

# **CITY OF GRASS VALLEY, CALIFORNIA**



**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2022**

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**CITY OF GRASS VALLEY**  
**Annual Financial Report**  
**For the Year Ended June 30, 2022**

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**CITY OF GRASS VALLEY**  
**List of Officials**  
**For the Year Ended June 30, 2022**

**City Council**

Ben Aguilar	Mayor
Jan Arbuckle	Vice Mayor
Tom Ivy	Council Member
Bob Branstrom	Council Member
Hilary Hodge	Council Member

**City Officials**

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

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## **FINANCIAL SECTION**

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

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements****Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grass Valley, California (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

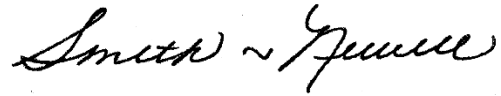
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information,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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs  
Yuba City, California  
February 18, 2023

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**Management's Discussion and Analysis  
(Unaudited)**

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**City of Grass Valley  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2022**

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, 2022. It should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- ◆ The City's total net position increased by approximately \$19.5 million over the course of this year’s operations after conducting all City operations and programs. The assets of the City exceeded its liabilities by about \$119.0 million at the end of the 2022 fiscal year. Of that amount, the City has \$91.5 million invested in capital assets; \$26.8 million in restricted net position largely due to balances related to housing loans and unspent developer impact fees; and an unrestricted net position of approximately \$715,000 that fluctuates greatly from year-to-year due to annual financial impacts related to the City’s pension activity.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by approximately \$763,000 when compared to the 2021 fiscal year. Aside from typical annual increases in collections of certain discretionary taxes and other fees, this increase is primarily due to operating and capital grants received for projects including the Memorial Park Pool Facility Upgrade (CDBG Grant); the Mill Street Pedestrian Plaza (American Rescue Plan Act Funding); and various street-related projects (Regional Surface Transportation and Congestion Mitigation Air Quality Funding); offset by lower one-time collections of utility connection fees and an adjustment for the fair market value of invested funds as required by the Governmental Accounting Standards Board.
- ◆ The General Fund reported a fund balance of approximately \$10.0 million at the end of the 2022 fiscal year, an increase of approximately \$700,000 from fiscal year 2021. This increase can be primarily attributed to increased collections of sales and transient occupancy; and development-related fees as the local economy continues to recover from the effects of the COVID-19 Pandemic.
- ◆ The Measure E Fund reported a fund balance of approximately \$4.4 million at the end of the 2022 fiscal year, essentially unchanged from the previous fiscal year. The unchanged fund balance can be primarily attributed to the carryover of fund balance to be used in future years towards citywide parks and streets projects and public safety vehicle replacement. The City used approximately \$5.7 million in Measure E Funding towards street streets and parks projects; and public safety staff and apparatus costs.
- ◆ The City ended the fiscal year with \$12.8 million in unrestricted net position reported in the enterprise funds, an increase of approximately \$3.4 million from the prior year. This increase can be primarily attributed to an annual adjustment related to CalPERS actuarial activity to restate the value of assets and liabilities associated with future / expected CalPERS payments. At the end of fiscal year 2022, the City’s enterprise operations reported a “net pension asset” of \$1.0 million as opposed to a “net pension liability” of \$700,000 in fiscal year 2021.

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

This Annual Financial Report is in two major parts:

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

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

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

**The Basic Financial Statements**

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

**Government-wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

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

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

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

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, 2022, the City's major funds are as follows:

**GOVERNMENTAL FUNDS:**

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

**PROPRIETARY FUNDS:**

- Water Enterprise Fund
- Sewer Enterprise Fund

For the fiscal year ended June 30, 2022, the City adopted annual appropriated budgets for all governmental and proprietary funds.

***Proprietary funds.*** The City maintains Enterprise-type proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Sewer activities.

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

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 28-62 of this report. Required Supplementary Information follows the notes on pages 63-72.

**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 73-80 of this report.

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**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 \$118,972,830 as of June 30, 2022. The summary of net position as of June 30, 2022, and 2021, follows:

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
Current and other assets	\$ 31,147,038	\$ 44,994,386	\$ 11,084,029	\$ 13,140,128	\$ 42,231,067	\$ 58,134,514
Capital assets	53,214,849	56,917,325	45,498,880	43,395,216	98,713,729	100,312,541
<b>Total Assets</b>	<b>84,361,887</b>	<b>101,911,711</b>	<b>56,582,909</b>	<b>56,535,344</b>	<b>140,944,796</b>	<b>158,447,055</b>
Employer pension contributions	11,426,261	13,498,358	2,408,084	2,397,735	13,834,345	15,896,093
Employer OPEB contributions	721,365	1,231,318	66,467	113,454	787,832	1,344,772
<b>Total Deferred Outflows of Resources</b>	<b>12,147,626</b>	<b>14,729,676</b>	<b>2,474,551</b>	<b>2,511,189</b>	<b>14,622,177</b>	<b>17,240,865</b>
Current liabilities	2,475,842	4,554,953	507,545	461,521	2,983,387	5,016,474
Long-term liabilities	30,087,003	30,648,979	9,825,332	7,650,892	39,912,335	38,299,871
<b>Total Liabilities</b>	<b>32,562,845</b>	<b>35,203,932</b>	<b>10,332,877</b>	<b>8,112,413</b>	<b>42,895,722</b>	<b>43,316,345</b>
Deferred pension adjustments	9,764,906	8,117,654	2,058,493	1,441,951	11,823,399	9,559,605
Deferred OPEB adjustments	1,252,170	3,515,245	115,375	323,895	1,367,545	3,839,140
<b>Total Deferred Inflows of Resources</b>	<b>11,017,076</b>	<b>11,632,899</b>	<b>2,173,868</b>	<b>1,765,846</b>	<b>13,190,944</b>	<b>13,398,745</b>
Net position						
Invested in capital assets net of related debt	51,427,143	55,131,264	37,105,973	36,337,360	88,533,116	91,468,624
Restricted	20,960,474	26,789,406	-	-	20,960,474	26,789,406
Unrestricted	(19,458,025)	(12,116,114)	9,444,742	12,830,914	(10,013,283)	714,800
<b>Total Net Position</b>	<b>\$ 52,929,592</b>	<b>\$ 69,804,556</b>	<b>\$ 46,550,715</b>	<b>\$ 49,168,274</b>	<b>\$ 99,480,307</b>	<b>\$118,972,830</b>

Overall, total net position increased by approximately \$19.5 million. Of this amount, net position for governmental activities increased by approximately \$16.9 million and net position for business-type activities increased by approximately \$2.6 million. Approximately 77 percent of the net position of the City is represented by the City's net investment in its capital assets such as buildings, land, equipment, utility systems, and facilities.

Total restricted net position increased by approximately \$5.8 million and unrestricted net position increased by approximately \$10.7 million. It should be mentioned that there is no longer a negative amount of total unrestricted net position (was -\$10.0 million in fiscal year 2021) due to the aforementioned adjustment related to the City's CalPERS actuarial activity to restate the value of assets and liabilities associated with future / expected CalPERS payments. At the end of fiscal year 2022, a citywide "net pension asset" of \$6.9 million is recognized as opposed to a citywide "net pension liability" of \$4.1 million recognized in fiscal year 2021. Ultimately, unrestricted net position is expected to increase in future years as debt is paid off and other unfunded liabilities (Other Post-Employment Benefits) become more fully funded.

**City of Grass Valley  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2022**

Analysis of changes in net position for the fiscal year ending June 30, 2022, follows:

**Revenues**

The City’s total revenues for governmental and business-type activities were approximately \$36.3 million for the fiscal year ended June 30, 2022. Significant revenues collected by the City during fiscal year 2022 were derived from sales taxes (37.7%), charges for services (25.0%), and property taxes (13.8%).

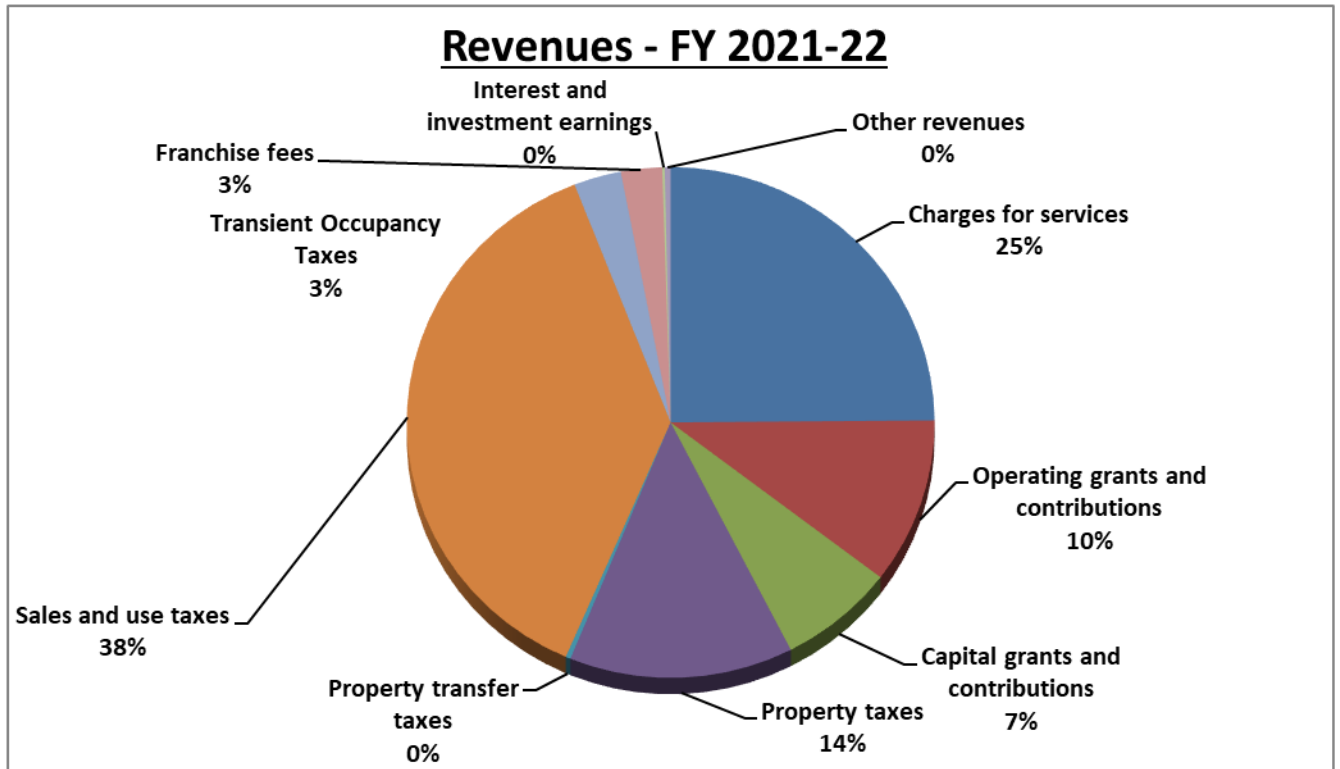
The following discusses variances in key revenues from the prior fiscal year:

1. **Charges for Services** – The approximately \$1.1 million decrease in charges for services is related to lower collections of utility connection fees coupled with a reduction of one-time septic hauler third-party revenues received in fiscal year 2021.
2. **Sales Tax.** Annual receipts increased by approximately \$531,000 as the local economy continued to recover from the impacts of the COVID-19 Pandemic. Sales taxes continue to increase as the economy fully recovers from the “shutdown” of the economy.
3. **Property Tax.** Property taxes increased by approximately \$182,000 due to the increased in assessed valuation from the prior year.
4. **Use of Money and Property.** The Use of Money and Property (interest and investment earnings) decreased by approximately \$417,000 due to a required recognition of a “fair market value” adjustment required by the Governmental Accounting Standards Board, which requires that the value of investments held by the City be reported at the fair value as of June 30, 2022. It is not expected that the fair market value loss will ever materialize as all investments are held to maturity.
5. **Operating Grants and Contributions.** Operating Grants and Contributions increased by approximately \$1.7 million due to grant funding received from the (1) Federal CDBG Program to be used specifically for the Memorial Park Pool Upgrade; (2) Federal American Rescue Plan Act (ARPA) to be used specifically for the Mill Street Pedestrian Plaza Project; and (3) other transportation-related grants to be used specifically for Street-related projects.
6. **Transient Occupancy Taxes.** Transient Occupancy Taxes increased by \$148,000 as the local economy continued to recover from the impacts of the COVID-19-related economic shutdown and overall tourism to the City area improved significantly.
7. **Other Revenues.** Other revenues decreased by \$235,000 as the effects of fiscal year 2021 one-time receipts of surplus property sales were eliminated.

