604	\$ 260,277
Premium on refunding	390,859					
Total	\$ 4,975,859					

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
2017	136,049	77,445	\$ 18,543	\$ 108,881	\$ 1,103,168	\$ 502,093
2018	142,485	71,009	18,032	108,295	1,140,998	464,166
2019	149,225	64,268	26,969	107,464	1,183,951	424,443
2020	156,284	57,210	36,641	106,273	1,233,155	387,221
2021	163,678	49,816	54,578	104,621	1,286,474	347,812
2022-2026	942,124	125,343	483,584	477,097	5,663,725	1,043,276
2027-2031	-	-	916,250	345,233	1,269,801	363,327
2032-2036	-	-	1,246,719	116,218	1,246,719	116,218
Total	\$ 1,689,845	\$ 445,091	\$ 2,801,316	\$ 1,474,082	\$ 14,127,991	\$ 3,648,558
Premium on refunding					390,859	
Total					\$ 14,518,850	
Due within one year	\$ 136,049	\$ 77,445	\$ 18,543	\$ 108,881	\$ 1,103,168	\$ 502,093
Due after one year	1,553,796	367,646	2,782,773	1,365,201	13,024,823	3,146,465
Total	\$ 1,689,845	\$ 445,091	\$ 2,801,316	\$ 1,474,082	\$ 14,127,991	\$ 3,648,558

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

8. NET POSITION/FUND BALANCES

Net Position

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Net investment in capital assets	\$ 48,575,541	\$ 23,213,597	\$ 71,789,138
Restricted	2,917,836	1,087,259	4,005,095
Unrestricted	<u>9,727,536</u>	<u>7,572,978</u>	<u>17,300,514</u>
Total	<u>\$ 61,220,913</u>	<u>\$ 31,873,834</u>	<u>\$ 93,094,747</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 73.

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

8. NET POSITION/FUND BALANCES, Continued

Fund Balances

Nonspendable and Restricted fund balances consisted of the following at June 30, 2016:

<u>Nonspendable:</u>	
General fund	\$ 3,368
HOME grant special revenue fund	4,045,250
Special projects	-
Block grant special revenue funds	1,747,944
Housing special revenue funds	4,068,513
Total Nonspendable	\$ 9,865,075
<u>Restricted:</u>	
Governmental funds:	
General Fund	\$ 1,631,530
Special revenue funds	
Gas tax	1,027,860
Maintenance district funds	126,098
Block grant funds	12,112
Housing funds	3
Permanent funds	
Elizabeth Daniels	91,583
Animal shelter	28,650
Total Restricted	\$ 2,917,836
<u>Assigned</u>	2,924,527
<u>Unassigned:</u>	
General Fund	8,442,621
Unassigned (deficit)	(32,388)
Total Unassigned	8,410,233
Total Fund Balance	\$ 24,117,671

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, 2016

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:

Nonmajor Special Revenue Funds:	
Traffic Safety	\$ (12,680)
EPA Brownfield	(18,571)
Housing Funds	(1,137)
	<u>\$ (32,388)</u>

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, 2016

8. NET POSITION/FUND BALANCES, Continued

Excess of Expenditures and Transfers over Appropriations:

Expenditures and transfers exceeded appropriations for the year ended June 30, 2016, for the following funds:

<u>Fund</u>	<u>Final Appropriations</u>	<u>Expenditures and Transfers</u>	<u>Excess</u>
<u>Nonmajor Funds</u>			
<u>Special Revenue Funds:</u>			
EPA Brownfield*	-	184,247	(184,247)

* Indicates Fund is not budgeted

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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, 2016:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 23,828	\$ -
Capital Projects Fund	-	23,941
Total Major Funds	<u>23,828</u>	<u>23,941</u>
Non-major Funds:		
Traffic Safety	-	16,173
EPA Brownfield	-	3,928
99-Home 0369	-	1,218
Total Non-major Funds	<u>-</u>	<u>21,319</u>
Total Governmental Funds	23,828	45,260
<u>Proprietary Funds</u>		
Water Fund	8,162	-
Sewer Fund	14,360	-
Technology Fund	-	1,090
Total Proprietary Funds	<u>22,522</u>	<u>1,090</u>
Total	<u>\$ 46,350</u>	<u>\$ 46,350</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, 2016

9. INTERFUND TRANSACTIONS, Continued

Transfers consisted of the following at June 30, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General fund	\$ 17,813	\$ 1,967,262
Capital projects	4,388,940	14,215
Total major funds	<u>4,406,753</u>	<u>1,981,477</u>
Non-major Funds:		
Special Revenue Funds		
Gas tax	-	301,418
Traffic safety	75,000	-
Impact fees	-	72,295
Block grant funds	533,790	523,930
Housing funds	-	9,860
Total non-major funds Special Revenue Funds	<u>608,790</u>	<u>907,503</u>
Total Governmental Funds	<u>5,015,543</u>	<u>2,888,980</u>
<u>Proprietary Funds</u>		
Internal Service Funds:		
Vehicle replacement fund	37,115	-
Major Enterprise Funds:		
Water	570,383	865,430
Sewer	1,657,060	3,525,691
Total Proprietary Funds	<u>2,264,558</u>	<u>4,391,121</u>
<u>Fiduciary Funds</u>		
Private Purpose Trust Funds:		
Successor Agency - Former Grass Valley Redevelopment Agency	10,000	-
Housing	-	10,000
Total Fiduciary Funds	<u>10,000</u>	<u>10,000</u>
Total Transfers	<u>\$ 7,290,101</u>	<u>\$ 7,290,101</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, 2016

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, 2016

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, 2016, are summarized as follows:

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Plan provisions, Continued

	<u>Fire Safety</u>	<u>PEPRA - Fire Safety</u>
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9%	11.50%
Required employer contribution rates	16.523%	11.153%
	<u>PEPRA - Police</u>	
	<u>Safety</u>	
	On or after	
Hire date	January 1, 2013	
Benefit formula	2.7% @ 57	
Benefit vesting schedule	5 years service	
Benefit payments	monthly for life	
Retirement age	50 - 57	
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	
Required employee contribution rates	11.50%	
Required employer contribution rates	11.530%	

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	Tier 2 Safety - Police	Fire Safety	PEPRA - Fire Safety	PEPRA - Police Safety
Contributions - employer	\$ 230,700	\$ 252,938	\$ 21,096	\$ 15,314	\$ 145,300	\$ 27,645	\$ 18,258
Contributions - employee (paid employer)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

As of June 30, 2016, 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	\$ 7,068,940
Safety - Police	4,984,352
PEPRA Miscellaneous	(1,120)
Tier 2 Safety - Police	(2,968)
Fire Safety	830,501
PEPRA - Fire Safety	(413)
PEPRA - Police Safety	(281)
Total Net Pension Liability	\$ 12,879,011

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, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	Tier 2 Safety - Police	Fire Safety	PEPRA - Fire Safety	PEPRA - Police Safety
Proportion - June 30, 2014	0.04472%	0.05059%	0.00000%	0.00000%	0.00090%	0.00090%	N/A
Proportion - June 30, 2015	0.25766%	0.12097%	-0.00004%	-0.00007%	0.02016%	-0.00001%	-0.00001%
Change - Increase (Decrease)	0.21294%	0.07038%	-0.00004%	-0.00007%	0.01926%	-0.00091%	N/A

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2016, the City recognized pension expense of \$730,209. At June 30, 2016, 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	\$ 1,359,909	\$ -
Differences between actual and expected experience	-	57,666
Changes in assumptions	-	646,552
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of the contributions	34,498	-
Net differences between projected and actual earnings on plan investments	-	326,267
Total	<u>\$ 1,394,407</u>	<u>\$ 1,030,485</u>

\$1,359,909 reported as deferred outflows of resources related to contributions subsequent to the measurement date and changes in proportions of contributions that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2016	\$ 396,041
2017	399,875
2018	415,207
2019	378,144
2020	(593,278)
Thereafter	-

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	Tier 2 Safety Police	Fire Safety	PEPRA - Fire Safety	PEPRA - Fire Safety
Valuation Date	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
Measurement	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
Actuarial Cost Method	Entry-Age Normal Cost Method						
Actuarial Assumptions:							
Discount Rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3%	3%	3%	3%	3%	3%	3%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)

- (1) Depending on age, service, and type of employment
- (2) Net of pension plan investment expenses, including inflation

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

Discount Rate -The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

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

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

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

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability as of June 30, 2015			
Miscellaneous	\$ 11,855,106	\$ 7,068,940	\$ 3,117,405
Safety - Police	7,991,627	4,984,352	2,518,441
PEPRA Miscellaneous	(1,879)	(1,120)	(494)
Tier 2 Safety - Police	(4,759)	(2,968)	(1,500)
Fire Safety	1,331,578	830,501	419,627
PEPRA - Fire Safety	(662)	(413)	(209)
PEPRA - Police Safety	(450)	(281)	(142)
Total	<u>\$ 21,170,561</u>	<u>\$ 12,879,011</u>	<u>\$ 6,053,128</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, 2016

12. OTHER POST EMPLOYMENT BENEFITS, Continued

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 310,762
Interest on net OPEB obligation	53,828
Adjustment to annual required contribution	<u>(51,711)</u>
Annual OPEB cost (expense)	\$ 312,879
Contributions made	<u>(103,887)</u>
Increase in net OPEB obligation	\$ 208,992
Net OPEB obligation - beginning of year	<u>1,345,698</u>
Net OPEB obligation - end of year	<u><u>\$ 1,554,690</u></u>

The City ‘s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2016 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	293,798	35.00%	1,147,867
6/30/15	299,219	33.88%	1,345,698
6/30/16	312,879	33.20%	1,554,690

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

12. OTHER POST EMPLOYMENT BENEFITS, Continued

Funded Status and Funding Progress

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

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

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Grass Valley that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On February 1, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency.

