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## GRASS VALLEY

### City Council Regular Meeting, Capital Improvements Authority and Redevelopment "Successor Agency"

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Tuesday, September 09, 2025 at 6:00 PM

Council Chambers, Grass Valley City Hall | 125 East Main Street, Grass Valley, California

Telephone: (530) 274-4310 - Fax: (530) 274-4399

E-Mail: [info@cityofgrassvalley.com](mailto:info@cityofgrassvalley.com)

Web Site: [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com)

## AGENDA

Any person with a disability who requires accommodations to participate in this meeting should telephone the City Clerk's office at (530)274-4390, at least 48 hours prior to the meeting to make a request for a disability related modification or accommodation.

**Mayor Hilary Hodge, Vice Mayor Haven Caravelli, Councilmember Jan Arbuckle,  
Councilmember Joe Bonomolo, Councilmember Tom Ivy**

## MEETING NOTICE

City Council welcomes you to attend the meetings electronically or in person at the City Hall Council Chambers, located at 125 E. Main St., Grass Valley, CA 95945. Regular Meetings are scheduled at 6:00 p.m. on the 2nd and 4th Tuesday of each month. Your interest is encouraged and appreciated.

This meeting is being broadcast "live" on Comcast Channel 17 & 18 by Nevada County Media, on the internet at [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com), or on the City of Grass Valley YouTube channel at <https://www.youtube.com/@cityofgrassvalley.com>

Members of the public are encouraged to submit public comments via voicemail at (530) 274-4390 and email to [public@cityofgrassvalley.com](mailto:public@cityofgrassvalley.com). Comments will be reviewed and distributed before the meeting if received by 5pm. Comments received after that will be addressed during the item and/or at the end of the meeting. Council will have the option to modify their action on items based on comments received. Action may be taken on any agenda item.

Agenda materials, staff reports, and background information related to regular agenda items are available on the City's website: [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com). Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet will be made available on the City of Grass Valley website at [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com), subject to City staff's ability to post the documents before the meeting.

Please note, individuals who disrupt, disturb, impede, or render infeasible the orderly conduct of a meeting will receive one warning that, if they do not cease such behavior, they may be removed from the meeting. The chair has authority to order individuals removed if they do not cease their disruptive behavior following this warning. No warning is required before an individual is removed if that individual engages in a use of force or makes a true threat of force. (Gov. Code, § 54957.95.)

Council Chambers are wheelchair accessible and listening devices are available. Other special accommodations may be requested to the City Clerk 72 hours in advance of the meeting by calling (530) 274-4390, we are happy to accommodate.

## **CALL TO ORDER**

## **PLEDGE OF ALLEGIANCE**

## **ROLL CALL**

**AGENDA APPROVAL** - *The City Council reserves the right to hear items in a different order to accomplish business in the most efficient manner.*

## **REPORT OUT OF CLOSED SESSION**

## **INTRODUCTIONS AND PRESENTATIONS**

1. Presentation from the Nevada County Arts Council
2. Proclamation for the City Council of the City of Grass Valley, California, Honoring our Continued Partnership with the People of Bodmin, Cornwall, England

**PUBLIC COMMENT** - *Members of the public are encouraged to submit public comments via voicemail at (530) 274-4390 and email to public@cityofgrassvalley.com. Comments will be reviewed and distributed before the meeting if received by 5pm. Comments received after 5pm will be addressed during the item and/or at the end of the meeting. Council will have the option to modify their action on items based on comments received. Action may be taken on any agenda item. There is a time limitation of three minutes per person for all emailed, voicemail, or in person comments, and only one type of public comment per person. Speaker cards are assigned for public comments that are on any items not on the agenda, and within the jurisdiction or interest of the City. Speaker Cards can be pulled until the opening of public comment at which time sign ups will no longer be allowed. These cards can be found at the City Clerks desk. If you wish to speak regarding a scheduled agenda item, please come to the podium when the item is announced. When recognized, please begin by providing your name and address for the record (optional). Thirty minutes of public comment will be heard under this item in order of the speaker card assigned and the remaining general public comments will be heard at the end of the meeting. We will begin with number one.*

**CONSENT ITEMS** - *All matters listed under the Consent Calendar are to be considered routine by the City Council and/or Grass Valley Redevelopment Agency and will be enacted by one motion in the form listed. There will be no separate discussion of these items unless, before the City Council and/or Grass Valley Redevelopment Agency votes on the motion to adopt, members of the Council and/or Agency, staff or the public request specific items to be removed from the Consent Calendar for separate discussion and action but Council action is required to do so (roll call vote). Unless the Council removes an item from the Consent Calendar for separate discussion, public comments are invited as to the consent calendar as a whole and limited to three minutes per person.*

3. Approval of the Regular Meeting Minutes of August 26th, 2025.

**Recommendation:** Council approve minutes as submitted.

4. City of Grass Valley Audited Financial Statements and Supplemental Information for Fiscal Year Ended June 30, 2024.

**CEQA:** Not a Project.

**Recommendation:** Pass a Motion to receive and file the City of Grass Valley Audited Financial Statements and Supplemental Information for Fiscal Year Ended June 30, 2024.

5. Residential Permit Parking Program

**CEQA:** Not a project

**Recommendation:** Approve second reading of attached ordinance 836, waive full reading, and read by title only

6. Slate Creek Lift Station Pump Replacement Project - Authorization to Purchase Flygt Equipment

**CEQA:** Categorically Exempt - Section 15301 “Existing Facilities”

**Recommendation:** That Council authorize the City Engineer to purchase standardized Flygt equipment for the Slate Creek Lift Station Pump Replacement Project

**ITEMS REMOVED FROM CONSENT CALENDAR FOR DISCUSSION OR SEPARATE ACTION AND / OR ANY ADDED AGENDA ITEMS**

**REORGANIZATION RELATED ITEMS**

**PUBLIC HEARING**

7. Introduction of an ordinance amending subsection (F) of section 17.38.080 and adding section 17.30.100 of Chapter 17.30 of Title 17 of the Grass Valley Municipal Code to establish standards for art installations in the City

**CEQA:** Exempt under CEQA Guideline §15301, Categorical Exemption Class 1 (“Existing Facilities”) and under CEQA Guideline §15061(b)(3) (General Rule)

**Recommendation:** Approve Resolution 2025-45 adopting a Notice of Exemption for the Project, and Introduce the attached Ordinance 837, waive full reading, and read by Title Only

**ADMINISTRATIVE**

**BRIEF REPORTS BY COUNCIL MEMBERS**

**CONTINUATION OF PUBLIC COMMENT**

**ADJOURN**

**POSTING NOTICE**

This is to certify that the above notice of a meeting of The City Council, scheduled for Tuesday, September 9, 2025, at 6:00 p.m., was posted at city hall, easily accessible to the public, as of 5:00 p.m. Friday, September 5, 2025.

---

Taylor Whittingslow, City Clerk



## **PROCLAMATION**

### **The City Council of the City of Grass Valley, California, Honoring our Continued Partnership with the People of Bodmin, Cornwall, England**

September 2025

**WHEREAS**, the City of Grass Valley, California, and the Town of Bodmin, Cornwall, England, share a unique and historic bond rooted in Cornish migration during the Gold Rush era, when miners and families brought their traditions, skills, and culture to our community; and

**WHEREAS**, this relationship has grown into a lasting sister city partnership built on friendship, respect, and shared cultural heritage; and

**WHEREAS**, the City of Grass Valley recognizes the importance of preserving and celebrating these transatlantic connections that enrich the identity and story of our City; and

**WHEREAS**, through the continued exchange of culture, history, and goodwill, Grass Valley and Bodmin reaffirm their dedication to fostering mutual understanding and unity across nations; and

**WHEREAS**, as a symbol of this enduring friendship, the City of Grass Valley is honored to give the Town of Bodmin a ceremonial Key to the City, representing our gratitude, honor, and ongoing commitment to our cherished sister city relationship.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Grass Valley Honor the historic and enduring partnership between the City of Grass Valley, California, and Bodmin, Cornwall, England, celebrate the shared cultural heritage, history, and values that connect our communities, and express our commitment to strengthening the bonds of friendship, unity, and goodwill for future generations.

Dated this 9<sup>th</sup> day of September 2025

\_\_\_\_\_  
Hilary Hodge, Mayor

\_\_\_\_\_  
Haven Caravelli, Vice Mayor

\_\_\_\_\_  
Jan Arbuckle, Council Member

\_\_\_\_\_  
Joseph Bonomolo, Council Member

\_\_\_\_\_  
Thomas Ivy, Council Member



## GRASS VALLEY

### City Council Regular Meeting, Capital Improvements Authority and Redevelopment "Successor Agency"

Tuesday, August 26, 2025 at 6:00 PM

Council Chambers, Grass Valley City Hall | 125 East Main Street, Grass Valley, California

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## MINUTES

### CALL TO ORDER

Meeting called to order at 6:02 pm.