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2022	2021	2022	2021	2022
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 1,990,509	\$ 1,635,178	\$ 8,126,332	\$ 7,422,813	\$ 10,116,841	\$ 9,057,991
Operating grants and contributions	1,999,528	3,738,870	-	80,129	1,999,528	3,818,999
Capital grants and contributions	1,333,949	2,588,192	1,512,671	-	2,846,620	2,588,192
<i>General Revenues</i>						
Property taxes	4,813,959	4,996,237	-	-	4,813,959	4,996,237
Property transfer taxes	89,206	110,037	-	-	89,206	110,037
Sales and use taxes	13,144,952	13,676,099	-	-	13,144,952	13,676,099
Transient Occupancy Taxes	910,446	1,058,697	-	-	910,446	1,058,697
Franchise fees	886,159	916,545	-	-	886,159	916,545
Interest and investment earnings	290,016	6,527	71,202	(62,261)	361,218	(55,734)
Other revenues	338,915	129,325	26,561	1,473	365,476	130,798
<b>Total Revenues</b>	<u>\$ 25,797,639</u>	<u>\$ 28,855,707</u>	<u>\$ 9,736,766</u>	<u>\$ 7,442,154</u>	<u>\$ 35,534,405</u>	<u>\$ 36,297,861</u>



**Expenses**

Governmental and business-type activity expenses of the City for the year totaled approximately \$16.8 million. Governmental activity expenses totaled approximately \$12.2 million or 72.6% of total expenses. Business-type activities incurred approximately \$4.6 million in expenses during the fiscal year. Public safety costs represented 16.0% of total governmental activities expenses.

**Governmental Activities**

Expenditures for Governmental Activities decreased by \$12.4 million from the previous year, primarily due to significant reductions in the net pension liability (\$9.2 million) and other post-employment benefits

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

liability (\$1.7 million). The pension liability reduction can be attributed the realization of the effects of issuing a pension obligation bond in fiscal year 2020 coupled with the expected high level of earnings by the CalPERS investment portfolio in fiscal year 2021. The other post-employment benefits liability reduction can be attributed to changes in actuarial assumptions related to the discount rate used to calculate the total liability.

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

- An overall increase in public safety expenditures related to purchase of police and fire apparatus and filling of vacant positions;
- An increase in debt principal and interest expenses related to the first year of payment for debt issued to pay down the CalPERS Unfunded Actuarial Accrued Liability (UAAL); and
- An increase in total expenditures incurred by the Measure E Fund towards capital projects (primarily streets and parks).

**Business-Type Activities**

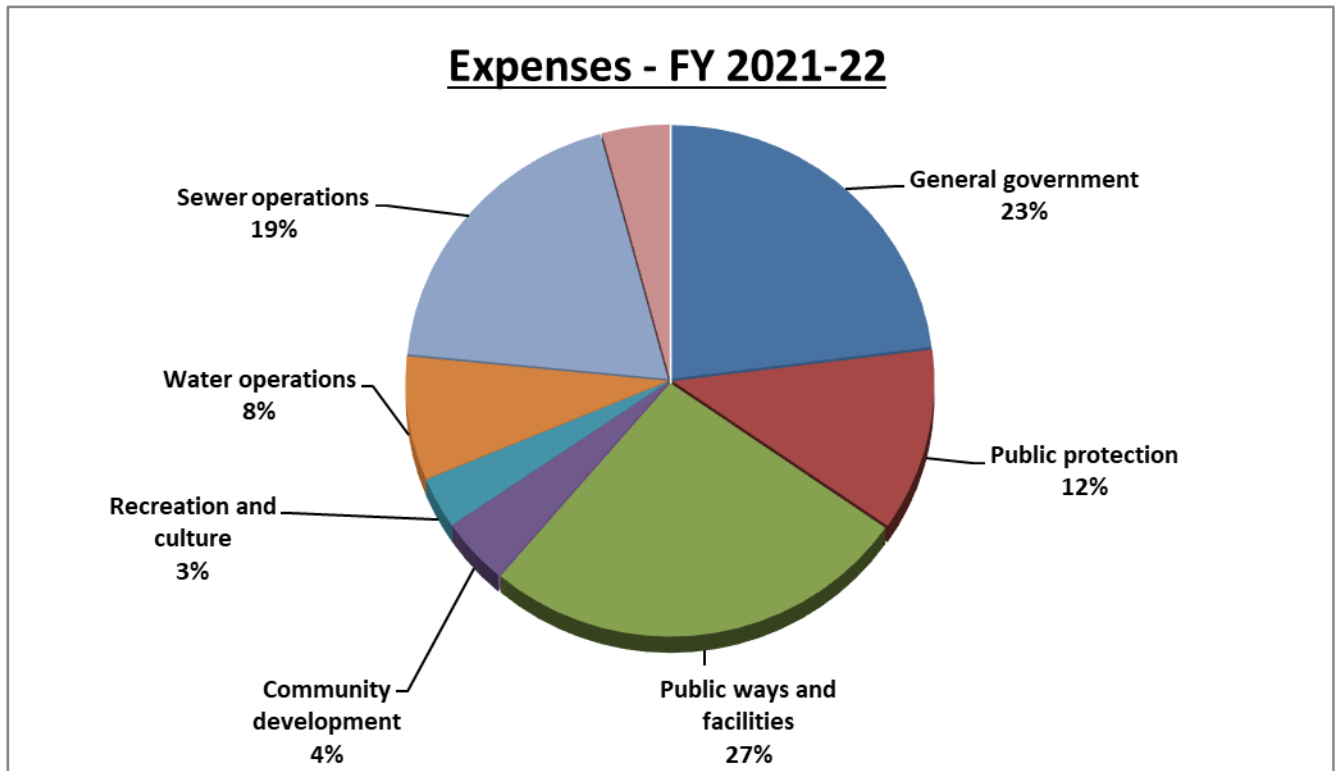
Expenditures for Business-Type Activities decreased by \$3.2 million from the previous year, primarily as a result of the pension and other post-employment benefits liabilities reductions previously mentioned and decreased capital expenditures in the City's Water and Sewer Enterprises.

It should be mentioned that supplies and materials costs associated with operating the Wastewater Treatment facility were reduced by \$460,000 during fiscal year 2022.

City-wide Changes in Net Position for FY 2021-22 are noted in the table below:

	<b>City of Grass Valley Changes in Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
Expenses						
General government	\$ 8,732,823	\$ 3,866,531	\$ -	\$ -	\$ 8,732,823	\$ 3,866,531
Public protection	8,122,990	1,959,838	-	-	8,122,990	1,959,838
Public ways and facilities	5,473,762	4,463,877	-	-	5,473,762	4,463,877
Community development	1,066,916	708,657	-	-	1,066,916	708,657
Recreation and culture	539,618	543,586	-	-	539,618	543,586
Water operations	-	-	2,101,631	1,322,485	2,101,631	1,322,485
Sewer operations	-	-	5,666,640	3,239,069	5,666,640	3,239,069
Interest on long term debt	687,639	701,295	-	-	687,639	701,295
<b>Total Expenses</b>	<b>24,623,748</b>	<b>12,243,784</b>	<b>7,768,271</b>	<b>4,561,554</b>	<b>32,392,019</b>	<b>16,805,338</b>
Excess (deficiency) before transfers	1,173,891	16,611,923	1,968,495	2,880,600	3,142,386	19,492,523
Transfers	306,064	263,041	(306,064)	(263,041)	-	-
Change in net position	1,479,955	16,874,964	1,662,431	2,617,559	3,142,386	19,492,523
Net Position - Beginning of year	51,449,637	52,929,592	44,647,484	46,550,715	96,097,121	99,480,307
Prior Period Adjustment	-	-	240,800	-	240,800	-
Net Position - Beginning of year as restated	51,449,637	52,929,592	44,888,284	46,550,715	96,337,921	99,480,307
Net Position - End of year	\$ 52,929,592	\$ 69,804,556	\$ 46,550,715	\$ 49,168,274	\$ 99,480,307	\$118,972,830

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**



**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, 2022, the City's governmental funds reported combined fund balances of approximately \$34.6 million.

The General Fund is the primary operating fund of the City. For the fiscal year ended June 30, 2022, General Fund total fund balance was approximately \$10.0 million. This represents an increase of approximately \$687,000 from the prior year, primarily due to increased collections of sales and transient occupancy; and development-related fees as the local economy continued to recover from the effects of the COVID-19 Pandemic.

The Measure E Fund is funded by a one-cent transactional general sales tax and used towards police and fire staffing and capital outlay; and streets and parks projects. For the fiscal year ended June 30, 2022, Measure E Fund total fund balance was approximately \$4.4 million, unchanged from the prior fiscal year. The unchanged fund balance can be primarily attributed to the carryover of fund balance to be used in future years towards citywide parks and streets projects and public safety vehicle replacement. The City used approximately \$5.7 million in Measure E Funding towards street streets and parks projects; and public safety staff and apparatus costs.

**Proprietary funds.** The City's proprietary funds unrestricted net position increased by approximately \$3.4 million in the fiscal year ended June 30, 2022, primarily due to lower services and supplies expenditures



**City of Grass Valley  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2022**

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

**Capital Assets**

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amount to approximately \$100.3 million. This investment in capital assets includes land, construction in progress, costs for road and median improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2022	2021	2022	2021	2022
Land	\$ 3,143,754	\$ 3,412,714	\$ 339,401	\$ 339,401	\$ 3,483,155	\$ 3,752,115
Construction in progress	410,521	6,494,291	4,879,378	800,168	5,289,899	7,294,459
Infrastructure	39,687,387	37,596,142	8,619,885	8,366,253	48,307,272	45,962,395
Buildings and improvements	6,376,436	5,722,531	30,881,368	33,095,225	37,257,804	38,817,756
Equipment and vehicles	3,558,141	3,657,327	778,848	794,169	4,336,989	4,451,496
Software	38,610	34,320	-	-	38,610	34,320
<b>Totals</b>	<b>\$ 53,214,849</b>	<b>\$ 56,917,325</b>	<b>\$ 45,498,880</b>	<b>\$ 43,395,216</b>	<b>\$ 98,713,729</b>	<b>\$100,312,541</b>

More detail of the capital assets and current activity can be found in the notes to the financial statements on pages 32-33 for significant accounting policies and Note 4, beginning on page 40, for other capital asset information.

**Economic Outlook**

In June 2022 the City Council adopted the FY 2022-23 Budget. The FY 2022-23 final adjusted budget includes General Fund revenues of \$16.02 million and appropriations of \$15.6 million. Additionally, the FY 2022-23 final adjusted budget includes Measure E revenues of \$6.8 million and appropriations of \$6.2 million. These budgets have been adjusted to account for the continued economic recovery from the COVID-19 Pandemic on the City’s collection of certain revenue sources, particularly Sales Tax and Transient Occupancy Tax.

Budgets will continue to be monitored and updated as the economy continues to recover from the impacts of the COVID-19 Pandemic. The City will also be closely monitoring economic activity at the federal, state and local levels to gauge the impacts of any economic forces which may signal the onset of an economic slowdown / recession. Finally, the City will continue to monitor costs related to staffing in light of the desire to recruit and maintain the outstanding workforce currently in place.