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

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

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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

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

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

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

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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

Loans receivable

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

At June 30, 2016, loans receivable consisted of the following:

	Beginning July 1, 2015	Additions	Deletions	Ending June 30, 2016
Redevelopment Housing:				
Springhill Garden Apts	\$ 670,000	\$ 18,000	\$ (5,000)	\$ 683,000
Valley Commons	257,508	7,448	(5,000)	259,956
Redevelopment Projects (Non-Housing):				
Center for the Arts	57,610	-	(10,000)	47,610
Total loans receivable	<u>\$ 985,118</u>	<u>\$ 25,448</u>	<u>\$ (20,000)</u>	<u>\$ 990,566</u>

Redevelopment Housing:

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

Valley Commons loan dated March 10, 2011, payable in annual installments commencing in 2017, with an interest rate of 3% and maturity in 30 years.

Redevelopment Projects

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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

Long-term Liabilities

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

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year
2002 ABAG Lease Revenue Bonds	\$ 870,000	\$ -	\$ (60,000)	\$ 810,000	\$ 65,000
2014 Tax Allocation Refunding Bonds	5,855,000	-	(160,000)	5,695,000	160,000
2010 Tax Allocation Bonds	3,045,000	-	(60,000)	2,985,000	60,000
Less: Discount	(163,475)	-	7,662	(155,813)	(7,662)
Total governmental activities	<u>\$ 9,606,525</u>	<u>\$ -</u>	<u>\$ (272,338)</u>	<u>\$ 9,334,187</u>	<u>\$ 277,338</u>

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

2014 Tax Allocation Refunding Bonds was issued on December 1, 2014 in the amount of \$6,005,000. The 2014 bonds bear interest rates in the range of 2.00% to 4.375% per annum and interest is payable semiannually on June 1 and December 1, commencing on June 1, 2016. Principal is payable in annual installments starting from December 1, 2016 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, 2016

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

Future debt service for Fiduciary Activities at June 30, 2016, is as follows:

June 30,	2002 ABAG Lease Revenue Bonds		2013 Tax Allocation Refunding Bonds		
	Principal	Interest	Principal	Discount	Interest
2017	65,000	38,713	175,000	(3,416)	249,437
2018	65,000	35,584	180,000	(3,416)	244,188
2019	70,000	32,250	190,000	(3,416)	238,788
2020	75,000	28,625	190,000	(3,416)	233,088
2021	80,000	24,750	200,000	(3,416)	227,388
2022-2026	455,000	58,875	1,085,000	(17,080)	1,039,700
2027-2031	-	-	715,000	(17,080)	860,494
2032-2036	-	-	1,230,000	(17,080)	668,788
2037-2039	-	-	1,730,000	(6,819)	180,144
	<u>\$ 810,000</u>	<u>\$ 218,797</u>	<u>\$ 5,695,000</u>	<u>\$ (75,139)</u>	<u>\$ 3,942,015</u>
Due within one year	\$ 65,000	\$ 38,713	\$ 175,000	\$ (3,416)	\$ 249,437
Due after one year	745,000	180,084	5,520,000	(71,723)	3,692,578
	<u>\$ 810,000</u>	<u>\$ 218,797</u>	<u>\$ 5,695,000</u>	<u>\$ (75,139)</u>	<u>\$ 3,942,015</u>

June 30,	2010 Tax Allocation Bonds			Totals		
	Principal	Discount	Interest	Principal	Discount	Interest
2017	60,000	(4,246)	146,688	\$ 300,000	(7,662)	\$ 434,838
2018	65,000	(4,246)	144,187	310,000	(7,662)	423,959
2019	65,000	(4,246)	141,588	325,000	(7,662)	412,626
2020	70,000	(4,246)	138,844	335,000	(7,662)	400,557
2021	70,000	(4,246)	135,869	350,000	(7,662)	388,007
2022-2026	410,000	(21,230)	625,506	1,950,000	(38,310)	1,724,081
2027-2031	1,125,000	(21,230)	439,625	1,840,000	(38,310)	1,300,119
2032-2036	1,120,000	(16,984)	121,275	2,350,000	(34,064)	790,063
2037-2039	-	-	-	1,730,000	(6,819)	180,144
	<u>\$ 2,985,000</u>	<u>\$ (80,674)</u>	<u>\$ 1,893,582</u>	<u>\$ 9,490,000</u>	<u>\$ (155,813)</u>	<u>\$ 6,054,394</u>
Due within one year	\$ 60,000	\$ (4,246)	\$ 146,688	\$ 300,000	\$ (7,662)	\$ 434,838
Due after one year	2,925,000	(76,428)	1,746,894	9,190,000	(148,151)	5,619,556
Total	<u>\$ 2,985,000</u>	<u>\$ (80,674)</u>	<u>\$ 1,893,582</u>	<u>9,490,000</u>	<u>(155,813)</u>	<u>\$ 6,054,394</u>
				<u>(155,813)</u>		
				<u>\$ 9,334,187</u>		

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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, 2016.

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, "Fair Value Measurement and Application". The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2016. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2017.

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2017, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2016. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. The City will evaluate the applicability of the provisions of this Statement and implement it in the applicable year, accordingly.

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

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

City of Grass Valley, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016, and should be applied retroactively. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2017.

The GASB has issued Statement No. 77, “Tax Abatement Disclosures”. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2017.

City of Grass Valley, California
Required Supplementary Information
For the year ended June 30, 2016

Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 230,700	\$ 411,813
Contributions in relation to the actuarially determined contributions	<u>(230,700)</u>	<u>(411,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,382,556	\$ 2,625,707
Contribution as a percentage of covered-employee payroll	9.68%	15.68%

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 252,938	\$ 378,627
Contributions in relation to the actuarially determined contributions	<u>(252,938)</u>	<u>(378,627)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,389,446	\$ 1,359,571
Contribution as a percentage of covered-employee payroll	18.20%	27.85%

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 21,096	\$ 11,416
Contributions in relation to the actuarially determined contributions	<u>(21,096)</u>	<u>(11,416)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 338,232	\$ 182,650
Contribution as a percentage of covered-employee payroll	6.24%	6.25%

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 15,314	\$ 31,715
Contributions in relation to the actuarially determined contributions	<u>(15,314)</u>	<u>(31,715)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 92,686	\$ 142,538
Contribution as a percentage of covered-employee payroll	16.52%	22.25%

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 145,300	\$ 199,871
Contributions in relation to the actuarially determined contributions	<u>(145,300)</u>	<u>(199,871)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 883,244	\$ 899,916
Contribution as a percentage of covered-employee payroll	16.45%	22.21%

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 27,645	\$ 17,552
Contributions in relation to the actuarially determined contributions	<u>(27,645)</u>	<u>(17,552)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 247,874	\$ 152,624
Contribution as a percentage of covered-employee payroll	11.15%	11.50%

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 18,258	\$ 16,745
Contributions in relation to the actuarially determined contributions	<u>(18,258)</u>	<u>(16,745)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 163,703	\$ 145,609
Contribution as a percentage of covered-employee payroll	11.13%	11.50%

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.25766%	0.08393%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 7,068,940	\$ 5,222,328
Plan's Covered-Employee Payroll	\$ 2,382,556	\$ 3,026,691
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	296.70%	172.54%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.40%	83.03%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 527,570	\$ 690,894

Notes to Schedule

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

* - Fiscal year 2015 was the first year of implementation, therefore only the first two years were 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*