### PLEDGE OF ALLEGIANCE

Mayor Hilary Hodge led the Pledge of Allegiance.

### ROLL CALL

#### PRESENT

Councilmember Jan Arbuckle

Councilmember Joe Bonomolo

Mayor Hilary Hodge

#### ABSENT

Councilmember Tom Ivy

Vice Mayor Haven Caravelli

### AGENDA APPROVAL -

Motion made to approve the agenda as submitted by Councilmember Arbuckle, Seconded by Councilmember Bonomolo.

Voting Yea: Councilmember Arbuckle, Councilmember Bonomolo, Mayor Hodge

### REPORT OUT OF CLOSED SESSION

There was nothing to report out of the closed session from the closed-door meetings of August 20, 2025, at 4 pm and August 26, 2025, at 10 am.

### INTRODUCTIONS AND PRESENTATIONS

### CITY UPDATE

1. Police Department Retirement

### PUBLIC COMMENT -

In-person public comment: Debbie Land, Sean Johnson, Patrick Johnson, Scott Beesley, Robin Davies, Noga Wisansks, Paul Hass, Duane Straus.

Virtual public comment attached.

**CONSENT ITEMS -**

Virtual comments attached.

Motion made to approve consent as submitted by Councilmember Arbuckle, seconded by Councilmember Bonomolo.

Voting Yea: Councilmember Arbuckle, Councilmember Bonomolo, Mayor Hodge

2. Approval of the Regular Meeting Minutes of August 12, 2025

**Recommendation:** Council approve minutes as submitted.

3. 530 Freeman Lane building reroofing project.

**CEQA:** Categorically Exempt - Section 15301 "Existing Facilities"

**Recommendation:** The Council 1) approves the Deputy Public Works Director to execute a contract with Demartini Roofing to reroof the building at 530 Freeman Ln subject to legal review; 2) allow Deputy Public Works Director to approve a 5% contingency; 3) allow Finance Director to make any necessary budget adjustments and transfers.

4. Opioid Settlement with Purdue Pharma L.P. and the Sackler Family, Authorizing the City Manager to Execute the Related Participation Agreements, and Granting Authority to the City Manager to Execute and Enter into Future Agreements Related to the Nationwide Opioid Settlements

**CEQA:** Not a project

**Recommendation:** Adopt the resolution approving the opioid settlement with Purdue Pharma and the Sackler family, authorizing the City Manager to execute related agreements and to enter into future agreements relating to the nationwide opioid settlements.

5. Resolution to Incorporate Credit Card Processing Fees into the City's Municipal Fee Schedule.

**CEQA:** Not a Project.

**Recommendation:** That the City Council adopt Resolution No. 2025-46, incorporating credit card processing fees into the City's Municipal Fee Schedule pursuant to Government Code Section 6159.

6. Travel for training course to establish a Designated Infection Control Officer (DICO).

**CEQA:** Not a Project

**Recommendation:** That Council approve the out-of-state travel for the EMS Supervisor to attend a required course establishing a Designated Infection Control Officer for the Fire and Police Departments.

**ITEMS REMOVED FROM CONSENT CALENDAR FOR DISCUSSION OR SEPARATE ACTION AND / OR ANY ADDED AGENDA ITEMS**

**PUBLIC HEARING**

**ADMINISTRATIVE**

7. Residential Permit Parking Program

**CEQA:** Not a project

**Recommendation:** (1) Introduce the attached ordinance 836, waive full reading, and read by title only; and (2) approve Resolution 2025-44 effective upon passage of the ordinance

Alex Gammelgard, Police Chief, gave an overview of the item to the council.

Public comments: Jedidiah Watson, Sean Johnson, Patrick Johnson, Robin Galvin-Davis, Michelle Glind

Virtual Public comment attached.

Motion made to (1) Introduce the attached ordinance 836, waive full reading, and read by title only; and (2) approve Resolution 2025-44 effective upon passage of the ordinance by Councilmember Arbuckle, Seconded by Councilmember Bonomolo.

Voting Yea: Councilmember Arbuckle, Councilmember Bonomolo, Mayor Hodge

### **BRIEF REPORTS BY COUNCIL MEMBERS**

Councilmember Bonomolo announced that they did not have an AdHoc meeting for the skate park, but will be scheduled in September, and attended some closed-door meetings. Councilmember Arbuckle attended a GVDA Merchant Meeting, a GVDA joint Chamber Meeting, a Loma Rica Houses ribbon cutting, a Nevada County Law and Fire meeting, a Salute to First Responders event, a Women League Event, a Women in Municipal Government, and a National League of Cities Meeting. She also announced that there will be an upcoming event of Magical Evening on Mill. Mayor Hodge wants to congratulate the Episcopal Church on their 107th anniversary, attend the chamber business workshop on Wednesday with the Mayor tomorrow at 8 am, LAFCO meeting

### **ADJOURN**

Meeting adjourned at 6:58 pm.

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Hilary Hodge, Mayor

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Taylor Whittingslow, City Clerk

Adopted on: \_\_\_\_\_

**Taylor Whittingslow**

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**From:** WIRELESS CALLER - Voicemail box 8880 <noreply@voicemail.goto.com>  
**Sent:** Tuesday, August 26, 2025 6:38 PM  
**To:** Public Comments  
**Subject:** Voicemail from [REDACTED] on Aug 26 2025 6:34 PM  
**Attachments:** 1756258494-00001604.mp3



## You received a new voicemail message



New voicemail message

**Time:** Tuesday, August 26 2025 6:34 PM

**From:** [REDACTED]

**Duration:** 1 minute 35 seconds

**Voicemail box:** 8880

**Transcript:**

Hi, this is Matthew Coulter coming on the parking permit situation, and I'd just like to point out that a lot of folks park right in front of their businesses or as close as they can get a good repeat offender daily in front of Sereno's, and I don't see why the city allows that and why the business owner thinks that doesn't happen, but it takes up space. And then they have a push out in front of their place too, which the sidewalk is often blocked with delivery trucks. They actually park on the sidewalk. So there's only a very narrow passage to go through with the very dark bushes surrounding it and a very tight situation and sloping sidewalk to the entrance to the restaurant. So really parking in Grass Valley and behind the owl is another point. There's a whole stripe where pedestrians are supposed to walk. If no parking, it's diagonally striped, there's no parking, but that seems to be the new place for people to park and have



businesses along that corridor. And it blocks everything, it blocks for emergency vehicles, and really you guys really need to get out and walk around and see what's going on with the parking, because the sidewalks are now the parking lots. So that pushes pedestrians out into the road which is more dangerous yeah get out walk around a little bit and you'll see what I'm talking about

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**Taylor Whittingslow**

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**From:** WIRELESS CALLER - Voicemail box 8880 <noreply@voicemail.goto.com>  
**Sent:** Tuesday, August 26, 2025 6:19 PM  
**To:** Public Comments  
**Subject:** Voicemail from [REDACTED] on Aug 26 2025 6:15 PM  
**Attachments:** 1756257300-000015f3.mp3



## You received a new voicemail message



New voicemail message

**Time:** Tuesday, August 26 2025 6:15 PM

**From:** [REDACTED]

**Duration:** 2 minutes 46 seconds

**Voicemail box:** 8880

**Transcript:** Hi, this is Matthew Coulter for public comment during city council meeting grass valley, and I'm wondering where our city council is tonight. Are they at burning man by chance? And that's the priority versus what's going on in town. Well, let me tell you a little story here. It's called the Humpty Dumpty incident grass valley, high priority investigation grass valley, police department, police chief grass Valley Police Department detectives, grass valley police department, beat cops, grass valley city council member, grass valley city council members, husband, grass valley city manager, grass valley city dog, grass valley city lawyers, Nevada county DA's office, Nevada county public defender. Sorry if I left anyone out. Oh, the GV city clerk too. This is what you guys are wasting your time on for a Facebook post. that Haven would literally call Alex the police chief at night to do an investigation over a

Facebook post. Well I'd like an investigation to be done on Haven over having her MEC workers living in the Bennett Street homeless camps and walking to work when she had her place over here on Colfax Avenue. But as I sit in court and watch the arson case the fire arson investigator expert witness MEC multiple times. So I would highly suggest that Haven steps aside from her City Council position until that case is concluded to find out what really is going on with her housing people in the homeless camps and unfortunately being charged with starting six arson fires. Very very sad situation. So I hope we can direct our resources towards more important things than Burning Man and Facebook posts and Haven and Matt, who Haven, her husband was charged with attempted grievous bodily harm on me in a city council meeting. And you keep protecting these people for some reason. And looking at the police report right here, I read Alex's report, but I think it was done with AI. There's so many typos in it. It's such a bizarre report. It is so bizarre. I Highly suggest you read it Another one here from Hillary Wow you guys Come on get a grip

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**Taylor Whittingslow**

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**From:** Melissa Goldman [REDACTED]  
**Sent:** Tuesday, August 19, 2025 4:28 PM  
**To:** Public Comments  
**Subject:** New Animal Shelter

You don't often get email from [REDACTED]. [Learn why this is important](#)

To Grass Valley City Council,

In 2023 we held a fundraiser at the Center for the Arts to help the GV Animal Shelter. We raised funds to paint the shelter, put up a new sign, create a catio and put in some cheery murals. Tho it was like putting "lipstick on a pig" we tried our best in making the shelter a little better. We were relieved also that at that time the City Council made a statement to prioritize the creation of a new animal shelter for Grass Valley.