**Requests for Information**

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

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## **Basic Financial Statements**

- **Government-Wide Financial Statements**

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**CITY OF GRASS VALLEY**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 26,307,699	\$ 9,708,187	\$ 36,015,886
Receivables:			
Accounts	624,440	1,721,825	2,346,265
Interest	23,517	9,469	32,986
Taxes	3,121,215	-	3,121,215
Intergovernmental	242,033	80,129	322,162
Prepaid costs	3,021	-	3,021
Loans receivable	8,845,428	-	8,845,428
Restricted cash and investments	-	585,453	585,453
Net pension asset	5,827,033	1,035,065	6,862,098
Capital assets:			
Non-depreciable	9,907,005	1,139,569	11,046,574
Depreciable, net	47,010,320	42,255,647	89,265,967
Total capital assets	<u>56,917,325</u>	<u>43,395,216</u>	<u>100,312,541</u>
<b>Total Assets</b>	<u>101,911,711</u>	<u>56,535,344</u>	<u>158,447,055</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	13,498,358	2,397,735	15,896,093
Deferred OPEB adjustments	1,231,318	113,454	1,344,772
<b>Total Deferred Outflows of Resources</b>	<u>14,729,676</u>	<u>2,511,189</u>	<u>17,240,865</u>
<b>LIABILITIES</b>			
Accounts payable	2,702,234	282,865	2,985,099
Salaries and benefits payable	798,739	80,422	879,161
Deposits payable	208,970	25,922	234,892
Unearned revenue	845,010	-	845,010
Interest payable	-	72,312	72,312
Long-term liabilities:			
Due within one year	1,936,572	1,477,628	3,414,200
Due in more than one year	24,119,855	5,750,106	29,869,961
Net OPEB liability	4,592,552	423,158	5,015,710
<b>Total Liabilities</b>	<u>35,203,932</u>	<u>8,112,413</u>	<u>43,316,345</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension adjustments	8,117,654	1,441,951	9,559,605
Deferred OPEB adjustments	3,515,245	323,895	3,839,140
<b>Total Deferred Inflows of Resources</b>	<u>11,632,899</u>	<u>1,765,846</u>	<u>13,398,745</u>

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

**CITY OF GRASS VALLEY**  
**Statement of Net Position**  
**June 30, 2022**

<b>NET POSITION</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
Net investment in capital assets	55,131,264	36,337,360	91,468,624
Restricted for:			
General government	5,645,595	-	5,645,595
Public protection	333,377	-	333,377
Public ways and facilities	4,009,173	-	4,009,173
Community development	9,543,684	-	9,543,684
Recreation and culture	167,888	-	167,888
Capital projects	7,089,689	-	7,089,689
Unrestricted	(12,116,114)	12,830,914	714,800
<b>Total Net Position</b>	<b>\$ 69,804,556</b>	<b>\$ 49,168,274</b>	<b>\$ 118,972,830</b>

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

**CITY OF GRASS VALLEY**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 3,866,531	\$ 87,670	\$ 759,150	\$ 2,588,192
Public protection	1,959,838	70,876	1,238,247	-
Public ways and facilities	4,463,877	691,550	1,741,473	-
Community development	708,657	785,082	-	-
Recreation and culture	543,586	-	-	-
Interest on long-term debt	701,295	-	-	-
<b>Total Governmental Activities</b>	<b>12,243,784</b>	<b>1,635,178</b>	<b>3,738,870</b>	<b>2,588,192</b>
Business-type activities:				
Water	1,322,485	2,171,551	-	-
Sewer	3,239,069	5,251,262	80,129	-
<b>Total Business-Type Activities</b>	<b>4,561,554</b>	<b>7,422,813</b>	<b>80,129</b>	<b>-</b>
<b>Total</b>	<b>\$ 16,805,338</b>	<b>\$ 9,057,991</b>	<b>\$ 3,818,999</b>	<b>\$ 2,588,192</b>

**General revenues:**

Taxes:

Property taxes

Property transfer taxes

Sales and use taxes

Transient occupancy taxes

Franchise fees

Interest and investment earnings

Miscellaneous

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

**Net Position - Beginning**

**Net Position - Ending**

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



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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (431,519)	\$ -	\$ (431,519)
(650,715)	-	(650,715)
(2,030,854)	-	(2,030,854)
76,425	-	76,425
(543,586)	-	(543,586)
(701,295)	-	(701,295)
(4,281,544)	-	(4,281,544)
-	849,066	849,066
-	2,092,322	2,092,322
-	2,941,388	2,941,388
(4,281,544)	2,941,388	(1,340,156)
4,996,237	-	4,996,237
110,037	-	110,037
13,676,099	-	13,676,099
1,058,697	-	1,058,697
916,545	-	916,545
6,527	(62,261)	(55,734)
129,325	1,473	130,798
263,041	(263,041)	-
21,156,508	(323,829)	20,832,679
16,874,964	2,617,559	19,492,523
52,929,592	46,550,715	99,480,307
\$ 69,804,556	\$ 49,168,274	\$ 118,972,830

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**CITY OF GRASS VALLEY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	<u>General</u>	<u>Measure "E"</u>	<u>Housing</u>	<u>Capital Improvement Projects</u>
<b>ASSETS</b>				
Cash and investments	\$ 9,467,228	\$ 3,786,938	\$ 552,400	\$ 392,109
Receivables:				
Accounts	463,872	-	-	3,506
Interest	8,560	3,984	544	-
Taxes	1,757,961	1,281,996	-	-
Intergovernmental	72,604	-	-	55,388
Prepaid costs	3,021	-	-	-
Due from other funds	123,945	-	-	-
Loans receivable	-	-	7,975,912	-
<b>Total Assets</b>	<u>\$ 11,897,191</u>	<u>\$ 5,072,918</u>	<u>\$ 8,528,856</u>	<u>\$ 451,003</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,126,544	\$ 475,747	\$ 2,684	\$ 977,501
Salaries and benefits payable	602,092	186,793	-	9,854
Deposits payable	208,970	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<u>1,937,606</u>	<u>662,540</u>	<u>2,684</u>	<u>987,355</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	55,388
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,388</u>
<b>FUND BALANCES</b>				
Nonspendable	3,021	-	7,975,912	-
Restricted	1,577,075	-	550,260	-
Assigned	-	4,410,378	-	-
Unassigned	8,379,489	-	-	(591,740)
<b>Total Fund Balances</b>	<u>9,959,585</u>	<u>4,410,378</u>	<u>8,526,172</u>	<u>(591,740)</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 11,897,191</u>	<u>\$ 5,072,918</u>	<u>\$ 8,528,856</u>	<u>\$ 451,003</u>

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

<b>Special Projects</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ 7,774,073	\$ 4,334,951	\$ 26,307,699
155,061	2,001	624,440
5,565	4,864	23,517
-	81,258	3,121,215
-	114,041	242,033
-	-	3,021
-	-	123,945
-	869,516	8,845,428
<u>\$ 7,934,699</u>	<u>\$ 5,406,631</u>	<u>\$ 39,291,298</u>
\$ -	\$ 119,758	\$ 2,702,234
-	-	798,739
-	-	208,970
-	123,945	123,945
845,010	-	845,010
<u>845,010</u>	<u>243,703</u>	<u>4,678,898</u>
-	-	55,388
-	-	55,388
-	869,516	8,848,449
-	776,821	2,904,156
7,089,689	3,539,755	15,039,822
-	(23,164)	7,764,585
<u>7,089,689</u>	<u>5,162,928</u>	<u>34,557,012</u>
<u>\$ 7,934,699</u>	<u>\$ 5,406,631</u>	<u>\$ 39,291,298</u>

**CITY OF GRASS VALLEY**  
**Reconciliation of the Governmental Funds Balance**  
**Sheet to the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2022**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 34,557,012</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	56,917,325
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	55,388
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	14,729,676
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(11,632,899)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension obligation bonds	(16,848,000)
Capital leases	(7,866,536)
Compensated absences	(1,341,891)
Net pension asset	5,827,033
Net OPEB liability	<u>(4,592,552)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 69,804,556</u></u></b>

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



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**CITY OF GRASS VALLEY**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<u>General</u>	<u>Measure "E"</u>	<u>Housing</u>	<u>Capital Improvement Projects</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 13,110,056	\$ 6,987,724	\$ -	\$ -
Licenses, permits and franchises	1,695,918	-	-	-
Fines and forfeitures	28	-	-	-
Intergovernmental revenues	1,595,312	202,362	-	2,588,192
Use of money and property	(89,850)	(48,597)	100,505	-
Charges for services	131,728	-	-	-
Other revenues	71,153	28,576	7,114	3,506
<b>Total Revenues</b>	<u>16,514,345</u>	<u>7,170,065</u>	<u>107,619</u>	<u>2,591,698</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,334,473	291,153	-	-
Public protection	8,702,730	3,167,607	-	-
Public ways and facilities	1,210,564	-	-	1,484,784
Community development	888,127	-	29,337	-
Recreation and culture	372,596	-	-	-
Debt service:				
Principal	2,155,984	91,393	-	-
Interest and other charges	674,927	20,866	-	-
Capital outlay	317,181	2,117,800	-	4,507,241
<b>Total Expenditures</b>	<u>17,656,582</u>	<u>5,688,819</u>	<u>29,337</u>	<u>5,992,025</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(1,142,237)</u>	<u>1,481,246</u>	<u>78,282</u>	<u>(3,400,327)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	1,400,779	158,344	-	-
Transfers in	473,911	-	590,284	2,760,360
Transfers out	(45,499)	(1,656,780)	(590,284)	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,829,191</u>	<u>(1,498,436)</u>	<u>-</u>	<u>2,760,360</u>
<b>Net Change in Fund Balances</b>	686,954	(17,190)	78,282	(639,967)
<b>Fund Balances - Beginning</b>	<u>9,272,631</u>	<u>4,427,568</u>	<u>8,447,890</u>	<u>48,227</u>
<b>Fund Balances - Ending</b>	<u>\$ 9,959,585</u>	<u>\$ 4,410,378</u>	<u>\$ 8,526,172</u>	<u>\$ (591,740)</u>

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

<b>Special Projects</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ 278,885	\$ 20,376,665
-	-	1,695,918
-	25,500	25,528
1,092,562	848,634	6,327,062
98,836	(44,019)	16,875
152,606	-	284,334
3,492	15,484	129,325
<u>1,347,496</u>	<u>1,124,484</u>	<u>28,855,707</u>
-	188,489	3,814,115
-	231,655	12,101,992
116,301	72,573	2,884,222
-	302,322	1,219,786
-	-	372,596
-	24,390	2,271,767
-	5,502	701,295
-	509,146	7,451,368
<u>116,301</u>	<u>1,334,077</u>	<u>30,817,141</u>
<u>1,231,195</u>	<u>(209,593)</u>	<u>(1,961,434)</u>
6,080,474	-	7,639,597
-	496,701	4,321,256
(688,039)	(1,077,613)	(4,058,215)
<u>5,392,435</u>	<u>(580,912)</u>	<u>7,902,638</u>
6,623,630	(790,505)	5,941,204
<u>466,059</u>	<u>5,953,433</u>	<u>28,615,808</u>
<u>\$ 7,089,689</u>	<u>\$ 5,162,928</u>	<u>\$ 34,557,012</u>

**CITY OF GRASS VALLEY**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds to the**  
**Government-Wide Statement of Activities - Governmental Activities**  
**For the Year Ended June 30, 2022**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 5,941,204</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	7,451,368
Less current year depreciation	(3,748,892)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal retirements	2,271,767
Proceeds from issuance of debt	(7,639,597)
Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.	
Change in deferred outflows of resources related to pension and OPEB	2,582,050
Change in deferred inflows of resources related to pension and OPEB	(615,823)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences	(309,177)
Change in net pension liability	9,241,679
Change in net OPEB liability	1,700,385
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 16,874,964</b>