	2016	2015
Plan's Proportion of the Net Pension Liability/(Asset)	0.12097%	0.06786%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 4,984,352	\$ 4,222,691
Plan's Covered-Employee Payroll	\$ 1,389,446	\$ 1,514,775
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	358.73%	278.77%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.19%	81.42%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 239,717	\$ 523,834

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Plan's Proportion of the Net Pension Liability/(Asset)	-0.00004%	0.00001%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ (1,120)	\$ 360
Plan's Covered-Employee Payroll	\$ 338,232	\$ 24,423
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-0.33%	1.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	106.73%	83.04%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 14,328	\$ 48

Notes to Schedule

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

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

City of Grass Valley, California
Required Supplementary Information - Schedule of the City's Proportionate
Share of the Net Pension Liability
Tier 2 Safety - Police

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Plan's Proportion of the Net Pension Liability/(Asset)	-0.00007%	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ (2,968)	\$ 124
Plan's Covered-Employee Payroll	\$ 92,686	\$ 49,737
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-3.20%	0.25%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	108.94%	81.46%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 38,040	\$ 15

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.02016%	0.01398%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 830,501	\$ 869,647
Plan's Covered-Employee Payroll	\$ 883,244	\$ 854,090
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	94.03%	101.82%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.67%	81.42%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 239,717	\$ 107,882

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	2016	2015
Plan's Proportion of the Net Pension Liability/(Asset)	-0.00001%	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ (413)	\$ 36
Plan's Covered-Employee Payroll	\$ 247,874	\$ 42,126
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-0.17%	0.09%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	101.29%	81.25%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 21,051	\$ 4

Notes to Schedule

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

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

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

Last 10 Fiscal Years*

	2016	2015
Plan's Proportion of the Net Pension Liability/(Asset)	-0.00001%	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ (281)	N/A
Plan's Covered-Employee Payroll	\$ 163,703	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-0.17%	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	101.30%	N/A
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 20,083	N/A

Notes to Schedule

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

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

City of Grass Valley, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Governmental Funds		
	Special Revenue Funds	Permanent Funds	Non-Major Funds Totals
ASSETS			
Cash and investments	\$ 3,979,115	\$ 124,652	\$ 4,103,767
Receivables:			
Taxes	3,059	-	3,059
Intergovernmental	10,397	-	10,397
Loans/Notes receivable	5,816,457	-	5,816,457
Due from other funds	-	-	-
Total assets	\$ 9,809,028	\$ 124,652	\$ 9,933,680
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 135,026	\$ -	\$ 135,026
Due to other funds	21,319	-	21,319
Total liabilities	156,345	-	156,345
Fund Balances:			
Nonspendable	5,816,457	-	5,816,457
Restricted	1,166,073	120,233	1,286,306
Assigned	2,702,541	4,419	2,706,960
Unassigned (deficit)	(32,388)	-	(32,388)
Total fund balances	9,652,683	124,652	9,777,335
Total liabilities and fund balances	\$ 9,809,028	\$ 124,652	\$ 9,933,680

City of Grass Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2016

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Permanent Funds	
REVENUES:			
Taxes and assessments	\$ 151,579	\$ -	\$ 151,579
Fines and forfeitures	49,267	-	49,267
Intergovernmental	884,247	-	884,247
Use of money and property	130,670	854	131,524
Other revenues	-	-	-
Total revenues	1,215,763	854	1,216,617
EXPENDITURES:			
Current:			
General government	184,247	-	184,247
Public safety	148,842	-	148,842
Public ways and facilities	57,796	-	57,796
Community development	572,189	-	572,189
Total expenditures	963,074	-	963,074
REVENUES OVER (UNDER) EXPENDITURES	252,689	854	253,543
OTHER FINANCING SOURCES (USES):			
Transfers in	608,790	-	608,790
Transfers out	(907,503)	-	(907,503)
Total other financing sources (uses)	(298,713)	-	(298,713)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(46,024)	854	(45,170)
FUND BALANCES:			
Beginning of year	9,698,707	123,798	9,822,505
End of year	\$ 9,652,683	\$ 124,652	\$ 9,777,335

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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	

(concluded)

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City of Grass Valley, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	Gas Tax	Traffic Safety	DUI Grant
ASSETS			
Cash and investments	\$ 1,027,860	\$ -	\$ 34,000
Receivables:			
Taxes	-	-	-
Intergovernmental	-	6,139	-
Loans/Notes receivable	-	-	-
Due from other funds	-	-	-
Total assets	\$ 1,027,860	\$ 6,139	\$ 34,000
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 2,646	\$ -
Due to other funds	-	16,173	-
Due to other governments	-	-	-
Total liabilities	-	18,819	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	1,027,860	-	-
Assigned	-	-	34,000
Unassigned (deficit)	-	(12,680)	-
Total fund balances	1,027,860	(12,680)	34,000
Total liabilities and fund balances	\$ 1,027,860	\$ 6,139	\$ 34,000

Impact Fees	Downtown Assessment	Fire Reserve	EPA Brownfield
\$ 2,657,966	\$ 1,700	\$ 10,027	\$ -
-	-	-	-
-	-	-	4,258
-	-	-	-
-	-	-	-
<u>\$ 2,657,966</u>	<u>\$ 1,700</u>	<u>\$ 10,027</u>	<u>\$ 4,258</u>

\$ 1,152	\$ -	\$ -	\$ 18,901
-	-	-	3,928
-	-	-	-
<u>1,152</u>	<u>-</u>	<u>-</u>	<u>22,829</u>

-	-	-	-
-	-	-	-
2,656,814	1,700	10,027	-
-	-	-	(18,571)
<u>2,656,814</u>	<u>1,700</u>	<u>10,027</u>	<u>(18,571)</u>
<u>\$ 2,657,966</u>	<u>\$ 1,700</u>	<u>\$ 10,027</u>	<u>\$ 4,258</u>

(continued)

City of Grass Valley, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2016

	Maintenance District Funds	Block Grant Funds	Housing Funds	Totals
ASSETS				
Cash and investments	\$ 134,761	\$ 112,717	\$ 84	\$ 3,979,115
Receivables:				
Taxes	3,059	-	-	3,059
Intergovernmental	-	-	-	10,397
Loans/Notes receivable	-	1,747,944	4,068,513	5,816,457
Due from other funds	-	-	-	-
Total assets	\$ 137,820	\$ 1,860,661	\$ 4,068,597	\$ 9,809,028
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 11,722	\$ 100,605	\$ -	\$ 135,026
Due to other funds	-	-	1,218	21,319
Due to other governments	-	-	-	-
Total liabilities	11,722	100,605	1,218	156,345
Fund Balances:				
Nonspendable	-	1,747,944	4,068,513	5,816,457
Restricted	126,098	12,112	3	1,166,073
Assigned	-	-	-	2,702,541
Unassigned (deficit)	-	-	(1,137)	(32,388)
Total fund balances	126,098	1,760,056	4,067,379	9,652,683
Total liabilities and fund balances	\$ 137,820	\$ 1,860,661	\$ 4,068,597	\$ 9,809,028

(concluded)

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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, 2016

	Gas Tax	Traffic Safety	DUI Grant
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	49,267	-
Intergovernmental	340,419	-	-
Use of money and property	6,894	(104)	-
Other revenues	-	-	-
Total revenues	<u>347,313</u>	<u>49,163</u>	<u>-</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	148,842	-
Public ways and facilities	-	-	-
Community development	-	-	-
Total expenditures	<u>-</u>	<u>148,842</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>347,313</u>	<u>(99,679)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of assets	-	-	-
Transfers in	-	75,000	-
Transfers out	(301,418)	-	-
Total other financing sources and uses	<u>(301,418)</u>	<u>75,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>45,895</u>	<u>(24,679)</u>	<u>-</u>
FUND BALANCES (DEFICITS):			
Beginning of year	981,965	11,999	34,000
End of year	<u>\$ 1,027,860</u>	<u>\$ (12,680)</u>	<u>\$ 34,000</u>

Impact Fees	Downtown Assessment	Fire Reserve	EPA Brownfield
\$ 43,640	\$ 47,023	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	172,043
18,212	64	69	-
-	-	-	-
<u>61,852</u>	<u>47,087</u>	<u>69</u>	<u>172,043</u>
-	-	-	184,247
-	-	-	-
-	-	-	-
-	46,520	-	-
-	<u>46,520</u>	-	<u>184,247</u>
<u>61,852</u>	<u>567</u>	<u>69</u>	<u>(12,204)</u>
-	-	-	-
-	-	-	-
<u>(72,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(72,295)	-	-	-
(10,443)	567	69	(12,204)
<u>2,667,257</u>	<u>1,133</u>	<u>9,958</u>	<u>(6,367)</u>
<u>\$ 2,656,814</u>	<u>\$ 1,700</u>	<u>\$ 10,027</u>	<u>\$ (18,571)</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, 2016