Since then I understand a piece of land on La Barr Meadows road was purchased to create a new shelter and several millions of dollars spent to create a blueprint for the new shelter. Is that still happening?

What is the future of the animal shelter in Grass Valley and Nevada County? Will these two entities partner to make a new animal shelter? What are the plans? Is there a task force dedicated to seeing this through or is there a need to create one?

Please keep the planning of a new shelter for the animals as a priority for the City Council. The GV Animal Shelter is too old and not up to code. Sammie's Friends is also in shambles. People care about the animals and the shelter. Wayward Journey has stepped up to help but the fact is they have to deal with a decrepit shelter which has a horrible stench due to being next to the water treatment plant. Why do we continue to subject all the kind people who volunteer there to these conditions? Can we move the shelter to La Barr Meadows or find a new location? Please help guide us as to what the city and the citizens need to do to make a new animal shelter possible.

Thank you!

Melissa Goldman  
Small business owner



## City of Grass Valley City Council Agenda Action Sheet

**Title:** City of Grass Valley Audited Financial Statements and Supplemental Information for Fiscal Year Ended June 30, 2024.

**CEQA:** Not a Project.

**Recommendation:** Pass a Motion to receive and file the City of Grass Valley Audited Financial Statements and Supplemental Information for Fiscal Year Ended June 30, 2024.

**Prepared by:** Jennifer Styczynski, Deputy Finance Director

**Council Meeting Date:** 09/09/2025

**Date Prepared:** 09/03/2025

**Agenda:** Consent

**Background:** The City is required to prepare and audit Annual Financial Statements (AFS) each year for all financial transactions of City funds. These statements communicate the financial health of the City to the City Council, state and federal oversight agencies, investors, and the public.

This year's AFS includes the Schedule of Expenditures of Federal Awards (SEFA), also known as the Single Audit, which is required when federal expenditures exceed \$750,000 in a fiscal year. The Single Audit provides assurance to the federal government that the City has adequate internal controls and is in compliance with program requirements.

Smith & Newell, CPA, completed the AFS for the City of Grass Valley for the year ending June 30, 2024, which included the following audit opinion:

“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, 2024, 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.”

The Independent Auditor's Management Letter identified two current-year findings, and the City has submitted corrective action plans in response. A summary of these findings is provided in the following paragraphs.

The City's Schedule of Expenditures of Federal Awards (SEFA) was initially understated by \$105,788 due to inaccurate information provided at the start of fieldwork. While no questioned costs were identified, this repeat finding from the prior year will be addressed by strengthening internal review procedures, providing staff training on federal requirements, and assigning responsibility for SEFA preparation under the

oversight of the Finance Director. These corrective measures will be implemented before the next audit cycle to ensure accurate reporting.

The audit also noted that six of twelve employee payroll tax withholdings did not agree with amounts authorized on employee-completed W-4 and DE-4 forms. Although no questioned costs were identified, the City acknowledges the errors and has already taken corrective action. All employees were required to submit updated 2025 W-4 and DE-4 forms, a dual-verification process for new and updated elections has been implemented, and refresher training has been provided to payroll and HR staff to ensure withholdings are accurately processed going forward.

The City's total net position decreased by approximately \$6.4 million over the course of this year's operations when considering all City operations and programs. The assets of the City exceeded its liabilities by about \$106.0 million at the end of the 2024 fiscal year. Of that amount, the City has \$91.6 million invested in capital assets and \$22.9 million in restricted net position largely due to balances related to housing loans; and unspent capital-related and other funds held for a specific purpose. The City also has a deficit unrestricted net position of approximately (\$8.5 million) 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 decreased by approximately \$3.16 million when compared to the 2023 fiscal year. Aside from typical annual increases in collections of certain discretionary taxes and other fees, this decrease is primarily due to lower amounts of 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; and a slight decrease in utility charges for services (recurring charges for services and connection fees). It should be mentioned that citywide interest earnings increased by approximately \$1.2 million in FY 2023-24, primarily as a result of sustained higher interest rates.

As a recipient of Federal grant funds in excess of \$750,000, a Single Audit Report is required to be submitted in compliance with the financial reporting requirement in accordance with Title 2, Code of Federal Regulations (CFR), Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Single Audit Report includes the following:

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance
- Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2024.
- Notes to Schedule of Expenditures of Federal Awards.
- Schedule of Findings and Questioned Costs.
- Schedule of Prior Year Findings and Questioned Costs.

- Management's Corrective Action Plan.

As part of the Single Audit, the City's auditors reviewed the City's internal controls over financial reporting to plan audit procedures and express an opinion on the financial statements, but not to provide an opinion on the effectiveness of internal controls. A deficiency in internal control exists when the design or operation of a control does not allow management or staff, in the normal course of their duties, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, with a reasonable possibility that a material misstatement would not be prevented or detected. A significant deficiency is less severe than a material weakness but important enough to merit attention by those charged with governance.

The auditors identified a significant deficiency (Finding 2024-001) related to budget compliance. The City did not amend its budgets to reflect approved changes, resulting in expenditures exceeding appropriations in several funds. No questioned costs were identified. Staff has addressed this issue in the Corrective Action Plan and will complete corrective actions prior to September 30, 2025.

These reports have been reviewed and approved by Management.

**Council Goals/Objectives:** Preparing and reviewing the audit helps the City develop a more accurate budget for the following year, ensures compliance with State law, and provides investors with information to assess the City's financial stability, all of which supports fiscal sustainability.

**Fiscal Impact:** There is no fiscal impact associated with this action.

**Funds Available:** N/A

**Account #:** N/A

**Reviewed by:** City Manager

**Attachments:**

- 1) Financial Statements Together with Independent Auditor's Report for the Year Ended June 30, 2024
- 2) Single Audit Act Reports and Schedules for the Year Ended June 30, 2024
- 3) Independent Auditor's Management Letter
- 4) Independent Accountant's Report on Applying Agreed-Upon Procedures to Appropriations Limit Calculations

# **CITY OF GRASS VALLEY, CALIFORNIA**



**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2024**



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**CITY OF GRASS VALLEY**  
**Annual Financial Report**  
**For the Year Ended June 30, 2024**

Item # 4.

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**CITY OF GRASS VALLEY**  
**Annual Financial Report**  
**For the Year Ended June 30, 2024**

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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, 2024**

**City Council**

Jan Arbuckle	Mayor
Hilary Hodge	Vice Mayor
Tom Ivy	Council Member
Bob Branstrom	Council Member
Haven Caravelli	Council Member

**City Officials**

Tim Kiser	City Manager
Andy Heath	Administrative Services Director
Alex Gammelgard	Chief of Police
Vacant	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, 2024, 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, 2024, 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 the 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 judgment 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 judgment 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 judgment, 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 information, City OPEB Plan information, and budgetary comparison information as listed in the table of contents 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary 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**

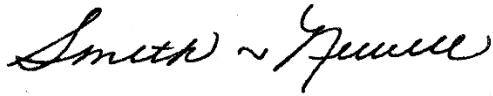
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, 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 June 10, 2025, 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  
June 10, 2025

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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, 2024**

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, 2024. It should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- ◆ The City's total net position decreased by approximately \$6.4 million over the course of this year's operations when considering all City operations and programs. The assets of the City exceeded its liabilities by about \$106.0 million at the end of the 2024 fiscal year. Of that amount, the City has \$91.6 million invested in capital assets and \$22.9 million in restricted net position largely due to balances related to housing loans; and unspent capital-related and other funds held for a specific purpose. The City also has a deficit unrestricted net position of approximately (\$8.5 million) 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 decreased by approximately \$3.16 million when compared to the 2023 fiscal year. Aside from typical annual increases in collections of certain discretionary taxes and other fees, this decrease is primarily due to lower amounts of 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; and a slight decrease in utility charges for services (recurring charges for services and connection fees). It should be mentioned that citywide interest earnings increased by approximately \$1.2 million in FY 2023-24, primarily as a result of sustained higher interest rates.
- ◆ The General Fund reported a fund balance of approximately \$8.29 million at the end of the 2024 fiscal year, a decrease of approximately \$377,000 from FY 2022-23. This decrease can be primarily attributed to inflationary pressures on everyday operations and program costs, higher levels of overtime incurred for public safety and use of fund balances towards certain capital projects and outlay.
- ◆ The Measure E Fund reported a fund balance of approximately \$3.68 million at the end of the 2024 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. During FY 2023-24, the City used approximately \$3.70 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 \$11.04 million in unrestricted net position reported in the enterprise funds, a decrease of approximately \$540,000 from the prior year. This decrease 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; and increased expenses for both the Water and Sewer enterprise operations.