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

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**CITY OF GRASS VALLEY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 3,072,581	\$ 6,635,606	\$ 9,708,187
Receivables:			
Accounts	599,508	1,122,317	1,721,825
Interest	3,264	6,205	9,469
Intergovernmental	-	80,129	80,129
<b>Total Current Assets</b>	<u>3,675,353</u>	<u>7,844,257</u>	<u>11,519,610</u>
Noncurrent Assets:			
Restricted cash and investments	-	585,453	585,453
Net pension asset	359,565	675,500	1,035,065
Capital assets:			
Non-depreciable	234,751	904,818	1,139,569
Depreciable, net	<u>9,039,001</u>	<u>33,216,646</u>	<u>42,255,647</u>
<b>Total Noncurrent Assets</b>	<u>9,633,317</u>	<u>35,382,417</u>	<u>45,015,734</u>
<b>Total Assets</b>	<u>13,308,670</u>	<u>43,226,674</u>	<u>56,535,344</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	832,934	1,564,801	2,397,735
Deferred OPEB adjustments	<u>36,245</u>	<u>77,209</u>	<u>113,454</u>
<b>Total Deferred Outflows of Resources</b>	<u>869,179</u>	<u>1,642,010</u>	<u>2,511,189</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	64,948	217,917	282,865
Salaries and benefits payable	25,299	55,123	80,422
Deposits payable	25,302	620	25,922
Interest payable	17,446	54,866	72,312
Compensated absences	941	1,412	2,353
Bonds payable	-	529,086	529,086
Loans payable	120,629	534,068	654,697
Capital leases payable	<u>149,745</u>	<u>141,747</u>	<u>291,492</u>
<b>Total Current Liabilities</b>	<u>404,310</u>	<u>1,534,839</u>	<u>1,939,149</u>
Noncurrent Liabilities:			
Compensated absences	45,636	121,889	167,525
Bonds payable	-	1,717,258	1,717,258
Loans payable	740,599	-	740,599
Capital leases payable	791,731	2,332,993	3,124,724
Net OPEB liability	<u>135,184</u>	<u>287,974</u>	<u>423,158</u>
<b>Total Noncurrent Liabilities</b>	<u>1,713,150</u>	<u>4,460,114</u>	<u>6,173,264</u>
<b>Total Liabilities</b>	<u>2,117,460</u>	<u>5,994,953</u>	<u>8,112,413</u>

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

**CITY OF GRASS VALLEY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	<b>Water</b>	<b>Sewer</b>	<b>Totals</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension adjustments	500,910	941,041	1,441,951
Deferred OPEB adjustments	103,473	220,422	323,895
<b>Total Deferred Inflows of Resources</b>	604,383	1,161,463	1,765,846
<b>NET POSITION</b>			
Net investment in capital assets	7,471,048	28,866,312	36,337,360
Unrestricted	3,984,958	8,845,956	12,830,914
<b>Total Net Position</b>	<b>\$ 11,456,006</b>	<b>\$ 37,712,268</b>	<b>\$ 49,168,274</b>

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

**CITY OF GRASS VALLEY**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,171,551	\$ 5,251,262	\$ 7,422,813
Other revenues	1,473	-	1,473
<b>Total Operating Revenues</b>	<u>2,173,024</u>	<u>5,251,262</u>	<u>7,424,286</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	(191,531)	(374,287)	(565,818)
Services and supplies	978,766	1,455,987	2,434,753
Depreciation	455,404	1,972,920	2,428,324
<b>Total Operating Expenses</b>	<u>1,242,639</u>	<u>3,054,620</u>	<u>4,297,259</u>
<b>Operating Income (Loss)</b>	<u>930,385</u>	<u>2,196,642</u>	<u>3,127,027</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	80,129	80,129
Interest income	11,154	(73,415)	(62,261)
Interest expense	(71,375)	(130,797)	(202,172)
Debt issuance cost	(8,471)	(53,652)	(62,123)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(68,692)</u>	<u>(177,735)</u>	<u>(246,427)</u>
<b>Income (Loss) Before Transfers</b>	861,693	2,018,907	2,880,600
Transfers out	(72,423)	(190,618)	(263,041)
<b>Change in Net Position</b>	789,270	1,828,289	2,617,559
<b>Total Net Position - Beginning</b>	<u>10,666,736</u>	<u>35,883,979</u>	<u>46,550,715</u>
<b>Total Net Position - Ending</b>	<u>\$ 11,456,006</u>	<u>\$ 37,712,268</u>	<u>\$ 49,168,274</u>

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



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**CITY OF GRASS VALLEY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<b>Water</b>	<b>Sewer</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,203,282	\$ 5,230,534	\$ 7,433,816
Payments to suppliers	(979,623)	(1,475,356)	(2,454,979)
Payments to employees	(602,250)	(1,142,676)	(1,744,926)
	621,409	2,612,502	3,233,911
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(72,423)	(190,618)	(263,041)
	(72,423)	(190,618)	(263,041)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(189,562)	(135,098)	(324,660)
Proceeds from the issuance of debt	362,323	2,294,714	2,657,037
Principal paid on debt	(618,178)	(3,396,947)	(4,015,125)
Interest paid on debt	(74,123)	(203,481)	(277,604)
	(519,540)	(1,440,812)	(1,960,352)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	9,140	(77,448)	(68,308)
	9,140	(77,448)	(68,308)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	38,586	903,624	942,210
<b>Balances - Beginning</b>	3,033,995	6,317,435	9,351,430
<b>Balances - Ending</b>	\$ 3,072,581	\$ 7,221,059	\$ 10,293,640

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

**CITY OF GRASS VALLEY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 930,385	\$ 2,196,642	\$ 3,127,027
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	455,404	1,972,920	2,428,324
Decrease (increase) in:			
Accounts receivable	28,700	(21,348)	7,352
Pension adjustments - deferred outflows	(115,255)	125,604	10,349
OPEB adjustments - deferred outflows	(15,011)	(31,976)	(46,987)
Increase (decrease) in:			
Accounts payable	(857)	(19,369)	(20,226)
Salaries and benefits payable	101	8,269	8,370
Deposits payable	1,558	620	2,178
Compensated absences	6,496	30,614	37,110
Net pension liability	(574,094)	(1,180,796)	(1,754,890)
Net OPEB liability	(50,052)	(106,622)	(156,674)
Pension adjustments - deferred inflows	(112,581)	(503,961)	(616,542)
OPEB adjustments - deferred inflows	66,615	141,905	208,520
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 621,409</u>	<u>\$ 2,612,502</u>	<u>\$ 3,233,911</u>

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

**CITY OF GRASS VALLEY**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 659,728	\$ 3,421	\$ 663,149
Cash with fiscal agent	4,657,972	-	4,657,972
Receivables:			
Intergovernmental	597	-	597
Due to other funds	-	30,899	30,899
Loans receivable	979,297	-	979,297
<b>Total Assets</b>	<u>6,297,594</u>	<u>34,320</u>	<u>6,331,914</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	3,532	-	3,532
Salaries and benefits payable	4,234	-	4,234
Due from other funds	-	30,899	30,899
Loans payable	551,732	-	551,732
<b>Total Current Liabilities</b>	<u>559,498</u>	<u>30,899</u>	<u>590,397</u>
Noncurrent Liabilities:			
Loans payable	11,758,867	-	11,758,867
<b>Total Noncurrent Liabilities</b>	<u>11,758,867</u>	<u>-</u>	<u>11,758,867</u>
<b>Total Liabilities</b>	<u>12,318,365</u>	<u>30,899</u>	<u>12,349,264</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	<u>(6,020,771)</u>	<u>3,421</u>	<u>(6,017,350)</u>
<b>Total Net Position</b>	<u><u>\$ (6,020,771)</u></u>	<u><u>\$ 3,421</u></u>	<u><u>\$ (6,017,350)</u></u>

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

**CITY OF GRASS VALLEY**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Funds</b>
<b>ADDITIONS</b>			
Property taxes	\$ 317,185	\$ -	\$ 317,185
Interest and investment income	3,412	-	3,412
Other contributions	47,507	-	47,507
<b>Total Additions</b>	<u>368,104</u>	<u>-</u>	<u>368,104</u>
<b>DEDUCTIONS</b>			
Program expenses of former redevelopment agency	122,212	-	122,212
Interest expense	484,153	-	484,153
Amortization	(1,733)	-	(1,733)
<b>Total Deductions</b>	<u>604,632</u>	<u>-</u>	<u>604,632</u>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	(236,528)	-	(236,528)
<b>Total Net Position - Beginning</b>	<u>(5,784,243)</u>	<u>3,421</u>	<u>(5,780,822)</u>
<b>Total Net Position - Ending</b>	<u><u>\$ (6,020,771)</u></u>	<u><u>\$ 3,421</u></u>	<u><u>\$ (6,017,350)</u></u>

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

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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

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**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

**Component Units**

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

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

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

**Blended Component Units**

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

**Discretely Presented Component Units**

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation**

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

The City reports the following major governmental funds:

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

**Fund Financial Statements (Continued)**

The City reports the following major proprietary funds:

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

The City reports the following additional fund types:

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

**C. Basis of Accounting and Measurement Focus**

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

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting and Measurement Focus (Continued)**

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

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

**D. Non-Current Governmental Assets/Liabilities**

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

**E. Cash and Cash Equivalents**

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

**F. Investments**

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

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

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

**G. Restricted Cash and Investments**

Restricted assets in the proprietary funds represent cash and investments held in the Sewer fund for debt service of \$585,453.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Receivables**

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

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

**I. Other Assets**

**Inventory**

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

**Prepaid Items**

Payments made for services that will benefit periods beyond June 30, 2022, are recorded as prepaid costs under both the accrual and modified accrual basis of accounting. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**J. Loans Receivable**

A total of \$8,845,428 was recorded as loans receivable at June 30, 2022. These represent low interest notes and related accrued interest to finance multi-family and single-family construction and rehabilitation projects and homebuyer assistance for low-income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program. The CDBG and HOME grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

**K. Capital Assets**

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets (Continued)**

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

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

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

**L. Property Tax**

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

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

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

**M. Interfund Transactions**

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

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

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

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Interfund Transactions (Continued)**

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

**N. Unearned Revenue**

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

**O. Compensated Absences**

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

**P. Pension**

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

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

**Q. Other Postemployment Benefits (OPEB)**

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

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Deferred Outflows/Inflows of Resources**

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

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

**S. Estimates**

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

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

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

**Statement No. 87, Leases.** This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.** This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

**Statement No. 92, Omnibus 2020.** This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

**Statement No. 93, Replacement of Interbank Offered Rates.** The objective of this Statement is to address implications of GASB Statement No. 53 and GASB Statement No. 87 and other accounting and financial reporting implications that result from the replacement of an IBOR.



**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Statement No. 97**, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**U. Future Accounting Pronouncements**

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

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balance**

The following major fund had a deficit fund balance at June 30, 2022:

Capital Improvement Projects	\$	591,740
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The following non-major governmental fund had a deficit fund balance at June 30, 2022:

EPA Brownfields	\$	23,164
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Some of these deficits may be eliminated in the future through grant revenues. Certain amounts of these deficits will ultimately become the responsibility of the General fund.

**NOTE 3: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2022, the City’s cash and investments are reported in the financial statements as follows:

Governmental activities	\$	26,307,699
Business-type activities		10,293,640
Fiduciary funds		<u>5,321,121</u>
Total Cash and Investments	\$	<u>41,922,460</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**A. Financial Statement Presentation (Continued)**

As of June 30, 2022, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 850
Deposits (less outstanding checks)	4,785,588
Cash with fiscal agent	<u>585,453</u>
Total Cash	<u>5,371,891</u>
Investments:	
In City's pool	31,892,597
Investments with fiscal agent	<u>4,657,972</u>
Total Investments	<u>36,550,569</u>
Total Cash and Investments	<u>\$ 41,922,460</u>

**B. Cash**

At year end, the carrying amount of the City's cash deposits (including amounts in checking, savings, and money market accounts) was \$5,371,041 and the bank balance was \$5,555,870. The difference between the bank balance and the carrying amount represents outstanding warrants and deposits in transit. In addition, the City had cash on hand of \$850.