	Maintenance District Funds	Block Grant Funds	Housing Funds	Totals
REVENUES:				
Taxes and assessments	\$ 60,916	\$ -	\$ -	\$ 151,579
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	49,267
Intergovernmental	-	-	371,785	884,247
Use of money and property	875	26,489	78,171	130,670
Other revenues	-	-	-	-
Total revenues	61,791	26,489	449,956	1,215,763
EXPENDITURES:				
Current:				
General government	-	-	-	184,247
Public safety	-	-	-	148,842
Public ways and facilities	57,796	-	-	57,796
Community development	-	497,916	27,753	572,189
Total expenditures	57,796	497,916	27,753	963,074
REVENUES OVER (UNDER) EXPENDITURES	3,995	(471,427)	422,203	252,689
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	533,790	-	608,790
Transfers out	-	(523,930)	(9,860)	(907,503)
Total other financing sources and uses	-	9,860	(9,860)	(298,713)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	3,995	(461,567)	412,343	(46,024)
FUND BALANCES (DEFICITS):				
Beginning of year	122,103	2,221,623	3,655,036	9,698,707
End of year	\$ 126,098	\$ 1,760,056	\$ 4,067,379	\$ 9,652,683

(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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 281,443	\$ 281,443	\$ 340,419	\$ 58,976
Use of money and property	1,500	1,500	6,894	5,394
Total revenues	<u>282,943</u>	<u>282,943</u>	<u>347,313</u>	<u>64,370</u>
EXPENDITURES:				
Current:				
Public ways and facilities	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>282,943</u>	<u>282,943</u>	<u>347,313</u>	<u>64,370</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(807,500)	(807,500)	(301,418)	506,082
Total other financing sources (uses)	<u>(807,500)</u>	<u>(807,500)</u>	<u>(301,418)</u>	<u>506,082</u>
Net change in fund balances	<u>(524,557)</u>	<u>(524,557)</u>	<u>45,895</u>	<u>570,452</u>
FUND BALANCES:				
Beginning of year	981,965	981,965	981,965	-
End of year	<u>\$ 457,408</u>	<u>\$ 457,408</u>	<u>\$ 1,027,860</u>	<u>\$ 570,452</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 75,000	\$ 75,000	\$ 49,267	\$ (25,733)
Intergovernmental	-	-	-	-
Use of money and property	20	20	(104)	(124)
Total revenues	75,020	75,040	49,163	(25,877)
EXPENDITURES:				
Current:				
Public safety	197,139	197,139	148,842	48,297
Total expenditures	197,139	197,139	148,842	48,297
REVENUES OVER (UNDER) EXPENDITURES	(122,119)	(122,099)	(99,679)	22,420
OTHER FINANCING SOURCES (USES):				
Transfers in	75,000	75,000	75,000	-
Total other financing sources (uses)	75,000	75,000	75,000	-
Net change in fund balances	(47,119)	(47,099)	(24,679)	22,420
FUND BALANCES (DEFICIT):				
Beginning of year	11,999	11,999	11,999	-
End of year	\$ (35,120)	\$ (35,100)	\$ (12,680)	\$ 22,420

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, 2016

	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	-	-	-	-
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):				
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>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Beginning of year	34,000	34,000	34,000	-
End of year	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ -</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 90,000	\$ 90,000	\$ 43,640	\$ (46,360)
Use of money and property	4,000	4,000	18,212	14,212
Total revenues	<u>94,000</u>	<u>94,000</u>	<u>61,852</u>	<u>(32,148)</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>94,000</u>	<u>94,000</u>	<u>61,852</u>	<u>(32,148)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(504,000)	(504,000)	(72,295)	431,705
Total other financing sources (uses)	<u>(504,000)</u>	<u>(504,000)</u>	<u>(72,295)</u>	<u>431,705</u>
Net change in fund balances	<u>(410,000)</u>	<u>(410,000)</u>	<u>(10,443)</u>	<u>399,557</u>
FUND BALANCES:				
Beginning of year	<u>2,667,257</u>	<u>2,667,257</u>	<u>2,667,257</u>	<u>-</u>
End of year	<u>\$ 2,257,257</u>	<u>\$ 2,257,257</u>	<u>\$ 2,656,814</u>	<u>\$ 399,557</u>

City of Grass Valley, California

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

Downtown Assessment Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 50,000	\$ 50,000	\$ 47,023	\$ (2,977)
Use of money and property	50	50	64	14
Total revenues	<u>50,050</u>	<u>50,050</u>	<u>47,087</u>	<u>(2,963)</u>
EXPENDITURES:				
Current:				
Community development	50,000	50,000	46,520	3,480
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>46,520</u>	<u>3,480</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>50</u>	<u>50</u>	<u>567</u>	<u>517</u>
Net change in fund balances	50	50	567	517
FUND BALANCES:				
Beginning of year	1,133	1,133	1,133	-
End of year	<u>\$ 1,183</u>	<u>\$ 1,183</u>	<u>\$ 1,700</u>	<u>\$ 517</u>

City of Grass Valley, California

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

Fire Reserve Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 11	\$ 11	\$ 69	\$ 58
Total revenues	<u>11</u>	<u>11</u>	<u>69</u>	<u>58</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>11</u>	<u>11</u>	<u>69</u>	<u>58</u>
Net change in fund balances	11	11	69	58
FUND BALANCES:				
Beginning of year	9,958	9,958	9,958	-
End of year	<u>\$ 9,969</u>	<u>\$ 9,969</u>	<u>\$ 10,027</u>	<u>\$ 58</u>

City of Grass Valley, California

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

EPA Brownfield Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 172,043	\$ 172,043
Use of money and property	-	-	-	-
Total revenues	-	-	172,043	172,043
EXPENDITURES:				
Current:				
General government	-	-	184,247	(184,247)
Total expenditures	-	-	184,247	(184,247)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(12,204)	(12,204)
Net change in fund balances	-	-	(12,204)	(12,204)
FUND BALANCES (DEFICIT):				
Beginning of year	(6,367)	(6,367)	(6,367)	-
End of year	<u>\$ (6,367)</u>	<u>\$ (6,367)</u>	<u>\$ (18,571)</u>	<u>\$ (12,204)</u>

City of Grass Valley, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2016

	Whispering Pines Landscape & Lighting	Litton Landscape & Lighting	Morgan Ranch Landscape & Lighting
ASSETS			
Cash and investments	\$ 28,781	\$ 19,113	\$ 24,673
Receivables:			
Taxes	1,084	247	1,072
Total assets	\$ 29,865	\$ 19,360	\$ 25,745
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,072	\$ -	\$ 10,650
Total liabilities	1,072	-	10,650
Fund Balances:			
Restricted	28,793	19,360	15,095
Total fund balances	28,793	19,360	15,095
Total liabilities and fund balances	\$ 29,865	\$ 19,360	\$ 25,745

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
\$ 17,025	\$ 8,618	\$ 4,530	\$ 19,679	\$ 12,342	\$ 134,761
99	101	68	219	169	3,059
<u>\$ 17,124</u>	<u>\$ 8,719</u>	<u>\$ 4,598</u>	<u>\$ 19,898</u>	<u>\$ 12,511</u>	<u>\$ 137,820</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,722
-	-	-	-	-	11,722
17,124	8,719	4,598	19,898	12,511	126,098
17,124	8,719	4,598	19,898	12,511	126,098
<u>\$ 17,124</u>	<u>\$ 8,719</u>	<u>\$ 4,598</u>	<u>\$ 19,898</u>	<u>\$ 12,511</u>	<u>\$ 137,820</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, 2016

	Whispering Pines Landscape & Lighting	Litton Landscape & Lighting	Morgan Ranch Landscape & Lighting
REVENUES:			
Taxes and assessments	21,581	4,919	\$ 21,343
Use of money and property	183	128	152
Total revenues	<u>21,764</u>	<u>5,047</u>	<u>21,495</u>
EXPENDITURES:			
Current:			
Public ways and facilities	25,835	2,788	21,332
Total expenditures	<u>25,835</u>	<u>2,788</u>	<u>21,332</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,071)</u>	<u>2,259</u>	<u>163</u>
FUND BALANCES:			
Beginning of year	32,864	17,101	14,932
End of year	<u>\$ 28,793</u>	<u>\$ 19,360</u>	<u>\$ 15,095</u>