**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, 2024**

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, 2024**

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, 2024, the City's major funds are as follows:

**GOVERNMENTAL FUNDS:**

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

**PROPRIETARY FUNDS:**

- Water Enterprise Fund
- Sewer Enterprise Fund

For the fiscal year ended June 30, 2024, 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 28-60 of this report. Required Supplementary Information follows the notes on pages 61-70.

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024**

**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 71-78 of this report.

**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 \$105,958,492 as of June 30, 2024. The Summary of Net Position as of June 30, 2024, and 2023, follows:

<b>City of Grass Valley Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>
Current and other assets	\$ 35,301,826	\$ 33,323,880	\$ 12,550,742	\$ 13,363,977	\$ 47,852,568	\$ 46,687,857
Capital assets	64,767,276	63,997,624	41,125,867	38,887,161	105,893,143	102,884,785
<b>Total Assets</b>	<b>100,069,102</b>	<b>97,321,504</b>	<b>53,676,609</b>	<b>52,251,138</b>	<b>153,745,711</b>	<b>149,572,642</b>
Employer pension contributions	14,023,837	7,589,947	2,647,496	2,233,066	16,671,333	9,823,013
Employer OPEB contributions	1,055,356	1,029,573	97,241	94,865	1,152,597	1,124,438
<b>Total Deferred Outflows of Resources</b>	<b>15,079,193</b>	<b>8,619,520</b>	<b>2,744,737</b>	<b>2,327,931</b>	<b>17,823,930</b>	<b>10,947,451</b>
Current liabilities	4,317,862	3,237,911	396,546	532,459	4,714,408	3,770,370
Long-term liabilities	36,433,003	35,646,069	7,483,051	7,595,487	43,916,054	43,241,556
<b>Total Liabilities</b>	<b>40,750,865</b>	<b>38,883,980</b>	<b>7,879,597</b>	<b>8,127,946</b>	<b>48,630,462</b>	<b>47,011,926</b>
Deferred pension adjustments	6,032,440	2,671,601	1,138,836	786,022	7,171,276	3,457,623
Deferred OPEB adjustments	3,080,257	3,746,819	283,815	345,233	3,364,072	4,092,052
<b>Total Deferred Inflows of Resources</b>	<b>9,112,697</b>	<b>6,418,420</b>	<b>1,422,651</b>	<b>1,131,255</b>	<b>10,535,348</b>	<b>7,549,675</b>
<b>Net position</b>						
Invested in capital assets net of related debt	57,478,020	57,354,363	35,543,286	34,283,743	93,021,306	91,638,106
Restricted	23,410,181	22,860,534	-	-	23,410,181	22,860,534
Unrestricted	(15,603,468)	(19,576,273)	11,575,812	11,036,125	(4,027,656)	(8,540,148)
<b>Total Net Position</b>	<b>\$ 65,284,733</b>	<b>\$ 60,638,624</b>	<b>\$ 47,119,098</b>	<b>\$ 45,319,868</b>	<b>\$ 112,403,831</b>	<b>\$ 105,958,492</b>

Overall, total net position decreased by approximately \$6.45 million. Of this amount, net position for governmental activities decreased by approximately \$4.65 million and net position for business-type activities decreased by approximately \$1.80 million. Approximately 84 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 decreased by approximately \$550,000 and unrestricted net position decreased by approximately \$4.51 million. It should be mentioned that there is a negative amount of total unrestricted net position (-\$8.54 million in FY 2023-24) 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 2024, a citywide "net pension liability" of \$10.53 million is recognized. 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, 2024**

Item # 4.

Analysis of changes in net position for the fiscal year ending June 30, 2024, follows:

**Revenues**

The City's total revenues for governmental and business-type activities were approximately \$35.99 million for the fiscal year ended June 30, 2024. Significant revenues collected by the City during fiscal year 2024 were derived from sales taxes (38.6%), charges for services (25.1%), and property taxes (15.8%).

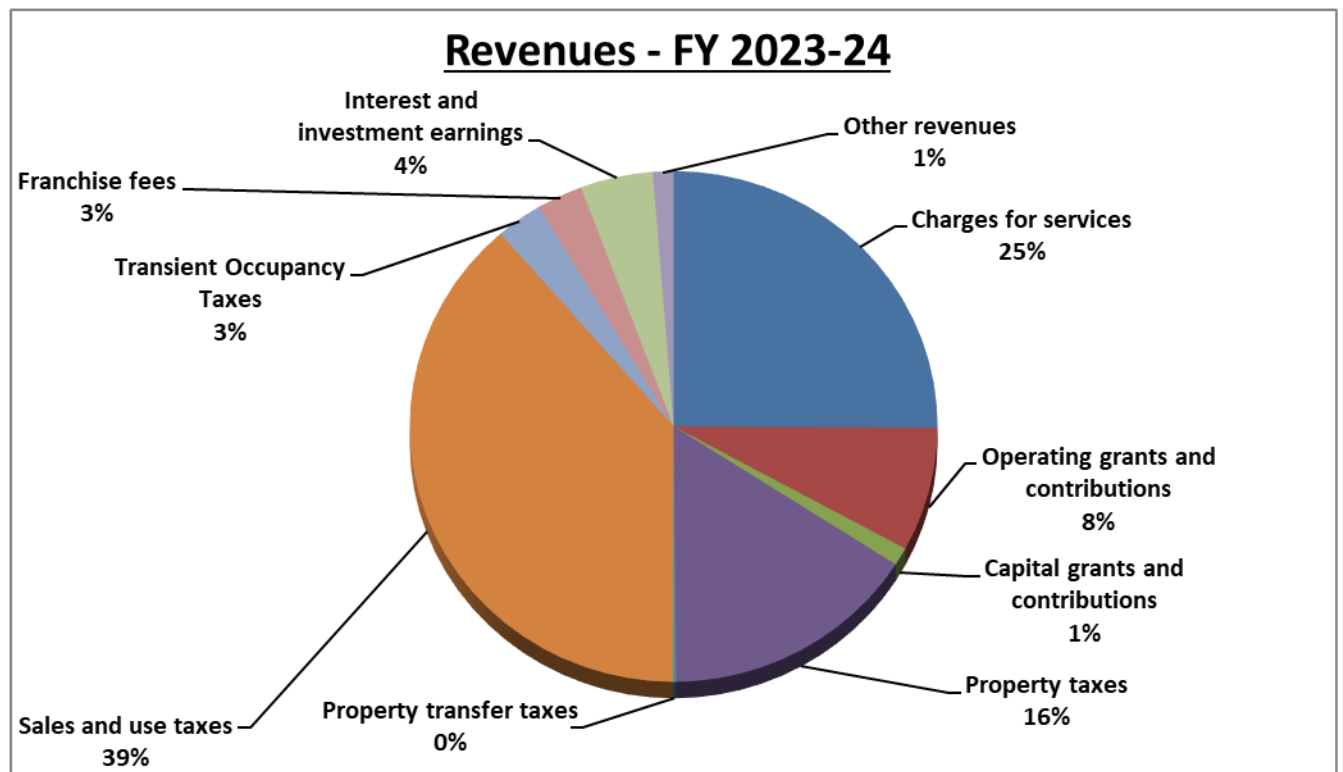
The following discusses variances in key revenues from the prior fiscal year:

1. **Charges for Services** – The approximately \$240,000 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 2024.
2. **Sales Tax.** Annual receipts increased by approximately \$289,000 as the local economy continued to recover from the impacts of the COVID-19 Pandemic and the City's continued receipt of the largest share of "County Pooled" sales tax revenues.
3. **Property Tax.** Property taxes increased by approximately \$369,000 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) increased by approximately \$1.20 million due to the City's focus on a laddered investment portfolio, taking advantage of continued high investment interest rates. Additionally, 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, 2024, accounts for a portion of the increase in investment earnings. It is not expected that the fair market value gain/(loss) will ever materialize as all investments are held to maturity.
5. **Operating and Capital Grants and Contributions.** Operating and Capital Grants and Contributions decreased by approximately \$5.11 million due a reduction in one-time 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 remained relatively flat with those collected in FY 2022-23, recognizing continued recovery from the impacts of the COVID-19-related economic shutdown.
7. **Miscellaneous Revenues.** Miscellaneous revenues increased by \$275,000 due to general expense reimbursements related to payroll and law enforcement costs.