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

**C. Investments**

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

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

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

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

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

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

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

At June 30, 2022, the City had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by Fair Value Level</b>				
Federal Agencies	\$10,481,745	\$10,481,745		
US Treasuries	4,657,972	4,657,972	\$ -	\$ -
Certificates of Deposit	<u>4,804,902</u>	<u>4,804,902</u>	<u>-</u>	<u>-</u>
Total Investments Measured at Fair Value	19,944,619	<u>\$19,944,619</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments in External Investment Pools</b>				
LAIF	<u>16,605,950</u>			
Total Investments	<u>\$36,550,569</u>			

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

As of June 30, 2022, the City had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Federal Agencies	0.066-4.000%	\$ -	\$10,481,745	\$10,481,745	3.59
US Treasuries	0.200%	4,657,972	-	4,657,972	0.42
Certificates of Deposit	0.085-3.550%	1,249,260	3,555,642	4,804,902	2.72
LAIF	Variable	<u>16,605,950</u>	-	<u>16,605,950</u>	-
Total Investments		<u>\$22,513,182</u>	<u>\$14,037,387</u>	<u>\$36,550,569</u>	<u>0.37</u>

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. Presented below is the minimum rating required (where applicable) by the California Government Code or the City's investment policy, and the actual rating as of year-end for each investment type.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
Federal Home Loan Bank	-	AAA	AA+	26.00%
Federal Home Loan Bank Mortgage Corporation	-	AAA	AA+	1.36%
Federal Farm Credit Bank	-	AAA	AA+	1.32%
US Treasuries	N/A	Unrated	Unrated	12.74%
Certificates of Deposit	N/A	Unrated	Unrated	13.15%
LAIF	N/A	Unrated	Unrated	<u>45.43%</u>
Total				<u>100.00%</u>

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) at June 30, 2022 that represent 5 percent or more of total City investments are as follows:

Investment Type	Amount Invested	Percentage of Investments
Federal Home Loan Bank	\$ 9,501,530	26.00%

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**D. Investment in External Investment Pool**

The City of Grass Valley maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2022, the City's investment in LAIF valued at amortized cost was \$16,605,950 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$231.6 billion. Of that amount, 98.12 percent is invested in non-derivative financial products and 1.88 percent in structured notes and asset-backed securities.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Transfers/ Retirements	Balance June 30, 2022
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 3,143,754	\$ 268,960	\$ -	\$ 3,412,714
Construction in progress	410,521	6,094,738	( 10,968)	6,494,291
Total Capital Assets, Not Being Depreciated	<u>3,554,275</u>	<u>6,363,698</u>	<u>( 10,968)</u>	<u>9,907,005</u>
Capital Assets, Being Depreciated				
Infrastructure	76,010,561	143,493	10,968	76,165,022
Buildings and improvements	15,649,324	-	-	15,649,324
Equipment	11,266,130	785,833	-	12,051,963
Vehicles	564,583	158,344	-	722,927
Software	161,626	-	-	161,626
Total Capital Assets, Being Depreciated	<u>103,652,224</u>	<u>1,087,670</u>	<u>10,968</u>	<u>104,750,862</u>
Less Accumulated Depreciation For:				
Infrastructure	( 36,323,174)	( 2,245,706)	-	( 38,568,880)
Buildings and improvements	( 9,272,888)	( 653,905)	-	( 9,926,793)
Equipment	( 8,019,748)	( 707,974)	-	( 8,727,722)
Vehicles	( 252,824)	( 137,017)	-	( 389,841)
Software	( 123,016)	( 4,290)	-	( 127,306)
Total Accumulated Depreciation	<u>( 53,991,650)</u>	<u>( 3,748,892)</u>	<u>-</u>	<u>( 57,740,542)</u>
Total Capital Assets, Being Depreciated, Net	<u>49,660,574</u>	<u>( 2,661,222)</u>	<u>10,968</u>	<u>47,010,320</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,214,849</u>	<u>\$ 3,702,476</u>	<u>\$ -</u>	<u>\$ 56,917,325</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 4: CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2021	Additions	Transfers/ Retirements	Balance June 30, 2022
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 339,401	\$ -	\$ -	\$ 339,401
Construction in progress	4,879,378	4,711	( 4,083,921)	800,168
Total Capital Assets, Not Being Depreciated	5,218,779	4,711	( 4,083,921)	1,139,569
Capital Assets, Being Depreciated				
Infrastructure	20,131,826	153,040	-	20,284,866
Buildings and improvements	60,974,516	-	4,083,921	65,058,437
Equipment	2,006,803	166,909	-	2,173,712
Total Capital Assets, Being Depreciated	83,113,145	319,949	4,083,921	87,517,015
Less Accumulated Depreciation For:				
Infrastructure	( 11,511,941)	( 406,672)	-	( 11,918,613)
Buildings and improvements	( 30,093,148)	( 1,870,064)	-	( 31,963,212)
Equipment	( 1,227,955)	( 151,588)	-	( 1,379,543)
Total Accumulated Depreciation	( 42,833,044)	( 2,428,324)	-	( 45,261,368)
Total Capital Assets, Being Depreciated, Net	40,280,101	( 2,108,375)	4,083,921	42,255,647
Business-Type Activities Capital Assets, Net	\$ 45,498,880	(\$2,103,664)	\$ -	\$ 43,395,216

**Depreciation**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 261,694
Public protection	796,947
Public ways and facilities	2,387,173
Community development	4,185
Recreation and culture	298,893
Total Depreciation Expense – Governmental Activities	<u>\$ 3,748,892</u>

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

Water	\$ 455,404
Sewer	1,972,920
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,428,324</u>

**Construction in Progress**

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 5: INTERFUND TRANSACTIONS**

**Due From/To Other Funds**

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2022:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 123,945	\$ -
Nonmajor governmental funds	-	123,945
Fiduciary Funds	<u>30,899</u>	<u>30,899</u>
Total	<u>\$ 154,844</u>	<u>\$ 154,844</u>

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 473,911	\$ 45,499
Measure "E"	-	1,656,780
Housing	590,284	590,284
Capital Improvement Projects	2,760,360	-
Special Projects	-	688,039
Nonmajor governmental funds	496,701	1,077,613
Water	-	72,423
Sewer	<u>-</u>	<u>190,618</u>
Total	<u>\$ 4,321,256</u>	<u>\$ 4,321,256</u>

**NOTE 6: UNEARNED REVENUES**

At June 30, 2022, the components of unearned revenue were as follows:

	<u>Unearned</u>
Special Projects	
Coronavirus State and Local Fiscal Relief Funds received in advance	<u>\$ 845,010</u>
Total	<u>\$ 845,010</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 7: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

Type of Indebtedness	Balance July 1, 2021	Additions	Adjustments/ Retirements	Balance June 30, 2022	Amounts Due Within One Year
<b>Governmental Activities</b>					
Pension obligation bonds	\$ 17,559,000	\$ -	(\$ 711,000)	\$ 16,848,000	\$ 716,000
Capital leases	1,787,706	7,639,597	( 1,560,767)	7,866,536	784,904
Compensated absences	1,032,714	1,175,713	( 866,536)	1,341,891	435,668
Total Governmental Activities	<u>\$ 20,379,420</u>	<u>\$ 8,815,310</u>	<u>(\$3,138,303)</u>	<u>\$ 26,056,427</u>	<u>\$ 1,936,572</u>
<b>Business-Type Activities</b>					
Direct borrowing loans payable	\$ 2,036,568	\$ -	(\$ 641,272)	\$ 1,395,296	\$ 654,697
Bonds	2,555,000	-	( 465,000)	2,090,000	490,000
Unamortized premium	195,430	-	( 39,086)	156,344	39,086
Bonds, net	2,750,430	-	( 504,086)	2,246,344	529,086
Capital leases	3,605,909	2,719,160	( 2,908,853)	3,416,216	291,492
Compensated absences	132,768	111,875	( 74,765)	169,878	2,353
Total Business-Type Activities	<u>\$ 8,525,675</u>	<u>\$ 2,831,035</u>	<u>(\$4,128,976)</u>	<u>\$ 7,227,734</u>	<u>\$ 1,477,628</u>

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

Individual issues of debt payable outstanding at June 30, 2022, are as follows:

**Governmental Activities**

Pension Obligation Bonds:

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

	\$ 16,848,000
Total Pension Obligation Bonds	<u>16,848,000</u>
Total Governmental Activities	<u>\$ 16,848,000</u>



**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 7: LONG-TERM LIABILITIES (CONTINUED)**

**Business-Type Activities**

Loans from Direct Borrowings:

California Department of Water Resources Safe Drinking Water Loan, dated March 12, 1991, in the amount of \$3,225,000, payable in semi-annual installments of \$74,329, with an interest rate of 3.37%, and maturity on September 30, 2028. The loan proceeds were used to finance certain improvements to the City's water system. \$ 861,228

State of California, State Water Resources Control Board Loan, dated November 19, 1999, payable in annual installments of \$543,697, with maturity on July 21, 2022. The loan proceeds were used to finance the expansion of the wastewater treatment plant. 534,068

Total Loans from Direct Borrowings 1,395,296

Bonds:

2011 Wastewater Refunding Bonds, issued on August 1, 2011, in the amount of \$5,930,000, due in annual installments of \$311,000 to \$555,000, with an interest rate of 2.0% to 5.0%, and a maturity date of August 1, 2025. The bonds were used to refund the Wastewater Certificates of Participation. 2,090,000

Total Bonds 2,090,000

Total Business-Type Activities \$ 3,485,296

The City has pledged sewer operations revenue, net of specified operating expenses, to repay loans from direct borrowings in the amount of \$1,395,296 issued in March 1991 and November 1999.

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

**Governmental Activities**

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Totals
2023	\$ 716,000	\$ 606,528	\$ 1,322,528
2024	766,000	580,752	1,346,752
2025	791,000	553,176	1,344,176
2026	811,000	524,700	1,335,700
2027	831,000	495,504	1,326,504
2028-2032	4,483,000	2,013,234	6,496,234
2033-2037	5,082,000	1,164,240	6,246,240
2038-2040	<u>3,368,000</u>	<u>244,512</u>	<u>3,612,512</u>
Total	<u>\$ 16,848,000</u>	<u>\$ 6,182,646</u>	<u>\$ 23,030,646</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 7: LONG-TERM LIABILITIES (CONTINUED)**

**Business-Type Activities**

Year Ended June 30	Loans from Direct Borrowings		
	Principal	Interest	Totals
2023	\$ 654,697	\$ 37,658	\$ 692,355
2024	124,683	23,975	148,658
2025	129,010	19,648	148,658
2026	133,355	15,303	148,658
2027	137,888	10,770	148,658
2028-2029	215,663	7,324	222,987
Total	<u>\$ 1,395,296</u>	<u>\$ 114,678</u>	<u>\$ 1,509,974</u>

Year Ended June 30	Bonds		
	Principal	Interest	Totals
2023	\$ 490,000	\$ 82,738	\$ 572,738
2024	510,000	57,738	567,738
2025	535,000	34,288	569,288
2026	555,000	11,794	566,794
Total	<u>\$ 2,090,000</u>	<u>\$ 186,558</u>	<u>\$ 2,276,558</u>

**NOTE 8: LEASES**

**Capital Leases**

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

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2022
Governmental activities	1.06-3.900%	\$ 7,866,536
Business-type activities	4.675%	<u>3,416,216</u>
Total		<u>\$ 11,282,752</u>

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

	Governmental Activities	Business-Type Activities
Equipment	\$ 2,596,422	\$ 5,489,336
Less: accumulated depreciation	<u>( 1,027,936)</u>	<u>( 1,923,439)</u>
Net Value	<u>\$ 1,568,486</u>	<u>\$ 3,565,897</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 8: LEASES (CONTINUED)**

**Capital Leases (Continued)**

As of June 30, 2022, capital lease annual amortization is as follows:

Year Ended <u>June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2023	\$ 936,642	\$ 380,829
2024	889,300	382,435
2025	844,525	392,584
2026	816,380	404,041
2027	782,705	202,530
2028-2032	3,938,759	1,212,484
2033-2036	<u>501,802</u>	<u>974,085</u>
Total Requirements	8,710,113	3,948,988
Less: interest	<u>( 843,577)</u>	<u>( 532,772)</u>
Present Value of Remaining Payments	<u>\$ 7,866,536</u>	<u>\$ 3,416,216</u>

**NOTE 9: NET POSITION**

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

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Net Position Restricted by Enabling Legislation**

The government-wide Statement of Net Position reports \$26,789,406 of restricted net position, of which \$1,333,318 is restricted by enabling legislation.