Morgan Ranch Assessment Dist 2003-1	Morgan Ranch West Assessment Dist 2010-1	Morgan Ranch West Landscape & Lighting 1988-2 Annex	Ventana Sierra	Scotia Pines	Totals
\$ 1,963	\$ 2,007	\$ 1,364	4,365	\$ 3,374	\$ 60,916
115	56	29	132	80	875
2,078	2,063	1,393	4,497	3,454	61,791
212	331	380	2,366	4,552	57,796
212	331	380	2,366	4,552	57,796
1,866	1,732	1,013	2,131	(1,098)	3,995
15,258	6,987	3,585	17,767	13,609	122,103
\$ 17,124	\$ 8,719	\$ 4,598	\$ 19,898	\$ 12,511	\$ 126,098

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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 21,839	\$ 21,839	\$ 21,581	\$ (258)
Use of money and property	65	65	183	118
Total revenues	<u>21,904</u>	<u>21,904</u>	<u>21,764</u>	<u>(140)</u>
EXPENDITURES:				
Current:				
Public ways and facilities	40,756	40,756	25,835	14,921
Total expenditures	<u>40,756</u>	<u>40,756</u>	<u>25,835</u>	<u>14,921</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(18,852)</u>	<u>(18,852)</u>	<u>(4,071)</u>	<u>14,781</u>
Net change in fund balances	(18,852)	(18,852)	(4,071)	14,781
FUND BALANCES (DEFICIT):				
Beginning of year	32,864	32,864	32,864	-
End of year	<u>\$ 14,012</u>	<u>\$ 14,012</u>	<u>\$ 28,793</u>	<u>\$ 14,781</u>

City of Grass Valley, California

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

Litton Landscape & Lighting Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 4,919	\$ 4,919	\$ 4,919	\$ -
Use of money and property	50	50	128	78
Total revenues	<u>4,969</u>	<u>4,969</u>	<u>5,047</u>	<u>78</u>
EXPENDITURES:				
Current:				
Public ways and facilities	11,394	11,394	2,788	8,606
Total expenditures	<u>11,394</u>	<u>11,394</u>	<u>2,788</u>	<u>8,606</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,425)</u>	<u>(6,425)</u>	<u>2,259</u>	<u>8,684</u>
Net change in fund balances	(6,425)	(6,425)	2,259	8,684
FUND BALANCES:				
Beginning of year	17,101	17,101	17,101	-
End of year	<u>\$ 10,676</u>	<u>\$ 10,676</u>	<u>\$ 19,360</u>	<u>\$ 8,684</u>

City of Grass Valley, California

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

Morgan Ranch Improvement District Landscape & Lighting Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 21,343	\$ 21,343	\$ 21,343	\$ -
Use of money and property	14	14	152	138
Total revenues	<u>21,357</u>	<u>21,357</u>	<u>21,495</u>	<u>138</u>
EXPENDITURES:				
Current:				
Public ways and facilities	23,580	23,580	21,332	2,248
Total expenditures	<u>23,580</u>	<u>23,580</u>	<u>21,332</u>	<u>2,248</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,223)</u>	<u>(2,223)</u>	<u>163</u>	<u>2,386</u>
Net change in fund balances	(2,223)	(2,223)	163	2,386
FUND BALANCES:				
Beginning of year	14,932	14,932	14,932	-
End of year	<u>\$ 12,709</u>	<u>\$ 12,709</u>	<u>\$ 15,095</u>	<u>\$ 2,386</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 1,963	\$ 1,963	\$ 1,963	\$ -
Use of money and property	20	20	115	95
Total revenues	<u>1,983</u>	<u>1,983</u>	<u>2,078</u>	<u>95</u>
EXPENDITURES:				
Current:				
Public ways and facilities	9,165	9,165	212	8,953
Total expenditures	<u>9,165</u>	<u>9,165</u>	<u>212</u>	<u>8,953</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(7,182)</u>	<u>(7,182)</u>	<u>1,866</u>	<u>9,048</u>
Net change in fund balances	(7,182)	(7,182)	1,866	9,048
FUND BALANCES:				
Beginning of year	15,258	15,258	15,258	-
End of year	<u>\$ 8,076</u>	<u>\$ 8,076</u>	<u>\$ 17,124</u>	<u>\$ 9,048</u>

City of Grass Valley, California

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

Morgan Ranch West Reassessment District 2010-1 Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 2,007	\$ 2,007	\$ 2,007	\$ -
Use of money and property	6	6	56	50
Total revenues	<u>2,013</u>	<u>2,013</u>	<u>2,063</u>	<u>50</u>
EXPENDITURES:				
Current:				
Public ways and facilities	3,665	3,665	331	3,334
Total expenditures	<u>3,665</u>	<u>3,665</u>	<u>331</u>	<u>3,334</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,652)</u>	<u>(1,652)</u>	<u>1,732</u>	<u>3,384</u>
Net change in fund balances	(1,652)	(1,652)	1,732	3,384
FUND BALANCES:				
Beginning of year	6,987	6,987	6,987	-
End of year	<u>\$ 5,335</u>	<u>\$ 5,335</u>	<u>\$ 8,719</u>	<u>\$ 3,384</u>

City of Grass Valley, California

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

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

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 1,363	\$ 1,363	\$ 1,364	\$ 1
Use of money and property	4	4	29	25
Total revenues	<u>1,367</u>	<u>1,367</u>	<u>1,393</u>	<u>26</u>
EXPENDITURES:				
Current:				
Public ways and facilities	1,373	1,373	380	993
Total expenditures	<u>1,373</u>	<u>1,373</u>	<u>380</u>	<u>993</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6)</u>	<u>(6)</u>	<u>1,013</u>	<u>1,019</u>
Net change in fund balances	(6)	(6)	1,013	1,019
FUND BALANCES:				
Beginning of year	3,585	3,585	3,585	-
End of year	<u>\$ 3,579</u>	<u>\$ 3,579</u>	<u>\$ 4,598</u>	<u>\$ 1,019</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 4,365	\$ 4,365	\$ 4,365	\$ -
Use of money and property	22	22	132	110
Total revenues	<u>4,387</u>	<u>4,387</u>	<u>4,497</u>	<u>110</u>
EXPENDITURES:				
Current:				
Public ways and facilities	14,762	14,762	2,366	12,396
Total expenditures	<u>14,762</u>	<u>14,762</u>	<u>2,366</u>	<u>12,396</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,375)</u>	<u>(10,375)</u>	<u>2,131</u>	<u>12,506</u>
Net change in fund balances	(10,375)	(10,375)	2,131	12,506
FUND BALANCES:				
Beginning of year	17,767	17,767	17,767	-
End of year	<u>\$ 7,392</u>	<u>\$ 7,392</u>	<u>\$ 19,898</u>	<u>\$ 12,506</u>

City of Grass Valley, California

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

Scotia Pines Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 3,374	\$ 3,374	\$ 3,374	\$ -
Use of money and property	16	16	80	64
Total revenues	<u>3,390</u>	<u>3,390</u>	<u>3,454</u>	<u>64</u>
EXPENDITURES:				
Current:				
Public ways and facilities	7,415	7,415	4,552	2,863
Total expenditures	<u>7,415</u>	<u>7,415</u>	<u>4,552</u>	<u>2,863</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,025)</u>	<u>(4,025)</u>	<u>(1,098)</u>	<u>2,927</u>
Net change in fund balances	(4,025)	(4,025)	(1,098)	2,927
FUND BALANCES:				
Beginning of year	13,609	13,609	13,609	-
End of year	<u>\$ 9,584</u>	<u>\$ 9,584</u>	<u>\$ 12,511</u>	<u>\$ 2,927</u>

City of Grass Valley, California
Combining Balance Sheet
Block Grant Special Revenue Funds
June 30, 2016

	<u>CDBG</u>	<u>CDBG Revolving</u>	<u>Revolving Loan</u>	<u>04-STBG 1960</u>
ASSETS				
Cash and investments	\$ 112,315	\$ 382	\$ 20	\$ -
Receivables:				
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	640,214	368,646	272,052
Total assets	<u>\$ 112,315</u>	<u>\$ 640,596</u>	<u>\$ 368,666</u>	<u>\$ 272,052</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 100,605	\$ -	\$ -	\$ -
Total liabilities	<u>100,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	640,214	368,646	272,052
Restricted	11,710	382	20	-
Total fund balances	<u>11,710</u>	<u>640,596</u>	<u>368,666</u>	<u>272,052</u>
Total liabilities and fund balances	<u>\$ 112,315</u>	<u>\$ 640,596</u>	<u>\$ 368,666</u>	<u>\$ 272,052</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>6,604</u>	<u>118,569</u>	<u>40,000</u>	<u>65,467</u>	<u>110,000</u>
<u>\$ 6,604</u>	<u>\$ 118,569</u>	<u>\$ 40,000</u>	<u>\$ 65,467</u>	<u>\$ 110,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
6,604	118,569	40,000	65,467	110,000
-	-	-	-	-
<u>6,604</u>	<u>118,569</u>	<u>40,000</u>	<u>65,467</u>	<u>110,000</u>
<u>\$ 6,604</u>	<u>\$ 118,569</u>	<u>\$ 40,000</u>	<u>\$ 65,467</u>	<u>\$ 110,000</u>