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 1,768,341	\$ 1,628,839	\$ 7,498,292	\$ 7,397,322	\$ 9,266,633	\$ 9,026,161
Operating grants and contributions	5,152,304	2,831,427	-	-	5,152,304	2,831,427
Capital grants and contributions	3,201,464	409,451	-	-	3,201,464	409,451
<i>General Revenues</i>						
Property taxes	5,305,336	5,674,645	-	-	5,305,336	5,674,645
Property transfer taxes	66,225	64,649	-	-	66,225	64,649
Sales and use taxes	13,595,210	13,884,523	-	-	13,595,210	13,884,523
Transient Occupancy Taxes	1,033,199	1,033,225	-	-	1,033,199	1,033,225
Franchise fees	991,507	1,010,504	-	-	991,507	1,010,504
Interest and investment earnings	150,453	1,093,386	256,462	510,606	406,915	1,603,992
Miscellaneous	132,915	408,316	325	364	133,240	408,680
Gain (loss) on sale of assets	4,995	46,085	-	-	4,995	46,085
<b>Total Revenues</b>	<b>\$ 31,401,949</b>	<b>\$ 28,085,050</b>	<b>\$ 7,755,079</b>	<b>\$ 7,908,292</b>	<b>\$ 39,157,028</b>	<b>\$ 35,993,342</b>



### Expenses

Governmental and business-type activity expenses of the City for the year totaled approximately \$42.44 million. Governmental activity expenses totaled approximately \$33.02 million or 77.9% of total expenses. Business-type activities incurred approximately \$9.41 million in expenses during the fiscal year. Public safety costs represent 22.1% of total governmental activities expenses for FY 2023-24.

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024**

### Governmental Activities

Expenditures for Governmental Activities decreased by \$3.86 million from the previous year, primarily due to reductions in General Government, Public Protection and Public Works / Transportation operational expenditures. The pension liability adjustment(s) can be attributed to a majority of the decrease in expenditures – whereby each year the amount is updated to reflect anticipated costs in the future by recognizing the change from year-to-year. Expenditures incurred in FY 2022-23 (the prior year) were significantly higher due to these pension adjustments, leading to an ultimate reduction in FY 2023-24 when comparing aggregated amounts.

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 increased personnel costs purchase of police and fire apparatus and filling of vacant positions; offset by
- A decrease in total capital / outlay expenditures incurred by Governmental Funds including the Capital Projects Fund, Special Projects Fund and the Measure E Fund.

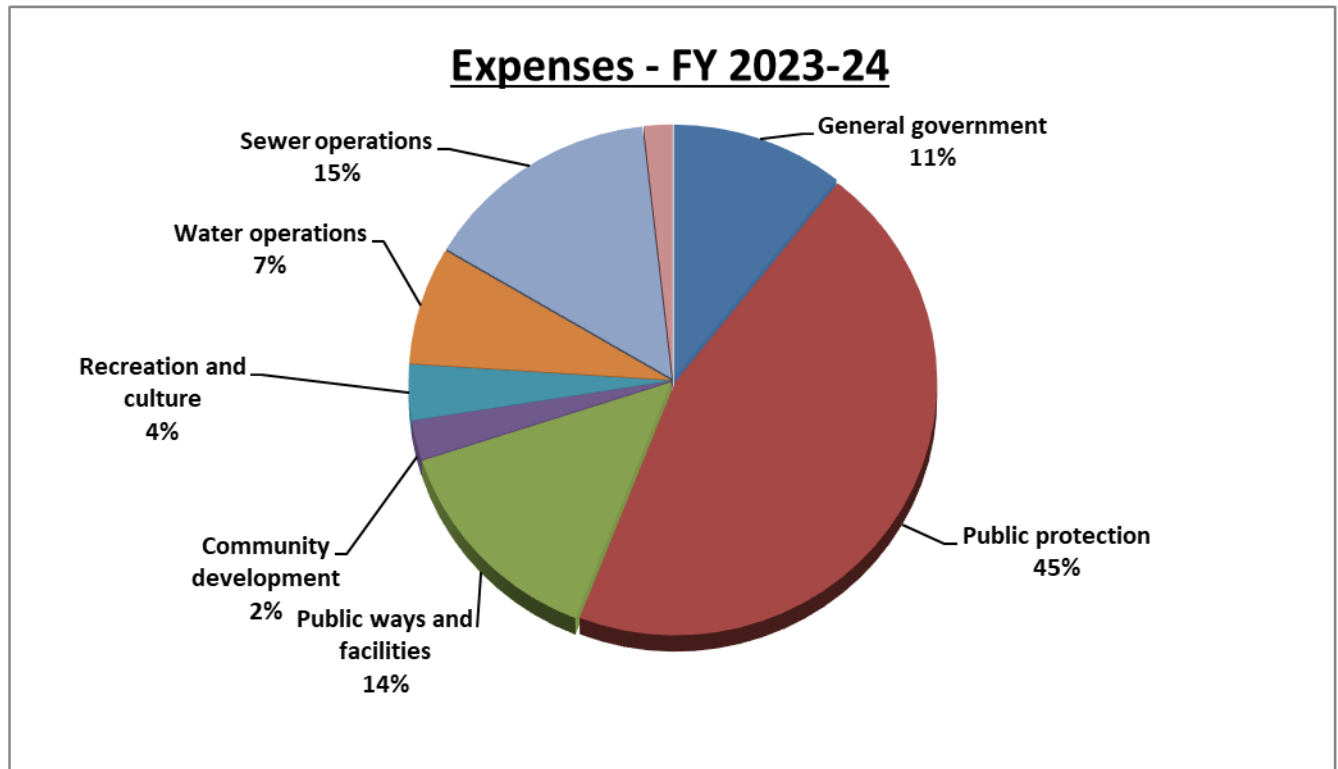
### Business-Type Activities

Expenditures for Business-Type Activities increased by approximately \$570,000 from the previous year, primarily as a result of the pension and other post-employment benefits liabilities reductions previously mentioned and increased operational costs related to inflationary pressures.

City-wide Changes in Net Position for FY 2023-24 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>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>
Expenses						
General government	\$ 4,765,856	\$ 4,525,266	\$ -	\$ -	\$ 4,765,856	\$ 4,525,266
Public protection	22,492,023	19,219,137	-	-	22,492,023	19,219,137
Public ways and facilities	6,338,566	5,958,996	-	-	6,338,566	5,958,996
Community development	1,445,092	1,064,051	-	-	1,445,092	1,064,051
Recreation and culture	1,056,739	1,499,415	-	-	1,056,739	1,499,415
Water operations	-	-	2,822,591	3,177,954	2,822,591	3,177,954
Sewer operations	-	-	6,022,331	6,237,152	6,022,331	6,237,152
Interest on long term debt	782,829	756,710	-	-	782,829	756,710
<b>Total Expenses</b>	<b>36,881,105</b>	<b>33,023,575</b>	<b>8,844,922</b>	<b>9,415,106</b>	<b>45,726,027</b>	<b>42,438,681</b>
Excess (deficiency) before transfers	(5,479,156)	(4,938,525)	(1,089,843)	(1,506,814)	(6,568,999)	(6,445,339)
Transfers	959,333	292,416	(959,333)	(292,416)	-	-
Change in net position	(4,519,823)	(4,646,109)	(2,049,176)	(1,799,230)	(6,568,999)	(6,445,339)
Net Position - Beginning of year	69,804,556	65,284,733	49,168,274	47,119,098	118,972,830	112,403,831
Net Position - End of year	<u>\$ 65,284,733</u>	<u>\$ 60,638,624</u>	<u>\$ 47,119,098</u>	<u>\$ 45,319,868</u>	<u>\$112,403,831</u>	<u>\$105,958,492</u>

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024**



### **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, 2024, the City's governmental funds reported combined fund balances of approximately \$30.05 million.

The General Fund is the primary operating fund of the City. For the fiscal year ended June 30, 2024, General Fund total fund balance was approximately \$8.29 million. This represents a decrease of approximately \$377,000 from the prior year, primarily due to inflationary pressures on everyday operations and program costs, higher levels of overtime incurred for public safety and use of fund balances towards certain capital projects and outlay.

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, 2024, Measure E Fund total fund balance was approximately \$3.68 million, essentially 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 \$7.54 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 decreased by approximately \$514,000 in the fiscal year ended June 30, 2024, primarily due to higher services and supplies expenditures

**City of Grass Valley  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024**

(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, 2024, amount to approximately \$102.88 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	
	2023	2024	2023	2024	2023	2024
Land	\$ 3,689,025	\$ 3,689,025	\$ 339,401	\$ 339,401	\$ 4,028,426	\$ 4,028,426
Construction in progress	13,694,982	15,534,826	800,673	807,225	14,495,655	16,342,051
Infrastructure	38,859,679	36,555,997	7,944,545	7,524,322	46,804,224	44,080,319
Buildings and improvements	5,148,224	4,651,035	31,289,735	29,524,535	36,437,959	34,175,570
Equipment and vehicles	3,345,336	3,541,001	751,513	691,678	4,096,849	4,232,679
Software	30,030	25,740	-	-	30,030	25,740
<b>Totals</b>	<b>\$ 64,767,276</b>	<b>\$ 63,997,624</b>	<b>\$ 41,125,867</b>	<b>\$ 38,887,161</b>	<b>\$105,893,143</b>	<b>\$102,884,785</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 on beginning on page 41 for other capital asset information.