**Net Position Flow Assumption**

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 10: FUND BALANCES**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2022, fund balance for governmental funds is made up of the following:

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 10: FUND BALANCES (CONTINUED)**

The fund balances for all major and nonmajor governmental funds as of June 30, 2022, were distributed as follows:

	General Fund	Measure "E"	Housing	Capital Improvement Projects	Special Projects	Other Governmental Funds	Totals
<b>Nonspendable:</b>							
Prepaid costs	\$ 3,021	\$ -	\$ -	\$ -	\$ -	\$ -	3,021
Loans receivable	-	-	7,975,912	-	-	869,516	8,845,428
Subtotal	3,021	-	7,975,912	-	-	869,516	8,848,449
<b>Restricted for:</b>							
General	1,577,075	-	-	-	-	-	1,577,075
Housing	-	-	550,260	-	-	-	550,260
Gas tax	-	-	-	-	-	395,662	395,662
Maintenance districts	-	-	-	-	-	156,161	156,161
Block grants	-	-	-	-	-	122,491	122,491
Elizabeth Daniels Park	-	-	-	-	-	100,459	100,459
Animal shelter	-	-	-	-	-	2,048	2,048
Subtotal	1,577,075	-	550,260	-	-	776,821	2,904,156
<b>Assigned:</b>							
Measure "E"	-	4,410,378	-	-	-	-	4,410,378
Special Projects	-	-	-	-	7,089,689	-	7,089,689
Fire reserve	-	-	-	-	-	221,710	221,710
DUI grant	-	-	-	-	-	4,413	4,413
Impact fees	-	-	-	-	-	3,253,600	3,253,600
Vehicle replacement	-	-	-	-	-	36,907	36,907
Downtown assessment	-	-	-	-	-	23,125	23,125
Subtotal	-	4,410,378	-	-	7,089,689	3,539,755	15,039,822
<b>Unassigned</b>	8,379,489	-	-( 591,740)	-	-	( 23,164)	7,764,585
<b>Total</b>	<b>\$9,959,585</b>	<b>\$ 4,410,378</b>	<b>\$ 8,526,172</b>	<b>\$( 591,740)</b>	<b>\$ 7,089,689</b>	<b>\$ 5,162,928</b>	<b>\$ 34,557,012</b>

**Fund Balance Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 10: FUND BALANCES (CONTINUED)**

**Fund Balance Policy**

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

**NOTE 11: PENSION PLAN**

**A. General Information about the Pension Plan**

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

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

**Summary of Rate Tiers and Eligible Participants**

Open for New Enrollment

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

Closed to New Enrollment

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 11: PENSION PLAN (CONTINUED)**

**A. General Information about the Pension Plan (Continued)**

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan Members if membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2022, are summarized as follows:

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

**Contributions**

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

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	12.200%	8.000%	0.000%
Miscellaneous PEPRA	7.590%	6.750%	0.000%
Safety Police	23.710%	9.000%	0.000%
Safety Police Second Tier	21.790%	9.000%	0.000%
Safety Police PEPRA	13.130%	13.000%	0.000%
Safety Fire	21.790%	9.000%	0.000%
Safety Fire PEPRA	13.130%	13.000%	0.000%

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 11: PENSION PLAN (CONTINUED)**

**A. General Information about the Pension Plan (Continued)**

**Contributions (Continued)**

For the year ended June 30, 2022, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 388,465	\$ -
Safety	906,738	-

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

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

	<u>Proportion June 30, 2021</u>	<u>Proportion June 30, 2022</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	.04686%	-0.16808%	-.21494%
Safety	.03239%	-0.10849%	-.14088%

As of June 30, 2022, the City reported a net pension liability (asset) for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability (Asset)</u>
Miscellaneous	(\$ 3,054,690)
Safety	( 3,807,408)
Total Net Pension Liability (Asset)	<u>(\$ 6,862,098)</u>



**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 11: PENSION PLAN (CONTINUED)**

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

For the year ended June 30, 2022, the City recognized a pension credit of (\$13,751,061). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 1,571,050	\$ -
Difference between expected and actual experience	( 993,043)	-
Difference between projected and actual earnings on pension plan investments	4,932,722	-
Difference between City contributions and proportionate share of contributions	7,668,173	( 2,244,432)
Amortization due to differences in proportions	<u>2,717,191</u>	<u>( 7,315,173)</u>
Total	<u>\$ 15,896,093</u>	<u>( \$ 9,559,605)</u>

\$1,571,050 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2023	\$ 1,056,051
2024	1,174,173
2025	1,174,697
2026	1,360,517
Thereafter	<u>-</u>
Total	<u>\$ 4,765,438</u>

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 11: PENSION PLAN (CONTINUED)**

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

**Actuarial Assumptions (Continued)**

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017 Experience Study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-Term Expected Rate of Return**

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

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 and forecasted information for all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 11: PENSION PLAN (CONTINUED)**

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

**Long-Term Expected Rate of Return (Continued)**

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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period

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

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Miscellaneous	\$ 2,074,329	(\$ 3,054,690)	(\$ 7,294,776)
Safety	2,166,790	( 3,807,408)	( 8,714,474)

**Pension Plan Fiduciary Net Position**

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

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

**A. General Information about the OPEB Plan**

**Plan Description**

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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

**A. General Information about the OPEB Plan (Continued)**

**Benefits Provided**

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

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

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

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

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

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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

**A. General Information about the OPEB Plan (Continued)**

**Benefits Provided (Continued)**

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

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

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

\*\*There are 4 retirees with grandfathered lifetime benefits.

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

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

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

Despite the wording in these PEMHCA resolutions, however, the City’s practice has been to pay the full Minimum Employer Contribution (\$149 per month for 2022), regardless of the number of years since each resolution was adopted. It was assumed this practice would continue and future retiree PEMHCA benefits were valued accordingly.

**Employees Covered by Benefit Terms**

At June 30, 2022, the following employees were covered by the benefit terms:

Active employees	96
Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not receiving benefits	<u>3</u>
Total	<u><u>147</u></u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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

**B. Net OPEB Liability**

The City's net OPEB liability of \$5,015,710 was measured as of June 30, 2022, and was determined by the actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**

The net OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	Last day of the current fiscal year (June 30, 2022)
Funding Method	Entry Age Normal Cost, level of percent of pay
Municipal Bond Index	S&P General Obligation 20 Year High Grade Municipal Bond Index
Discount Rates	4.09% as of June 30, 2022, 2.18% as of June 30, 2021
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are included.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
General Inflation Rate	2.5% per year
Healthcare cost trend rates	5.60% for 2029, decreasing 0.1% per year to an ultimate rate of 3.9% for 2076 and later years
Mortality rates	MacLeod Watts Scale 2022 applied generationally from 2015.

Demographic actuarial assumptions used in the June 30, 2022 valuation are those published in the 2021 experience study of the California Public Employees Retirement System using data from 2000 to 2019 and applicable to the City's employees and retirees, except projection of future mortality improvement.

**C. Changes in the Net OPEB Liability**

The table below shows the changes in the total OPEB liability, the Plan fiduciary net position (i.e., fair value of the Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2022 for the City's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at fiscal year ending June 30, 2021	\$ 6,872,769	\$ -	\$ 6,872,769
Changes during the period:			
Service cost	428,709	-	428,709
Interest cost	156,736	-	156,736
Difference between expected and actual experience	( 234,487)	-	( 234,487)
Change of assumptions	( 1,984,454)	-	( 1,984,454)
Contributions – employer	-	223,563	( 223,563)
Benefit payments	( 223,563)	( 223,563)	-
Net Changes	( 1,857,059)	-	( 1,857,059)
Balances at fiscal year ending June 30, 2022	<u>\$ 5,015,710</u>	<u>\$ -</u>	<u>\$ 5,015,710</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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

**C. Changes in the Net OPEB Liability**

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

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

	1% Decrease 3.09%	Current Rate 4.09%	1% Increase 5.09%
Net OPEB liability	\$ 5,712,540	\$ 5,015,710	\$ 4,437,981

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB Liability	\$ 4,364,446	\$ 5,015,710	\$ 5,831,581

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$281,167. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 529,840	(\$ 1,778,811)
Differences between expected and actual experience	814,932	( 2,060,329)
Total	\$ 1,344,772	(\$ 3,839,140)

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

Fiscal Year Ended <u>June 30</u>	
2023	(\$ 304,283)
2024	( 304,283)
2025	( 304,283)
2026	( 317,649)
2027	( 336,020)
Thereafter	( 927,850)
	(\$ 2,494,368)

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 13: RISK MANAGEMENT**

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

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

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

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities to participate in the Public Agency Risk Sharing Authority of California (PARSAC) for general liability, vehicle liability, and errors and omissions purposes. PARSAC is a public entity risk pool which serves as a common risk management program for 33 member cities and one fire district. The City pays an annual premium to PARSAC for its insurance coverage. The agreements with PARSAC provide that they will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

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

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

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

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

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

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



**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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

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

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

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

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

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

**A. Loans Receivable**

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

At June 30, 2022, loans receivable consisted of the following:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Redevelopment Housing:</b>				
Springhill Garden Apts	\$ 717,000	\$ -	\$ -	\$ 717,000
Valley Commons	262,297	-	-	262,297
<b>Redevelopment Projects (Non-Housing):</b>				
Center for the Arts	<u>17,610</u>	<u>-</u>	<u>( 17,610)</u>	<u>-</u>
Total Loans Receivable	<u>\$ 996,907</u>	<u>\$ -</u>	<u>(\$ 17,610)</u>	<u>\$ 979,297</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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

**A. Loans Receivable (Continued)**

**Redevelopment Housing**

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

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

**B. Long-Term Liabilities**

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

Type of Indebtedness	Balance July 1, 2021	Additions	Adjustments/ Retirements	Balance June 30, 2022	Amounts Due Within One Year
2014 Tax Allocation Refunding Bonds	\$ 4,760,000	\$ -	(\$ 205,000)	\$ 4,555,000	\$ 210,000
Less: discount	( 73,074)	-	3,416	( 69,658)	( 3,416)
2020A Tax Allocation Refunding Bonds	2,810,000	-	( 155,000)	2,655,000	160,000
Plus: premium	296,637	-	( 5,874)	290,763	5,874
2020B Tax Allocation Refunding Bonds	5,125,000	-	( 175,000)	4,950,000	180,000
Less: discount	( 71,232)	-	726	( 70,506)	( 726)
<b>Total Successor Agency Trust</b>	<b><u>\$ 12,847,331</u></b>	<b><u>\$ -</u></b>	<b><u>(\$ 536,732)</u></b>	<b><u>\$ 12,310,599</u></b>	<b><u>\$ 551,732</u></b>

**Bonds:**

2014 Tax Allocation Refunding Bonds, 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 semi-annually on June 1 and December 1, commencing on June 1, 2017. Principal is payable in annual installments starting from December 1, 2017 in amounts ranging from \$150,000 to \$605,000. The bonds will mature on December 1, 2038. The bonds were used to defease the outstanding 2008 Tax Allocation Bonds. \$ 4,555,000

2020 Series A Tax Allocation Refunding Bonds, issued on May 28, 2020, in the amount of \$2,955,000 and payable in annual installments of \$145,000 to \$255,000, with an interest rate of 4.00% and maturity on December 1, 2034. The bonds were used to refund the 2010 Tax Allocation Bonds. 2,655,000

2020 Series B Tax Allocation Refunding Bonds, issued on May 28, 2020, in the amount of \$5,300,000 and payable in annual installments of \$175,000 to \$585,000, with an interest rate of 2.00% to 3.60% and maturity on December 1, 2038. The bonds were used to finance redevelopment activities and for the acquisition of capital assets. 4,950,000

Total Bonds \$ 12,160,000

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**NOTE 15: OTHER INFORMATION**

**A. Commitments and Contingencies**

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

**B. Subsequent Events**

Management has evaluated events subsequent to June 30, 2022 through February 18, 2023, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information  
(Unaudited)**

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**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City Pension Plan**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30, 2022**  
**Last 10 Years\***

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

\* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only eight years are shown.