(continued)

City of Grass Valley, California
Combining Balance Sheet
Block Grant Special Revenue Funds
June 30, 2016

	H-RLF Woodstove	CDBG Doris Dr	CDBG Housing	Totals
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 112,717
Receivables:				
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	53,332	73,060	1,747,944
Total assets	\$ -	\$ 53,332	\$ 73,060	\$ 1,860,661
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 100,605
Total liabilities	-	-	-	100,605
Fund Balances:				
Nonspendable	-	53,332	73,060	1,747,944
Restricted	-	-	-	12,112
Total fund balances	-	53,332	73,060	1,760,056
Total liabilities and fund balances	\$ -	\$ 53,332	\$ 73,060	\$ 1,860,661

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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, 2016

	<u>CDBG</u>	<u>CDBG Revolving</u>	<u>Revolving Loan</u>	<u>04-STBG 1960</u>
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	233	8,240	10,179	895
Total revenues	<u>233</u>	<u>8,240</u>	<u>10,179</u>	<u>895</u>
EXPENDITURES:				
Current:				
Community development	479,828	13,653	4,435	-
Total expenditures	<u>479,828</u>	<u>13,653</u>	<u>4,435</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(479,595)</u>	<u>(5,413)</u>	<u>5,744</u>	<u>895</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	512,366	21,424	-	-
Transfers out	-	(241,240)	(271,126)	(1,176)
Total other financing sources and uses	<u>512,366</u>	<u>(219,816)</u>	<u>(271,126)</u>	<u>(1,176)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>32,771</u>	<u>(225,229)</u>	<u>(265,382)</u>	<u>(281)</u>
FUND BALANCES:				
Beginning of year	(21,061)	865,825	634,048	272,333
End of year	<u>\$ 11,710</u>	<u>\$ 640,596</u>	<u>\$ 368,666</u>	<u>\$ 272,052</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>311</u>	<u>1,648</u>	<u>3,312</u>	<u>1,278</u>	<u>-</u>
<u>311</u>	<u>1,648</u>	<u>3,312</u>	<u>1,278</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
<u>311</u>	<u>1,648</u>	<u>3,312</u>	<u>1,278</u>	<u>-</u>
-	-	-	-	-
<u>(2,412)</u>	<u>(1,145)</u>	<u>(3,312)</u>	<u>-</u>	<u>-</u>
(2,412)	(1,145)	(3,312)	-	-
(2,101)	503	-	1,278	-
<u>8,705</u>	<u>118,066</u>	<u>40,000</u>	<u>64,189</u>	<u>110,000</u>
<u>\$ 6,604</u>	<u>\$ 118,569</u>	<u>\$ 40,000</u>	<u>\$ 65,467</u>	<u>\$ 110,000</u>

(continued)

City of Grass Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Block Grant Special Revenue Funds
For the year ended June 30, 2016

	<u>H-RLF Woodstove</u>	<u>CDBG Doris Dr</u>	<u>CDBG Housing</u>	<u>Totals</u>
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	393	-	26,489
Total revenues	<u>-</u>	<u>393</u>	<u>-</u>	<u>26,489</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	497,916
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,916</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>393</u>	<u>-</u>	<u>(471,427)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	533,790
Transfers out	-	(3,519)	-	(523,930)
Total other financing sources and uses	<u>-</u>	<u>(3,519)</u>	<u>-</u>	<u>9,860</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>-</u>	<u>(3,126)</u>	<u>-</u>	<u>(461,567)</u>
FUND BALANCES:				
Beginning of year	0	56,458	73,060	2,221,623
End of year	<u>\$ -</u>	<u>\$ 53,332</u>	<u>\$ 73,060</u>	<u>\$ 1,760,056</u>

(concluded)

City of Grass Valley, California

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

CDBG Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 1,908,842	\$ -	\$ (1,908,842)
Use of money and property	-	-	233	233
Total revenues	<u>-</u>	<u>1,908,842</u>	<u>233</u>	<u>(1,908,609)</u>
EXPENDITURES:				
Current:				
Community development	-	2,325,946	479,828	1,846,118
Total expenditures	<u>-</u>	<u>2,325,946</u>	<u>479,828</u>	<u>1,846,118</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(417,104)</u>	<u>(479,595)</u>	<u>(62,491)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	512,366	512,366
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>512,366</u>	<u>512,366</u>
Net change in fund balances	<u>-</u>	<u>(417,104)</u>	<u>32,771</u>	<u>449,875</u>
FUND BALANCES:				
Beginning of year	(21,061)	(21,061)	(21,061)	-
End of year	<u>\$ (21,061)</u>	<u>\$ (438,165)</u>	<u>\$ 11,710</u>	<u>\$ 449,875</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,690	\$ 7,690	\$ 8,240	\$ 550
Total revenues	7,690	7,690	8,240	550
EXPENDITURES:				
Current:				
Community development	19,750	19,750	13,653	6,097
Total expenditures	19,750	19,750	13,653	6,097
REVENUES OVER (UNDER) EXPENDITURES	(12,060)	(12,060)	(5,413)	6,647
OTHER FINANCING SOURCES (USES):				
Transfers in	3,690	3,690	21,424	17,734
Transfers out	(220,000)	(220,000)	(241,240)	(21,240)
Total other financing sources (uses)	(216,310)	(216,310)	(219,816)	(3,506)
Net change in fund balances	(228,370)	(228,370)	(225,229)	3,141
FUND BALANCES:				
Beginning of year	865,825	865,825	865,825	-
End of year	\$ 637,455	\$ 637,455	\$ 640,596	\$ 3,141

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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 8,000	\$ 8,000	\$ 10,179	\$ 2,179
Total revenues	8,000	8,000	10,179	2,179
EXPENDITURES:				
Current:				
Community development	14,000	14,000	4,435	9,565
Total expenditures	14,000	14,000	4,435	9,565
REVENUES OVER (UNDER) EXPENDITURES				
	(6,000)	(6,000)	5,744	11,744
OTHER FINANCING SOURCES (USES):				
Transfers in	146,300	146,300	-	(146,300)
Transfers out	(260,000)	(260,000)	(271,126)	(11,126)
Total other financing sources (uses)	(113,700)	(113,700)	(271,126)	(157,426)
Net change in fund balances	(119,700)	(119,700)	(265,382)	(145,682)
FUND BALANCES:				
Beginning of year	634,048	634,048	634,048	-
End of year	\$ 514,348	\$ 514,348	\$ 368,666	\$ (145,682)

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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,700	\$ 2,700	\$ 895	\$ (1,805)
Total revenues	<u>2,700</u>	<u>2,700</u>	<u>895</u>	<u>(1,805)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,700</u>	<u>2,700</u>	<u>895</u>	<u>(1,805)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(12,060)	(12,060)	(1,176)	10,884
Total other financing sources (uses)	<u>(12,060)</u>	<u>(12,060)</u>	<u>(1,176)</u>	<u>10,884</u>
Net change in fund balances	<u>(9,360)</u>	<u>(9,360)</u>	<u>(281)</u>	<u>9,079</u>
FUND BALANCES:				
Beginning of year	272,333	272,333	272,333	-
End of year	<u>\$ 262,973</u>	<u>\$ 262,973</u>	<u>\$ 272,052</u>	<u>\$ 9,079</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 360	\$ 360	\$ 311	(49)
Total revenues	<u>360</u>	<u>360</u>	<u>311</u>	<u>(49)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>360</u>	<u>360</u>	<u>311</u>	<u>(49)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,376)	(2,376)	(2,412)	(36)
Total other financing sources (uses)	<u>(2,376)</u>	<u>(2,376)</u>	<u>(2,412)</u>	<u>(36)</u>
Net change in fund balances	<u>(2,016)</u>	<u>(2,016)</u>	<u>(2,101)</u>	<u>(85)</u>
FUND BALANCES:				
Beginning of year	8,705	8,705	8,705	-
End of year	<u>\$ 6,689</u>	<u>\$ 6,689</u>	<u>\$ 6,604</u>	<u>\$ (85)</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,524	\$ 1,524	\$ 1,648	\$ 124
Total revenues	<u>1,524</u>	<u>1,524</u>	<u>1,648</u>	<u>124</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,524</u>	<u>1,524</u>	<u>1,648</u>	<u>124</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,524)	(1,524)	(1,145)	379
Total other financing sources (uses)	<u>(1,524)</u>	<u>(1,524)</u>	<u>(1,145)</u>	<u>379</u>
Net change in fund balances	-	-	503	503
FUND BALANCES:				
Beginning of year	118,066	118,066	118,066	-
End of year	<u>\$ 118,066</u>	<u>\$ 118,066</u>	<u>\$ 118,569</u>	<u>\$ 503</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,484	\$ 2,484	\$ 3,312	\$ 828
Total revenues	<u>2,484</u>	<u>2,484</u>	<u>3,312</u>	<u>828</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,484</u>	<u>2,484</u>	<u>3,312</u>	<u>828</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,484)	(2,484)	(3,312)	(828)
Total other financing sources (uses)	<u>(2,484)</u>	<u>(2,484)</u>	<u>(3,312)</u>	<u>(828)</u>
Net change in fund balances	-	-	-	-
FUND BALANCES:				
Beginning of year	40,000	40,000	40,000	-
End of year	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>