### Economic Outlook

In June 2024 the City Council adopted the FY 2024-25 Budget. The FY 2024-25 Adopted Budget includes General Fund revenues of \$18.61 million and appropriations of \$18.61 million (a balanced budget). Additionally, the FY 2024-25 Adopted Budget includes Measure E revenues of \$7.36 million and appropriations of \$11.99 million. These budgets have been adjusted to account for the expected economic activity coupled with the presumed use of Measure E fund balances towards certain capital projects (streets and parks).

Budgets will continue to be monitored and updated as the fiscal year progresses. 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, 2024**

Item # 4.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 20,273,321	\$ 11,263,369	\$ 31,536,690
Receivables:			
Accounts	728,756	1,437,800	2,166,556
Interest	50,275	23,884	74,159
Taxes	3,287,750	-	3,287,750
Intergovernmental	67,436	-	67,436
Prepaid costs	1,576	-	1,576
Due from external parties	30,899	-	30,899
Loans receivable	8,883,091	-	8,883,091
Restricted cash and investments	776	638,924	639,700
Capital assets:			
Non-depreciable	19,223,851	1,146,626	20,370,477
Depreciable, net	44,773,773	37,740,535	82,514,308
Total capital assets	<u>63,997,624</u>	<u>38,887,161</u>	<u>102,884,785</u>
<b>Total Assets</b>	<u>97,321,504</u>	<u>52,251,138</u>	<u>149,572,642</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	7,589,947	2,233,066	9,823,013
Deferred OPEB adjustments	1,029,573	94,865	1,124,438
<b>Total Deferred Outflows of Resources</b>	<u>8,619,520</u>	<u>2,327,931</u>	<u>10,947,451</u>
<b>LIABILITIES</b>			
Accounts payable	2,670,748	444,491	3,115,239
Salaries and benefits payable	345,294	52,113	397,407
Deposits payable	221,869	1,546	223,415
Interest payable	-	34,309	34,309
Long-term liabilities:			
Due within one year	2,101,846	1,033,526	3,135,372
Due in more than one year	21,308,169	3,791,107	25,099,276
Net pension liability	8,132,804	2,392,781	10,525,585
Total OPEB liability	<u>4,103,250</u>	<u>378,073</u>	<u>4,481,323</u>
<b>Total Liabilities</b>	<u>38,883,980</u>	<u>8,127,946</u>	<u>47,011,926</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension adjustments	2,671,601	786,022	3,457,623
Deferred OPEB adjustments	3,746,819	345,233	4,092,052
<b>Total Deferred Inflows of Resources</b>	<u>6,418,420</u>	<u>1,131,255</u>	<u>7,549,675</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, 2024**

Item # 4.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>NET POSITION</b>			
Net investment in capital assets	57,354,363	34,283,743	91,638,106
Restricted for:			
General government	3,807,898	-	3,807,898
Public protection	379,676	-	379,676
Public ways and facilities	2,752,299	-	2,752,299
Community development	9,649,035	-	9,649,035
Capital projects	6,271,626	-	6,271,626
Unrestricted	(19,576,273)	11,036,125	(8,540,148)
<b>Total Net Position</b>	<b>\$ 60,638,624</b>	<b>\$ 45,319,868</b>	<b>\$ 105,958,492</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, 2024**

Item # 4.

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
Governmental activities:			
General government	\$ 4,525,266	\$ 37,815	\$ 403,448
Public protection	19,219,137	32,229	784,390
Public ways and facilities	5,958,996	798,228	1,643,589
Community development	1,064,051	760,567	-
Recreation and culture	1,499,415	-	-
Interest on long-term debt	756,710	-	-
<b>Total Governmental Activities</b>	<b>33,023,575</b>	<b>1,628,839</b>	<b>2,831,427</b>
Business-type activities:			
Water	3,177,954	2,187,130	-
Sewer	6,237,152	5,210,192	-
<b>Total Business-Type Activities</b>	<b>9,415,106</b>	<b>7,397,322</b>	<b>-</b>
<b>Total</b>	<b>\$ 42,438,681</b>	<b>\$ 9,026,161</b>	<b>\$ 2,831,427</b>

**General revenues:**

Taxes:

Property taxes

Property transfer taxes

Sales and use taxes

Transient occupancy taxes

Franchise fees

Interest and investment earnings

Miscellaneous

Gain (loss) on sale of asset

**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>
\$ (3,714,552)	\$ -	\$ (3,714,552)
(18,402,518)	-	(18,402,518)
(3,477,179)	-	(3,477,179)
(303,484)	-	(303,484)
(1,499,415)	-	(1,499,415)
(756,710)	-	(756,710)
(28,153,858)	-	(28,153,858)
-	(990,824)	(990,824)
-	(1,026,960)	(1,026,960)
-	(2,017,784)	(2,017,784)
(28,153,858)	(2,017,784)	(30,171,642)
5,674,645	-	5,674,645
64,649	-	64,649
13,884,523	-	13,884,523
1,033,225	-	1,033,225
1,010,504	-	1,010,504
1,093,386	510,606	1,603,992
408,316	364	408,680
46,085	-	46,085
292,416	(292,416)	-
23,507,749	218,554	23,726,303
(4,646,109)	(1,799,230)	(6,445,339)
65,284,733	47,119,098	112,403,831
\$ 60,638,624	\$ 45,319,868	\$ 105,958,492



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## **Basic Financial Statements**

- **Fund Financial Statements**

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**CITY OF GRASS VALLEY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

Item # 4.

	<b>General</b>	<b>Measure "E"</b>	<b>Housing</b>	<b>Capital Improvement Projects</b>
<b>ASSETS</b>				
Cash and investments	\$ 7,649,988	\$ 2,532,409	\$ 733,392	\$ 194,285
Receivables:				
Accounts	580,318	-	-	500
Interest	20,146	7,593	1,513	-
Taxes	1,900,169	1,284,947	-	-
Intergovernmental	18,115	-	-	40,000
Prepaid costs	1,576	-	-	-
Due from other funds	224,559	-	-	-
Loans receivable	-	-	8,014,799	-
Restricted cash and investments	776	-	-	-
<b>Total Assets</b>	<b>\$ 10,395,647</b>	<b>\$ 3,824,949</b>	<b>\$ 8,749,704</b>	<b>\$ 234,785</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,618,182	\$ 71,795	\$ 2,100	\$ 811,336
Salaries and benefits payable	264,859	70,140	-	5,010
Deposits payable	221,869	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>2,104,910</b>	<b>141,935</b>	<b>2,100</b>	<b>816,346</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	-	-	40,000
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000</b>
<b>FUND BALANCES</b>				
Nonspendable	1,576	-	8,014,799	-
Restricted	207,034	-	732,805	-
Assigned	-	3,683,014	-	-
Unassigned	8,082,127	-	-	(621,561)
<b>Total Fund Balances (Deficits)</b>	<b>8,290,737</b>	<b>3,683,014</b>	<b>8,747,604</b>	<b>(621,561)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 10,395,647</b>	<b>\$ 3,824,949</b>	<b>\$ 8,749,704</b>	<b>\$ 234,785</b>

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>
\$ 6,121,603	\$ 3,041,644	\$ 20,273,321
136,876	11,062	728,756
13,147	7,876	50,275
-	102,634	3,287,750
-	9,321	67,436
-	-	1,576
-	-	224,559
-	868,292	8,883,091
-	-	776
<u>\$ 6,271,626</u>	<u>\$ 4,040,829</u>	<u>\$ 33,517,540</u>
\$ -	\$ 167,335	\$ 2,670,748
-	5,285	345,294
-	-	221,869
-	193,660	193,660
-	366,280	3,431,571
-	-	40,000
-	-	40,000
-	868,292	8,884,667
-	588,414	1,528,253
6,271,626	2,439,162	12,393,802
-	(221,319)	7,239,247
6,271,626	3,674,549	30,045,969
<u>\$ 6,271,626</u>	<u>\$ 4,040,829</u>	<u>\$ 33,517,540</u>

**CITY OF GRASS VALLEY**  
**Reconciliation of the Governmental Funds Balance**  
**Sheet to the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2024**