<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
0.26760%	0.27139%	0.04686%	-0.16808%
\$ 10,085,168	\$ 10,867,668	\$ 1,976,738	\$ (3,054,690)
2,711,644	2,892,638	3,229,280	2,970,991
371.92%	375.70%	61.21%	-102.82%
71.60%	70.67%	94.71%	107.86%
0.15134%	0.15536%	0.03239%	-0.10849%
\$ 8,880,045	\$ 9,698,412	\$ 2,157,733	\$ (3,807,408)
3,240,879	3,586,719	3,838,273	4,295,879
274.00%	270.40%	56.22%	-88.63%
75.52%	75.05%	94.82%	108.58%

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City Pension Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2022**  
**Last 10 Years\***

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

\* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only eight years are shown.

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
\$ 814,931	\$ 936,148	\$ 388,465	\$ 474,705
<u>(814,931)</u>	<u>(18,566,415)</u>	<u>(388,465)</u>	<u>(474,705)</u>
<u>\$ -</u>	<u>\$ (17,630,267)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,892,638 28.17%	\$ 3,229,280 574.94%	\$ 2,970,991 13.08%	\$ 3,100,793 15.31%
\$ 1,035,238	\$ 1,248,549	\$ 906,738	\$ 1,096,345
<u>(1,035,238)</u>	<u>(1,248,549)</u>	<u>(906,738)</u>	<u>(1,096,345)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,586,719 28.86%	\$ 3,838,273 32.53%	\$ 4,295,879 21.11%	\$ 5,206,157 21.06%

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City Pension Plan**  
**Notes to City Pension Plan**  
**For the Year Ended June 30, 2022**

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

**Summary of Benefits or Assumptions**

Benefit Changes: None

Changes of Assumption: None

**NOTE 2: SCHEDULE OF CONTRIBUTIONS**

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

Valuation Date	June 30, 2019
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Fair value
Discount Rate	7.00%
Payroll Growth	2.75%
Inflation	2.50%
Salary increases	Varies based on entry age and service
Investment rate of return	7.00%

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**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2022**  
**Last 10 Years\***

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

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

**2021/2022**

\$ 428,709  
156,736  
(234,487)  
(1,984,454)  
(223,563)

---

(1,857,059)

---

6,872,769

---

\$ 5,015,710

\$ 223,563  
(223,563)

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-

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-

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\$ -

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\$ 5,015,710

0.00%  
\$ 9,811,616  
51.12%

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2022**  
**Last 10 Years\***

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

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



**2021/2022**

\$ 223,563  
(223,563)

\$ -

\$ 9,811,616  
2.28%

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Note to City OPEB Plan**  
**For the Year Ended June 30, 2022**

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

Discount Rate:	Decreased from 2.66 percent to 2.18 percent, reflecting the change in municipal bond index rate.
Demographic Assumptions:	Updated from 2014 experience study report to those provided in the 2017 experience study of CalPERS.
Mortality Improvements:	Updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2020 reflecting continued updates in available information about expected future mortality.
General Inflation Rate:	2.5 percent
Salary Increase:	3.0 percent per year
Medical Trend:	Use the Getzen model, published by the Society of Actuaries.
PEMHCA MEC Increases:	4.0 percent per year based on recent historical and expected future increases in CPI-medical.

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 11,774,138	\$ 12,726,823	\$ 13,110,056	\$ 383,233
Licenses, permits and franchises	1,393,425	1,522,175	1,695,918	173,743
Fines and forfeitures	2,500	2,500	28	(2,472)
Intergovernmental revenues	1,394,586	1,625,081	1,595,312	(29,769)
Use of money and property	90,825	62,825	(89,850)	(152,675)
Charges for services	47,000	67,000	131,728	64,728
Other revenues	8,000	10,500	71,153	60,653
<b>Total Revenues</b>	<b>14,710,474</b>	<b>16,016,904</b>	<b>16,514,345</b>	<b>497,441</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,916,407	3,083,266	3,334,473	(251,207)
Public protection	7,829,026	8,532,402	8,702,730	(170,328)
Public ways and facilities	1,144,186	1,233,165	1,210,564	22,601
Community development	793,008	797,361	888,127	(90,766)
Recreation and culture	401,750	404,695	372,596	32,099
Debt service:				
Principal	514,152	549,615	2,155,984	(1,606,369)
Interest	478,190	478,190	674,927	(196,737)
Capital outlay	427,000	427,000	317,181	109,819
<b>Total Expenditures</b>	<b>14,503,719</b>	<b>15,505,694</b>	<b>17,656,582</b>	<b>(2,150,888)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>206,755</b>	<b>511,210</b>	<b>(1,142,237)</b>	<b>(1,653,447)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	1,400,779	1,400,779
Transfers in	3,000	3,000	473,911	470,911
Transfers out	(85,000)	(85,000)	(45,499)	39,501
<b>Total Other Financing Sources (Uses)</b>	<b>(82,000)</b>	<b>(82,000)</b>	<b>1,829,191</b>	<b>1,911,191</b>
<b>Net Change in Fund Balances</b>	<b>124,755</b>	<b>429,210</b>	<b>686,954</b>	<b>257,744</b>
<b>Fund Balances - Beginning</b>	<b>9,272,631</b>	<b>9,272,631</b>	<b>9,272,631</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 9,397,386</b>	<b>\$ 9,701,841</b>	<b>\$ 9,959,585</b>	<b>\$ 257,744</b>

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Measure "E" - Major Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 6,350,000	\$ 6,800,000	\$ 6,987,724	\$ 187,724
Intergovernmental revenues	-	-	202,362	202,362
Use of money and property	7,500	7,500	(48,597)	(56,097)
Other revenues	5,000	5,000	28,576	23,576
<b>Total Revenues</b>	<u>6,362,500</u>	<u>6,812,500</u>	<u>7,170,065</u>	<u>357,565</u>
<b>EXPENDITURES</b>				
Current:				
General government	99,692	118,602	291,153	(172,551)
Public safety	2,990,017	3,075,495	3,167,607	(92,112)
Debt service:				
Principal	249,396	204,396	91,393	113,003
Interest	58,219	58,219	20,866	37,353
Capital outlay	2,340,000	1,485,000	2,117,800	(632,800)
<b>Total Expenditures</b>	<u>5,737,324</u>	<u>4,941,712</u>	<u>5,688,819</u>	<u>(747,107)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>625,176</u>	<u>1,870,788</u>	<u>1,481,246</u>	<u>(389,542)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	158,344	158,344
Transfers out	(3,100,000)	(1,283,553)	(1,656,780)	(373,227)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,100,000)</u>	<u>(1,283,553)</u>	<u>(1,498,436)</u>	<u>(214,883)</u>
<b>Net Change in Fund Balances</b>	(2,474,824)	587,235	(17,190)	(604,425)
<b>Fund Balances - Beginning</b>	<u>4,427,568</u>	<u>4,427,568</u>	<u>4,427,568</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 1,952,744</u>	<u>\$ 5,014,803</u>	<u>\$ 4,410,378</u>	<u>\$ (604,425)</u>

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Housing - Major Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Use of money and property	\$ 326,689	\$ 326,689	\$ 100,505	\$ (226,184)
Other revenue	-	-	7,114	7,114
<b>Total Revenues</b>	<u>326,689</u>	<u>326,689</u>	<u>107,619</u>	<u>(219,070)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	100,032	100,032	29,337	70,695
<b>Total Expenditures</b>	<u>100,032</u>	<u>100,032</u>	<u>29,337</u>	<u>70,695</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>226,657</u>	<u>226,657</u>	<u>78,282</u>	<u>(148,375)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	18,824	18,824	590,284	571,460
Transfers out	(18,824)	(18,824)	(590,284)	(609,108)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,648)</u>
<b>Net Change in Fund Balances</b>	<u>226,657</u>	<u>226,657</u>	<u>78,282</u>	<u>(186,023)</u>
<b>Fund Balances - Beginning</b>	<u>8,447,890</u>	<u>8,447,890</u>	<u>8,447,890</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 8,674,547</u>	<u>\$ 8,674,547</u>	<u>\$ 8,526,172</u>	<u>\$ (186,023)</u>

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2022**

**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

**NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the fiscal year ended June 30, 2022, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures Over Appropriations</u>
General fund	\$ 15,505,694	\$ 17,656,582	\$ 2,150,888
Measure "E"	4,941,712	5,688,819	747,107

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**Combining Nonmajor Fund Financial Statements**

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## **Nonmajor Governmental Funds**

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**CITY OF GRASS VALLEY**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	<b>Special Revenue Funds</b>	<b>Permanent Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 4,232,553	\$ 102,398	\$ 4,334,951
Receivables:			
Accounts	2,001	-	2,001
Interest	4,755	109	4,864
Taxes	81,258	-	81,258
Intergovernmental	114,041	-	114,041
Loans receivable	869,516	-	869,516
<b>Total Assets</b>	<b>\$ 5,304,124</b>	<b>\$ 102,507</b>	<b>\$ 5,406,631</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 119,758	\$ -	\$ 119,758
Due to other funds	123,945	-	123,945
<b>Total Liabilities</b>	<b>243,703</b>	<b>-</b>	<b>243,703</b>
<b>FUND BALANCES</b>			
Nonspendable	869,516	-	869,516
Restricted	674,314	102,507	776,821
Assigned	3,539,755	-	3,539,755
Unassigned	(23,164)	-	(23,164)
<b>Total Fund Balances</b>	<b>5,060,421</b>	<b>102,507</b>	<b>5,162,928</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,304,124</b>	<b>\$ 102,507</b>	<b>\$ 5,406,631</b>

**CITY OF GRASS VALLEY**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	<b>Special Revenue Funds</b>	<b>Permanent Funds</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes and assessments	\$ 278,885	\$ -	\$ 278,885
Fines and forfeitures	25,500	-	25,500
Intergovernmental revenues	848,634	-	848,634
Use of money and property	(42,677)	(1,342)	(44,019)
Other revenues	15,484	-	15,484
<b>Total Revenues</b>	<u>1,125,826</u>	<u>(1,342)</u>	<u>1,124,484</u>
<b>EXPENDITURES</b>			
Current:			
General government	183,594	4,895	188,489
Public protection	231,655	-	231,655
Public ways and facilities	72,573	-	72,573
Community development	302,322	-	302,322
Debt Service:			
Principal	24,390	-	24,390
Interest and other charges	5,502	-	5,502
Capital outlay	509,146	-	509,146
<b>Total Expenditures</b>	<u>1,329,182</u>	<u>4,895</u>	<u>1,334,077</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(203,356)</u>	<u>(6,237)</u>	<u>(209,593)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	496,701	-	496,701
Transfers out	(1,077,613)	-	(1,077,613)
<b>Total Other Financing Sources (Uses)</b>	<u>(580,912)</u>	<u>-</u>	<u>(580,912)</u>
<b>Net Change in Fund Balances</b>	<u>(784,268)</u>	<u>(6,237)</u>	<u>(790,505)</u>
<b>Fund Balances - Beginning</b>	<u>5,844,689</u>	<u>108,744</u>	<u>5,953,433</u>
<b>Fund Balances - Ending</b>	<u>\$ 5,060,421</u>	<u>\$ 102,507</u>	<u>\$ 5,162,928</u>