City of Grass Valley, California

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

97-STBG 1118 Block Grant Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,282	\$ 1,282	\$ 1,278	\$ (4)
Total revenues	<u>1,282</u>	<u>1,282</u>	<u>1,278</u>	<u>(4)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,282</u>	<u>1,282</u>	<u>1,278</u>	<u>(4)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,282)	(1,282)	-	1,282
Total other financing sources (uses)	<u>(1,282)</u>	<u>(1,282)</u>	<u>-</u>	<u>1,282</u>
Net change in fund balances	-	-	1,278	1,278
FUND BALANCES:				
Beginning of year	64,189	64,189	64,189	-
End of year	<u>\$ 64,189</u>	<u>\$ 64,189</u>	<u>\$ 65,467</u>	<u>\$ 1,278</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, 2016

	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 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	110,000	110,000	110,000	-
End of year	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ -</u>

City of Grass Valley, California

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

H-RLF Woodstove Special Revenue Fund

For the year ended June 30, 2016

	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:				
Public ways and facilities	-	-	-	-
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	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Grass Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
CDBG Doris Dr Special Revenue Fund
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 289	\$ 289	\$ 393	\$ 104
Total revenues	<u>289</u>	<u>289</u>	<u>393</u>	<u>104</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>289</u>	<u>289</u>	<u>393</u>	<u>104</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,289)	(3,289)	(3,519)	(230)
Total other financing sources (uses)	<u>(3,289)</u>	<u>(3,289)</u>	<u>(3,519)</u>	<u>(230)</u>
Net change in fund balances	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,126)</u>	<u>(126)</u>
FUND BALANCES:				
Beginning of year	56,458	56,458	56,458	-
End of year	<u>\$ 53,458</u>	<u>\$ 53,458</u>	<u>\$ 53,332</u>	<u>\$ (126)</u>

City of Grass Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
CDBG Housing Special Revenue Fund
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 420	\$ 420	\$ -	\$ (420)
Total revenues	<u>420</u>	<u>420</u>	<u>-</u>	<u>(420)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>420</u>	<u>420</u>	<u>-</u>	<u>(420)</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>420</u>	<u>420</u>	<u>-</u>	<u>(420)</u>
FUND BALANCES:				
Beginning of year	73,060	73,060	73,060	-
End of year	<u>\$ 73,480</u>	<u>\$ 73,480</u>	<u>\$ 73,060</u>	<u>\$ (420)</u>

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City of Grass Valley, California
Combining Balance Sheet
Housing Special Revenue Funds
June 30, 2016

	<u>HOME Grant</u>	<u>09-HOME 6272</u>	<u>HOME 8564</u>
ASSETS			
Cash and investments	\$ 3	\$ -	\$ 81
Receivables:			
Taxes			
Interest	-	-	
Intergovernmental	-	-	-
Loans/Notes receivable	568,661	524,416	489,694
Other receivable			
Total assets	<u>\$ 568,664</u>	<u>\$ 524,416</u>	<u>\$ 489,775</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	568,661	524,416	489,694
Restricted	3	-	-
Unassigned (deficit)	-	-	81
Total fund balances	<u>568,664</u>	<u>524,416</u>	<u>489,775</u>
Total liabilities and fund balances	<u>\$ 568,664</u>	<u>\$ 524,416</u>	<u>\$ 489,775</u>

<u>99-HOME 0369</u>	<u>Housing Rehabilitation</u>	<u>00-HOME 0461</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 84
-	-	-	-
-	-	-	-
486,376	419,397	1,579,969	4,068,513
-	-	-	-
<u>\$ 486,376</u>	<u>\$ 419,397</u>	<u>\$ 1,579,969</u>	<u>\$ 4,068,597</u>
\$ -	\$ -	\$ -	\$ -
1,218	-	-	1,218
1,218	-	-	1,218
486,376	419,397	1,579,969	4,068,513
-	-	-	3
(1,218)	-	-	(1,137)
485,158	419,397	1,579,969	4,067,379
<u>\$ 486,376</u>	<u>\$ 419,397</u>	<u>\$ 1,579,969</u>	<u>\$ 4,068,597</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, 2016

	<u>HOME Grant</u>	<u>09-HOME 6272</u>	<u>HOME 8564</u>
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ 371,785
Use of money and property	146	13,946	11,612
Other revenues	-	-	-
Total revenues	<u>146</u>	<u>13,946</u>	<u>383,397</u>
EXPENDITURES:			
Current:			
Community development	-	-	27,752
Total expenditures	<u>-</u>	<u>-</u>	<u>27,752</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>146</u>	<u>13,946</u>	<u>355,645</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)	146	13,946	355,645
FUND BALANCES:			
Beginning of year	568,518	510,470	134,130
End of year	<u>\$ 568,664</u>	<u>\$ 524,416</u>	<u>\$ 489,775</u>

<u>99-HOME 0369</u>	<u>Housing Rehabilitation</u>	<u>00-HOME 0461</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 371,785
(957)	5,900	47,524	78,171
-	-	-	-
<u>(957)</u>	<u>5,900</u>	<u>47,524</u>	<u>449,956</u>
1	-	-	27,753
<u>1</u>	<u>-</u>	<u>-</u>	<u>27,753</u>
(958)	5,900	47,524	422,203
-	-	-	-
-	(9,860)	-	(9,860)
-	(9,860)	-	(9,860)
(958)	(3,960)	47,524	412,343
486,116	423,357	1,532,445	3,655,036
<u>\$ 485,158</u>	<u>\$ 419,397</u>	<u>\$ 1,579,969</u>	<u>\$ 4,067,379</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 149	\$ 149	\$ 146	\$ (3)
Total revenues	<u>149</u>	<u>149</u>	<u>146</u>	<u>(3)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>149</u>	<u>149</u>	<u>146</u>	<u>(3)</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>149</u>	<u>149</u>	<u>146</u>	<u>(3)</u>
FUND BALANCES:				
Beginning of year	<u>568,518</u>	<u>568,518</u>	<u>568,518</u>	<u>-</u>
End of year	<u>\$ 568,667</u>	<u>\$ 568,667</u>	<u>\$ 568,664</u>	<u>\$ (3)</u>

City of Grass Valley, California

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

09-HOME 6272 Grant - Housing Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 14,175	\$ 14,175	\$ 13,946	\$ (229)
Total revenues	<u>14,175</u>	<u>14,175</u>	<u>13,946</u>	<u>(229)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>14,175</u>	<u>14,175</u>	<u>13,946</u>	<u>(229)</u>
Net change in fund balances	14,175	14,175	13,946	(229)
FUND BALANCES:				
Beginning of year	<u>510,470</u>	<u>510,470</u>	<u>510,470</u>	<u>-</u>
End of year	<u>\$ 524,645</u>	<u>\$ 524,645</u>	<u>\$ 524,416</u>	<u>\$ (229)</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 371,785	\$ 371,785
Use of money and property	-	-	11,612	11,612
Other revenues	417,296	417,296	-	(417,296)
Total revenues	417,296	417,296	383,397	(33,899)
EXPENDITURES:				
Current:				
Community development	420,750	420,750	27,752	392,998
Total expenditures	420,750	420,750	27,752	392,998
REVENUES OVER (UNDER) EXPENDITURES	(3,454)	(3,454)	355,645	359,099
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	0	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(3,454)	(3,454)	355,645	359,099
FUND BALANCES:				
Beginning of year	134,130	134,130	134,130	-
End of year	\$ 130,676	\$ 130,676	\$ 489,775	\$ 359,099