<b>Total Fund Balance - Total Governmental Funds</b>	\$ 30,045,969
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.	63,997,624
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	40,000
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	8,619,520
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(6,418,420)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension obligation bonds	(15,366,000)
Finance purchases	(6,643,261)
Compensated absences	(1,400,754)
Net pension liability	(8,132,804)
Total OPEB liability	(4,103,250)
<b>Net Position of Governmental Activities</b>	<u><u>\$ 60,638,624</u></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 Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

	<b>General</b>	<b>Measure "E"</b>	<b>Housing</b>	<b>Capital Improvement Projects</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 13,908,496	\$ 7,062,106	\$ -	\$ -
Licenses, permits and franchises	1,742,491	-	-	-
Fines and forfeitures	437	-	-	-
Intergovernmental revenues	1,324,272	-	-	369,451
Use of money and property	369,131	92,830	131,302	-
Charges for services	145,536	-	-	-
Other revenues	348,628	52,188	-	7,500
<b>Total Revenues</b>	<b>17,838,991</b>	<b>7,207,124</b>	<b>131,302</b>	<b>376,951</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,507,227	140,464	-	-
Public protection	10,441,549	3,904,106	-	-
Public ways and facilities	1,375,063	-	-	2,161,680
Community development	779,004	-	7,470	-
Recreation and culture	865,133	-	-	-
Debt service:				
Principal	860,605	719,174	-	-
Interest and other charges	608,226	148,484	-	-
Capital outlay	161,035	622,321	-	1,758,657
<b>Total Expenditures</b>	<b>18,597,842</b>	<b>5,534,549</b>	<b>7,470</b>	<b>3,920,337</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(758,851)</b>	<b>1,672,575</b>	<b>123,832</b>	<b>(3,543,386)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	179,316	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	453,856	-	-	3,574,778
Transfers out	(71,957)	(2,002,596)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>381,899</b>	<b>(1,823,280)</b>	<b>-</b>	<b>3,574,778</b>
<b>Net Change in Fund Balances</b>	<b>(376,952)</b>	<b>(150,705)</b>	<b>123,832</b>	<b>31,392</b>
<b>Fund Balances - Beginning (Deficits)</b>	<b>8,667,689</b>	<b>3,833,719</b>	<b>8,623,772</b>	<b>(652,953)</b>
<b>Fund Balances - Ending (Deficits)</b>	<b>\$ 8,290,737</b>	<b>\$ 3,683,014</b>	<b>\$ 8,747,604</b>	<b>\$ (621,561)</b>

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>
\$ -	\$ 225,151	\$ 21,195,753
-	-	1,742,491
-	42,499	42,936
-	1,507,155	3,200,878
318,921	181,202	1,093,386
169,669	-	315,205
-	-	408,316
<u>488,590</u>	<u>1,956,007</u>	<u>27,998,965</u>
-	417,891	4,065,582
-	321,982	14,667,637
-	69,602	3,606,345
-	126,226	912,700
-	-	865,133
-	11,532	1,591,311
-	-	756,710
-	447,346	2,989,359
<u>-</u>	<u>1,394,579</u>	<u>29,454,777</u>
<u>488,590</u>	<u>561,428</u>	<u>(1,455,812)</u>
-	-	179,316
-	46,085	46,085
-	173,169	4,201,803
<u>(365,841)</u>	<u>(1,468,993)</u>	<u>(3,909,387)</u>
<u>(365,841)</u>	<u>(1,249,739)</u>	<u>517,817</u>
122,749	(688,311)	(937,995)
<u>6,148,877</u>	<u>4,362,860</u>	<u>30,983,964</u>
<u>\$ 6,271,626</u>	<u>\$ 3,674,549</u>	<u>\$ 30,045,969</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, 2024**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (937,995)**

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	2,989,359
Less current year depreciation	(3,759,011)

Some revenues reported in the Statement of Activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds

Change in unavailable revenues	40,000
--------------------------------	--------

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	1,591,311
Proceeds from issuance of debt	(179,316)

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	(6,459,673)
Change in deferred inflows of resources related to pension and OPEB	2,694,277

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	(11,677)
Change in net pension liability	(1,313,589)
Change in total OPEB liability	700,205

**Change in Net Position of Governmental Activities** **\$ (4,646,109)**

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, 2024**

Item # 4.

	Water	Sewer	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 2,424,318	\$ 8,839,051	\$ 11,263,369
Receivables:			
Accounts	436,446	1,001,354	1,437,800
Interest	5,777	18,107	23,884
<b>Total Current Assets</b>	<u>2,866,541</u>	<u>9,858,512</u>	<u>12,725,053</u>
Noncurrent Assets:			
Restricted cash and investments	-	638,924	638,924
Capital assets:			
Non-depreciable	234,751	911,875	1,146,626
Depreciable, net	8,193,725	29,546,810	37,740,535
<b>Total capital assets</b>	<u>8,428,476</u>	<u>30,458,685</u>	<u>38,887,161</u>
<b>Total Noncurrent Assets</b>	<u>8,428,476</u>	<u>31,097,609</u>	<u>39,526,085</u>
<b>Total Assets</b>	<u>11,295,017</u>	<u>40,956,121</u>	<u>52,251,138</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	852,780	1,380,286	2,233,066
Deferred OPEB adjustments	30,306	64,559	94,865
<b>Total Deferred Outflows of Resources</b>	<u>883,086</u>	<u>1,444,845</u>	<u>2,327,931</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	140,307	304,184	444,491
Salaries and benefits payable	20,528	31,585	52,113
Deposits payable	-	1,546	1,546
Interest payable	10,726	23,583	34,309
Compensated absences	1,735	1,735	3,470
Bonds payable	-	574,086	574,086
Loans payable	129,010	-	129,010
Finance purchases	166,406	160,554	326,960
<b>Total Current Liabilities</b>	<u>468,712</u>	<u>1,097,273</u>	<u>1,565,985</u>
Noncurrent Liabilities:			
Compensated absences	75,204	142,541	217,745
Bonds payable	-	594,086	594,086
Loans payable	486,905	-	486,905
Finance purchases	467,452	2,024,919	2,492,371
Net pension liability	913,773	1,479,008	2,392,781
Total OPEB liability	120,781	257,292	378,073
<b>Total Noncurrent Liabilities</b>	<u>2,064,115</u>	<u>4,497,846</u>	<u>6,561,961</u>
<b>Total Liabilities</b>	<u>2,532,827</u>	<u>5,595,119</u>	<u>8,127,946</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, 2024**

Item # 4.

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension adjustments	300,172	485,850	786,022
Deferred OPEB adjustments	110,290	234,943	345,233
<b>Total Deferred Inflows of Resources</b>	<u>410,462</u>	<u>720,793</u>	<u>1,131,255</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,178,703	27,105,040	34,283,743
Unrestricted	2,056,111	8,980,014	11,036,125
<b>Total Net Position</b>	<u>\$ 9,234,814</u>	<u>\$ 36,085,054</u>	<u>\$ 45,319,868</u>

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, 2024**

	Water	Sewer	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,187,130	\$ 5,210,192	\$ 7,397,322
Other revenues	364	-	364
<b>Total Operating Revenues</b>	<u>2,187,494</u>	<u>5,210,192</u>	<u>7,397,686</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	1,499,412	2,299,352	3,798,764
Services and supplies	1,195,701	1,967,858	3,163,559
Depreciation	435,860	1,912,764	2,348,624
<b>Total Operating Expenses</b>	<u>3,130,973</u>	<u>6,179,974</u>	<u>9,310,947</u>
<b>Operating Income (Loss)</b>	<u>(943,479)</u>	<u>(969,782)</u>	<u>(1,913,261)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	181,974	328,632	510,606
Interest expense	(46,981)	(57,178)	(104,159)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>134,993</u>	<u>271,454</u>	<u>406,447</u>
<b>Income (Loss) Before Transfers</b>	<u>(808,486)</u>	<u>(698,328)</u>	<u>(1,506,814)</u>
Transfers out	(111,951)	(180,465)	(292,416)
<b>Change in Net Position</b>	<u>(920,437)</u>	<u>(878,793)</u>	<u>(1,799,230)</u>
<b>Total Net Position - Beginning</b>	<u>10,155,251</u>	<u>36,963,847</u>	<u>47,119,098</u>
<b>Total Net Position - Ending</b>	<u><u>\$ 9,234,814</u></u>	<u><u>\$ 36,085,054</u></u>	<u><u>\$ 45,319,868</u></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, 2024**

Item # 4.