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## **Nonmajor Governmental Funds**

- **Special Revenue Funds**

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**CITY OF GRASS VALLEY**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2022**

	<u>Gas Tax</u>	<u>Traffic Safety</u>	<u>Fire Reserve</u>	<u>DUI Grant</u>
<b>ASSETS</b>				
Cash and investments	\$ 317,744	\$ 15,959	\$ 230,193	\$ 4,402
Receivables:				
Accounts	-	2,001	-	-
Interest	393	-	237	11
Taxes	77,525	-	-	-
Intergovernmental	-	-	-	-
Loans receivable	-	-	-	-
<b>Total Assets</b>	<u>\$ 395,662</u>	<u>\$ 17,960</u>	<u>\$ 230,430</u>	<u>\$ 4,413</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 17,960	\$ 8,720	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>17,960</u>	<u>8,720</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	395,662	-	-	-
Assigned	-	-	221,710	4,413
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<u>395,662</u>	<u>-</u>	<u>221,710</u>	<u>4,413</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 395,662</u>	<u>\$ 17,960</u>	<u>\$ 230,430</u>	<u>\$ 4,413</u>



<b>EPA Brownfields</b>	<b>Developer Fees</b>	<b>Vehicle Replacement</b>	<b>Maintenance Districts</b>	<b>Block Grants</b>	<b>Downtown Assessment</b>	<b>Totals</b>
\$ -	\$ 3,325,091	\$ 38,816	\$ 155,126	\$ 122,134	\$ 23,088	\$ 4,232,553
-	-	-	-	-	-	2,001
-	3,509	47	164	357	37	4,755
-	-	-	3,733	-	-	81,258
114,041	-	-	-	-	-	114,041
-	-	-	-	869,516	-	869,516
<u>\$ 114,041</u>	<u>\$ 3,328,600</u>	<u>\$ 38,863</u>	<u>\$ 159,023</u>	<u>\$ 992,007</u>	<u>\$ 23,125</u>	<u>\$ 5,304,124</u>
\$ 13,260	\$ 75,000	\$ 1,956	\$ 2,862	\$ -	\$ -	\$ 119,758
123,945	-	-	-	-	-	123,945
<u>137,205</u>	<u>75,000</u>	<u>1,956</u>	<u>2,862</u>	<u>-</u>	<u>-</u>	<u>243,703</u>
-	-	-	-	869,516	-	869,516
-	-	-	156,161	122,491	-	674,314
-	3,253,600	36,907	-	-	23,125	3,539,755
(23,164)	-	-	-	-	-	(23,164)
<u>(23,164)</u>	<u>3,253,600</u>	<u>36,907</u>	<u>156,161</u>	<u>992,007</u>	<u>23,125</u>	<u>5,060,421</u>
<u>\$ 114,041</u>	<u>\$ 3,328,600</u>	<u>\$ 38,863</u>	<u>\$ 159,023</u>	<u>\$ 992,007</u>	<u>\$ 23,125</u>	<u>\$ 5,304,124</u>

**CITY OF GRASS VALLEY**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2022**

	<b>Gas Tax</b>	<b>Traffic Safety</b>	<b>Fire Reserve</b>	<b>DUI Grant</b>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	25,500	-	-
Intergovernmental revenues	627,362	-	107,231	-
Use of money and property	(5,250)	-	(2,777)	(117)
Other revenues	-	-	899	-
<b>Total Revenues</b>	<b>622,112</b>	<b>25,500</b>	<b>105,353</b>	<b>(117)</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public protection	-	161,100	70,555	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>161,100</b>	<b>70,555</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>622,112</b>	<b>(135,600)</b>	<b>34,798</b>	<b>(117)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	134,079	-	-
Transfers out	(321,084)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(321,084)</b>	<b>134,079</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>301,028</b>	<b>(1,521)</b>	<b>34,798</b>	<b>(117)</b>
<b>Fund Balances - Beginning</b>	<b>94,634</b>	<b>1,521</b>	<b>186,912</b>	<b>4,530</b>
<b>Fund Balances - Ending</b>	<b>\$ 395,662</b>	<b>\$ -</b>	<b>\$ 221,710</b>	<b>\$ 4,413</b>

<b>EPA Brownfields</b>	<b>Developer Fees</b>	<b>Vehicle Replacement</b>	<b>Maintenance Districts</b>	<b>Block Grants</b>	<b>Downtown Assessment</b>	<b>Totals</b>
\$ -	\$ 147,449	\$ -	\$ 75,074	\$ -	\$ 56,362	\$ 278,885
-	-	-	-	-	-	25,500
114,041	-	-	-	-	-	848,634
-	(43,628)	(559)	(1,743)	11,823	(426)	(42,677)
-	-	14,585	-	-	-	15,484
<u>114,041</u>	<u>103,821</u>	<u>14,026</u>	<u>73,331</u>	<u>11,823</u>	<u>55,936</u>	<u>1,125,826</u>
122,631	60,963	-	-	-	-	183,594
-	-	-	-	-	-	231,655
-	-	6,777	65,796	-	-	72,573
-	-	-	-	252,322	50,000	302,322
-	-	24,390	-	-	-	24,390
-	-	5,502	-	-	-	5,502
-	398,417	110,729	-	-	-	509,146
<u>122,631</u>	<u>459,380</u>	<u>147,398</u>	<u>65,796</u>	<u>252,322</u>	<u>50,000</u>	<u>1,329,182</u>
<u>(8,590)</u>	<u>(355,559)</u>	<u>(133,372)</u>	<u>7,535</u>	<u>(240,499)</u>	<u>5,936</u>	<u>(203,356)</u>
-	-	-	-	362,622	-	496,701
-	-	-	-	(756,529)	-	(1,077,613)
-	-	-	-	(393,907)	-	(580,912)
<u>(8,590)</u>	<u>(355,559)</u>	<u>(133,372)</u>	<u>7,535</u>	<u>(634,406)</u>	<u>5,936</u>	<u>(784,268)</u>
<u>(14,574)</u>	<u>3,609,159</u>	<u>170,279</u>	<u>148,626</u>	<u>1,626,413</u>	<u>17,189</u>	<u>5,844,689</u>
<u>\$ (23,164)</u>	<u>\$ 3,253,600</u>	<u>\$ 36,907</u>	<u>\$ 156,161</u>	<u>\$ 992,007</u>	<u>\$ 23,125</u>	<u>\$ 5,060,421</u>

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## **Nonmajor Governmental Funds**

- **Permanent Funds**

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**CITY OF GRASS VALLEY**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2022**

	<b>Elizabeth Daniels Park</b>	<b>Animal Shelter</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 100,356	\$ 2,042	\$ 102,398
Receivables:			
Interest	103	6	109
<b>Total Assets</b>	<b>\$ 100,459</b>	<b>\$ 2,048</b>	<b>\$ 102,507</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	-	-	-
<b>FUND BALANCES</b>			
Restricted	100,459	2,048	102,507
<b>Total Fund Balances</b>	100,459	2,048	102,507
<b>Total Liabilities and Fund Balances</b>	<b>\$ 100,459</b>	<b>\$ 2,048</b>	<b>\$ 102,507</b>

**CITY OF GRASS VALLEY**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Year Ended June 30, 2022**

	<b>Elizabeth Daniels Park</b>	<b>Animal Shelter</b>	<b>Totals</b>
<b>REVENUES</b>			
Use of money and property	\$ (1,267)	\$ (75)	\$ (1,342)
<b>Total Revenues</b>	(1,267)	(75)	(1,342)
<b>EXPENDITURES</b>			
Current:			
General government	-	4,895	4,895
<b>Total Expenditures</b>	-	4,895	4,895
<b>Net Change in Fund Balances</b>	(1,267)	(4,970)	(6,237)
<b>Fund Balances - Beginning</b>	101,726	7,018	108,744
<b>Fund Balances - Ending</b>	\$ 100,459	\$ 2,048	\$ 102,507



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## **Fiduciary Funds**

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

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**CITY OF GRASS VALLEY**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	<u>Private Purpose Trust Funds</u>		<u>Custodial Funds</u>		<u>Totals</u>
	<u>Successor Agency to the Redevelopment Agency of the City of Grass Valley</u>		<u>Whispering Pines Morgan Ranch Reserve 2001</u>	<u>Whispering Pines Morgan Ranch Redemption 2001</u>	
	<u>Projects</u>	<u>Housing</u>			
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 585,053	\$ 74,675	\$ -	\$ 3,421	\$ 663,149
Cash with fiscal agent	4,657,972	-	-	-	4,657,972
Receivables:					
Interest	597	-	-	-	597
Due from other funds	-	-	-	30,899	30,899
Loans receivable	-	979,297	-	-	979,297
<b>Total Assets</b>	<u>5,243,622</u>	<u>1,053,972</u>	<u>-</u>	<u>34,320</u>	<u>6,331,914</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	3,532	-	-	-	3,532
Salaries and benefits payable	4,234	-	-	-	4,234
Due to other funds	-	-	30,899	-	30,899
Loans payable	551,732	-	-	-	551,732
<b>Total Current Liabilities</b>	<u>559,498</u>	<u>-</u>	<u>30,899</u>	<u>-</u>	<u>590,397</u>
Noncurrent Liabilities:					
Loans payable	11,758,867	-	-	-	11,758,867
<b>Total Noncurrent Liabilities</b>	<u>11,758,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,758,867</u>
<b>Total Liabilities</b>	<u>12,318,365</u>	<u>-</u>	<u>30,899</u>	<u>-</u>	<u>12,349,264</u>
<b>NET POSITION</b>					
Restricted for:					
Successor Agency to the Redevelopment Agency	(7,074,743)	1,053,972	-	-	(6,020,771)
Individuals, organizations, and other governments	-	-	(30,899)	34,320	3,421
<b>Total Net Position</b>	<u>\$ (7,074,743)</u>	<u>\$ 1,053,972</u>	<u>\$ (30,899)</u>	<u>\$ 34,320</u>	<u>\$ (6,017,350)</u>

**CITY OF GRASS VALLEY**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	<u>Private Purpose Trust Funds</u>		<u>Custodial Funds</u>		<u>Totals</u>
	<u>Successor Agency to the Redevelopment Agency of the City of Grass Valley</u>		<u>Whispering Pines Morgan Ranch Reserve 2001</u>	<u>Whispering Pines Morgan Ranch Redemption 2001</u>	
	<u>Projects</u>	<u>Housing</u>			
<b>ADDITIONS</b>					
Property taxes collected for other governments	\$ 317,185	\$ -	\$ -	\$ -	\$ 317,185
Interest and investment earnings	3,412	-	-	-	3,412
Other contributions	-	47,507	-	-	47,507
<b>Total Additions</b>	<u>320,597</u>	<u>47,507</u>	<u>-</u>	<u>-</u>	<u>368,104</u>
<b>DEDUCTIONS</b>					
Expenses of former redevelopment agency	122,212	-	-	-	122,212
Interest expense	484,153	-	-	-	484,153
Amortization	(1,733)	-	-	-	(1,733)
<b>Total Deductions</b>	<u>604,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,632</u>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	(284,035)	47,507	-	-	(236,528)
<b>Total Net Position - Beginning</b>	<u>(6,790,708)</u>	<u>1,006,465</u>	<u>(30,899)</u>	<u>34,320</u>	<u>(5,780,822)</u>
<b>Total Net Position - Ending</b>	<u>\$ (7,074,743)</u>	<u>\$ 1,053,972</u>	<u>\$ (30,899)</u>	<u>\$ 34,320</u>	<u>\$ (6,017,350)</u>