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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 21	\$ 21	\$ (957)	\$ (978)
Total revenues	21	21	(957)	(978)
EXPENDITURES:				
Current:				
Community development	3,641	3,641	1	3,640
Total expenditures	3,641	3,641	1	3,640
REVENUES OVER (UNDER) EXPENDITURES	(3,620)	(3,620)	(958)	2,662
Net change in fund balances	(3,620)	(3,620)	(958)	2,662
FUND BALANCES:				
Beginning of year	486,116	486,116	486,116	-
End of year	\$ 482,496	\$ 482,496	\$ 485,158	\$ 2,662

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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,652	\$ 5,652	\$ 5,900	\$ 248
Total revenues	<u>5,652</u>	<u>5,652</u>	<u>5,900</u>	<u>248</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,652</u>	<u>5,652</u>	<u>5,900</u>	<u>248</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(10,032)	(10,032)	(9,860)	172
Total other financing sources (uses)	<u>(10,032)</u>	<u>(10,032)</u>	<u>(9,860)</u>	<u>172</u>
Net change in fund balances	<u>(4,380)</u>	<u>(4,380)</u>	<u>(3,960)</u>	<u>420</u>
FUND BALANCES:				
Beginning of year	423,357	423,357	423,357	-
End of year	<u>\$ 418,977</u>	<u>\$ 418,977</u>	<u>\$ 419,397</u>	<u>\$ 420</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, 2016

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 47,533	\$ 47,533	\$ 47,524	\$ (9)
Total revenues	<u>47,533</u>	<u>47,533</u>	<u>47,524</u>	<u>(9)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>47,533</u>	<u>47,533</u>	<u>47,524</u>	<u>(9)</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>47,533</u>	<u>47,533</u>	<u>47,524</u>	<u>(9)</u>
FUND BALANCES:				
Beginning of year	1,532,445	1,532,445	1,532,445	-
End of year	<u>\$ 1,579,978</u>	<u>\$ 1,579,978</u>	<u>\$ 1,579,969</u>	<u>\$ (9)</u>

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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, 2016

	Permanent Funds		Non-Major Permanent Funds Totals
	Elizabeth Daniels	Animal Shelter	
ASSETS			
Cash and investments	\$ 95,165	\$ 29,487	\$ 124,652
Total assets	<u>\$ 95,165</u>	<u>\$ 29,487</u>	<u>\$ 124,652</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	3,582	837	4,419
Total fund balances	<u>95,165</u>	<u>29,487</u>	<u>124,652</u>
Total liabilities and fund balances	<u>\$ 95,165</u>	<u>\$ 29,487</u>	<u>\$ 124,652</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, 2016

	Permanent Funds		Non-Major Permanent Funds Totals
	Elizabeth Daniels	Animal Shelter	
REVENUES:			
Use of money and property	\$ 652	\$ 202	\$ 854
Total revenues	<u>652</u>	<u>202</u>	<u>854</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>652</u>	<u>202</u>	<u>854</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	652	202	854
FUND BALANCES:			
Beginning of year	94,513	29,285	123,798
End of year	<u>\$ 95,165</u>	<u>\$ 29,487</u>	<u>\$ 124,652</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, 2016

	Vehicle Replacement Fund	Technology Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 128,777	\$ -	\$ 128,777
Due from other funds	-	-	-
Total current assets	<u>128,777</u>	<u>-</u>	<u>128,777</u>
Noncurrent assets:			
Capital assets, net	1,501,515	277	1,501,792
Total noncurrent assets	<u>1,501,515</u>	<u>277</u>	<u>1,501,792</u>
Total assets	<u>\$ 1,630,292</u>	<u>\$ 277</u>	<u>\$ 1,630,569</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 7,081	\$ -	\$ 7,081
Due to other funds	-	1,090	1,090
Total current liabilities	<u>7,081</u>	<u>1,090</u>	<u>8,171</u>
Net Position:			
Net investment in capital assets	1,501,515	-	1,501,515
Unrestricted (deficit)	121,696	(813)	120,883
Total net position	<u>1,623,211</u>	<u>(813)</u>	<u>1,622,398</u>
Total liabilities and net position	<u>\$ 1,630,292</u>	<u>\$ 277</u>	<u>\$ 1,630,569</u>

City of Grass Valley, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2016

	Vehicle Replacement Fund	Technology Fund	Totals
OPERATING REVENUES:			
Interdepartmental charges	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
OPERATING EXPENSES:			
Allocated overhead	-	-	-
Depreciation	380,782	3,462	384,244
Total operating expenses	380,782	3,462	384,244
OPERATING INCOME (LOSS)	(380,782)	(3,462)	(384,244)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	986	(8)	978
Interest expense	-	-	-
Total non-operating revenues (expenses)	11,186	(8)	11,178
NET INCOME (LOSS) BEFORE TRANSFERS	(369,596)	(3,470)	(373,066)
Transfers in	37,115	-	37,115
Transfers out	-	-	-
Total transfers	37,115	-	37,115
Change in net position	(332,481)	(3,470)	(335,951)
NET POSITION (DEFICIT):			
Beginning of year	1,955,692	2,657	1,958,349
End of year	<u>\$ 1,623,211</u>	<u>\$ (813)</u>	<u>\$ 1,622,398</u>

City of Grass Valley, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2016

	Vehicle Replacement Fund	Technology Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash paid to suppliers for goods and services	\$ 7,081	\$ -	\$ 7,081
Net cash provided (used) by operating activities	7,081	-	7,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received (paid)	38,197	8	38,205
Net cash provided (used) by noncapital financing activities	38,197	8	38,205
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(80,200)	-	(80,200)
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Net cash (used) by capital and related financing activities	(80,200)	-	(80,200)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	986	(8)	978
Net cash provided by investing activities	986	(8)	978
Net increase (decrease) in cash and cash equivalents	(33,936)	-	(33,936)
CASH AND CASH EQUIVALENTS:			
Beginning of year	162,713	-	162,713
End of year	<u>\$ 128,777</u>	<u>\$ -</u>	<u>\$ 128,777</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (380,782)	\$ (3,462)	\$ (384,244)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	380,782	3,462	384,244
(Increase) decrease in current assets:			
Intergovernmental receivables	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	7,081	-	7,081
Net cash provided by operating activities	<u>\$ 7,081</u>	<u>\$ -</u>	<u>\$ 7,081</u>

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City of Grass Valley, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2016

Whispering Pines Morgan Ranch Redemption	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Cash and investments	\$ 133,314	\$ 60	\$ (133,314)	\$ 60
Total assets	<u>\$ 133,314</u>	<u>\$ 60</u>	<u>\$ (133,314)</u>	<u>\$ 60</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	133,314	60	(133,314)	60
Total liabilities	<u>\$ 133,314</u>	<u>\$ 60</u>	<u>\$ (133,314)</u>	<u>\$ 60</u>
Whispering Pines Morgan Ranch Reserve 2001				
ASSETS				
Cash and investments	\$ 6,075	\$ 3	\$ (6,075)	\$ 3
Cash and investments held by trustees	227,038	277,265	(227,038)	277,265
Total assets	<u>\$ 233,113</u>	<u>\$ 277,268</u>	<u>\$ (233,113)</u>	<u>\$ 277,268</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	233,113	277,268	(233,113)	277,268
Total liabilities	<u>\$ 233,113</u>	<u>\$ 277,268</u>	<u>\$ (233,113)</u>	<u>\$ 277,268</u>
Whispering Pines Morgan Ranch Redemption 2001				
ASSETS				
Cash and investments	\$ 198,731	\$ 158,508	\$ (198,731)	\$ 158,508
Cash and investments held by trustees	33	33	(33)	33
Receivables:				
Assessments	24	7,399	(24)	7,399
Total assets	<u>\$ 198,788</u>	<u>\$ 165,940</u>	<u>\$ (198,788)</u>	<u>\$ 165,940</u>
LIABILITIES				
Deposits payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	198,788	165,940	(198,788)	165,940
Total liabilities	<u>\$ 198,788</u>	<u>\$ 165,940</u>	<u>\$ (198,788)</u>	<u>\$ 165,940</u>

City of Grass Valley, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds, Continued
For the year ended June 30, 2016

Totals	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Cash and investments	\$ 338,120	\$ 158,571	\$ (338,120)	\$ 158,571
Cash and investments held by trustees	227,071	277,298	(227,071)	277,298
Receivables:				
Assessments	24	7,399	(24)	7,399
Total assets	<u>\$ 565,215</u>	<u>\$ 443,268</u>	<u>\$ (565,215)</u>	<u>\$ 443,268</u>
LIABILITIES				
Due to (from) others	\$ 565,215	\$ 443,268	\$ (565,215)	\$ 443,268
Total liabilities	<u>\$ 565,215</u>	<u>\$ 443,268</u>	<u>\$ (565,215)</u>	<u>\$ 443,268</u>