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,169,721	\$ 5,210,764	\$ 7,380,485
Payments to suppliers	(1,187,853)	(1,828,872)	(3,016,725)
Payments to employees	(1,030,571)	(1,528,593)	(2,559,164)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(48,703)</u>	<u>1,853,299</u>	<u>1,804,596</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(111,951)	(180,465)	(292,416)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(111,951)</u>	<u>(180,465)</u>	<u>(292,416)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(5,096)	(104,822)	(109,918)
Principal paid on debt	(282,557)	(696,606)	(979,163)
Interest paid on debt	(50,397)	(69,272)	(119,669)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(338,050)</u>	<u>(870,700)</u>	<u>(1,208,750)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	184,582	328,950	513,532
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>184,582</u>	<u>328,950</u>	<u>513,532</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(314,122)	1,131,084	816,962
<b>Balances - Beginning</b>	<u>2,738,440</u>	<u>8,346,891</u>	<u>11,085,331</u>
<b>Balances - Ending</b>	<u><u>\$ 2,424,318</u></u>	<u><u>\$ 9,477,975</u></u>	<u><u>\$ 11,902,293</u></u>

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, 2024**

Item # 4.

	<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)	\$ (943,479)	\$ (969,782)	\$ (1,913,261)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	435,860	1,912,764	2,348,624
Decrease (increase) in:			
Accounts receivable	1,149	(348)	801
Pension adjustments - deferred outflows	(19,456)	433,886	414,430
OPEB adjustments - deferred outflows	759	1,617	2,376
Increase (decrease) in:			
Accounts payable	7,848	138,986	146,834
Salaries and benefits payable	10,672	11,919	22,591
Deposits payable	(18,922)	920	(18,002)
Compensated absences	27,581	23,123	50,704
Net pension liability	508,562	596,851	1,105,413
Total OPEB liability	(20,611)	(43,907)	(64,518)
Pension adjustments - deferred inflows	(58,287)	(294,527)	(352,814)
OPEB adjustments - deferred inflows	19,621	41,797	61,418
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ (48,703)</u></u>	<u><u>\$ 1,853,299</u></u>	<u><u>\$ 1,804,596</u></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, 2024**

Item # 4.

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 839,163	\$ 34,320	\$ 873,483
Cash with fiscal agent	675	-	675
Receivables:			
Accounts	59,319	-	59,319
Intergovernmental	1,445	-	1,445
Loans receivable	979,297	-	979,297
<b>Total Assets</b>	<u>1,879,899</u>	<u>34,320</u>	<u>1,914,219</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Salaries and benefits payable	4,050	-	4,050
Due to other funds	-	30,899	30,899
Loans payable	365,148	-	365,148
<b>Total Current Liabilities</b>	<u>369,198</u>	<u>30,899</u>	<u>400,097</u>
Noncurrent Liabilities:			
Loans payable	6,759,813	-	6,759,813
<b>Total Noncurrent Liabilities</b>	<u>6,759,813</u>	<u>-</u>	<u>6,759,813</u>
<b>Total Liabilities</b>	<u>7,129,011</u>	<u>30,899</u>	<u>7,159,910</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	(5,249,112)	3,421	(5,245,691)
<b>Total Net Position</b>	<u>\$ (5,249,112)</u>	<u>\$ 3,421</u>	<u>\$ (5,245,691)</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, 2024**

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Funds</b>
<b>ADDITIONS</b>			
Property taxes	\$ 573,831	\$ -	\$ 573,831
Interest and investment income	22,122	-	22,122
Other contributions	69,318	-	69,318
<b>Total Additions</b>	665,271	-	665,271
<b>DEDUCTIONS</b>			
Program expenses of former redevelopment agency	12,940	-	12,940
Interest expense	245,890	-	245,890
Amortization	(5,148)	-	(5,148)
<b>Total Deductions</b>	253,682	-	253,682
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	411,589	-	411,589
<b>Total Net Position - Beginning</b>	(5,660,701)	3,421	(5,657,280)
<b>Total Net Position - Ending</b>	<u>\$ (5,249,112)</u>	<u>\$ 3,421</u>	<u>\$ (5,245,691)</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, 2024**

Item # 4.

**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, 2024**

Item # 4.

**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, 2024**

Item # 4.

**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, 2024**

Item # 4.

**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 \$638,924. Restricted cash in the governmental funds represent cash and investments in the General fund for the pension obligation bonds and ADA.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

**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, interest, and taxes. 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, 2024, 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 \$8,883,091 was recorded as loans receivable at June 30, 2024. 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, 2024**

Item # 4.

**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, 2024**

Item # 4.

**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, 2022
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

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

For purposes of measuring the total 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, 2024
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

**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 assets that applies to future periods 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 total 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 assets that applies to future periods 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 total 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. 99**, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

**Statement No. 100**, Accounting Changes and Error Corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

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

**U. Future Accounting Pronouncements**

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

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

Statement No. 102 “Certain Risk Disclosures” The requirements of this statement are effective for fiscal years beginning after June 15, 2024. (FY 24/25)

Statement No. 103 “Financial Reporting Model Improvements” The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 104 “Disclosure of Certain Capital Assets” The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

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

**A. Deficit Fund Balance**

The following major fund had a deficit fund balance at June 30, 2024:

Capital Improvement Projects	\$ 621,561
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The following non-major governmental funds had deficit fund balances at June 30, 2024:

EPA Brownfields	\$ 3,742
Prop 64	217,577

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, 2024, the City’s cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 20,274,097
Business-type activities	11,902,293
Fiduciary funds	<u>874,158</u>
Total Cash and Investments	<u>\$ 33,050,548</u>



**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

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

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

As of June 30, 2024, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 850
Deposits (less outstanding checks)	5,176,921
Cash with fiscal agent	<u>640,375</u>
Total Cash	<u>5,818,146</u>
Investments:	
In City's pool	<u>27,232,402</u>
Total Investments	<u>27,232,402</u>
Total Cash and Investments	<u>\$ 33,050,548</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 \$5,817,296 and the bank balance was \$5,610,878. 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, 2024**

Item # 4.

**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, 2024, the City had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Federal Agencies	\$12,358,368	\$12,358,368		
US Treasuries	2,457,531	2,457,531	\$ -	\$ -
Certificates of Deposit	<u>6,303,027</u>	<u>6,303,027</u>	-	-
Total Investments Measured at Fair Value	21,118,926	<u>\$21,118,926</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pools				
LAIF	<u>6,113,476</u>			
Total Investments	\$27,232,402			

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, 2024**

Item # 4.

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

**C. Investments (Continued)**

As of June 30, 2024, 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	0.660-5.060%	\$ 5,672,413	\$6,685,955	\$12,358,368	1.67
US Treasuries	4.250-4.375%	2,457,531	-	2,457,531	0.29
Certificates of Deposit	0.850-5.250%	998,580	5,304,447	6,303,027	1.83
LAIF	Variable	<u>6,113,476</u>	<u>-</u>	<u>6,113,476</u>	<u>-</u>
Total Investments		<u>\$15,242,000</u>	<u>\$11,990,402</u>	<u>\$27,232,402</u>	<u>0.45</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	-	AA+	Aaa	41.78%
Federal Home Loan Bank Mortgage Corporation	-	AA+	Aaa	1.81%
Federal Farm Credit Bank	-	AA+	Aaa	1.79%
US Treasuries	N/A	Unrated	Unrated	9.02%
Certificates of Deposit	N/A	Unrated	Unrated	23.15%
LAIF	N/A	Unrated	Unrated	<u>22.45%</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, 2024 did not exceed 5 percent.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

**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, 2024, the City's investment in LAIF valued at amortized cost was \$6,113,476 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 \$178 billion. Of that amount, 97.00 percent is invested in non-derivative financial products and 3.00 percent in structured notes and asset-backed securities.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Transfers/ Retirements	Balance June 30, 2024
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 3,689,025	\$ -	\$ -	\$ 3,689,025
Construction in progress	13,694,982	1,839,844	-	15,534,826
Total Capital Assets, Not Being Depreciated	17,384,007	1,839,844	-	19,223,851
Capital Assets, Being Depreciated				
Infrastructure	79,794,082	133,735	-	79,927,817
Buildings and improvements	15,649,324	-	-	15,649,324
Equipment	12,559,655	1,015,780	( 355,175)	13,220,260
Vehicles	722,927	-	-	722,927
Software	161,626	-	-	161,626
Total Capital Assets, Being Depreciated	108,887,614	1,149,515	( 355,175)	109,681,954
Less Accumulated Depreciation For:				
Infrastructure	( 40,934,403)	( 2,437,417)	-	( 43,371,820)
Buildings and improvements	( 10,501,100)	( 497,189)	-	( 10,998,289)
Equipment	( 9,423,397)	( 732,421)	355,175	( 9,800,643)
Vehicles	( 513,849)	( 87,694)	-	( 601,543)
Software	( 131,596)	( 4,290)	-	( 135,886)
Total Accumulated Depreciation	( 61,504,345)	( 3,759,011)	355,175	( 64,908,181)
Total Capital Assets, Being Depreciated, Net	47,383,269	( 2,609,496)	-	44,773,773
Governmental Activities Capital Assets, Net	\$ 64,767,276	(\$ 769,652)	\$ -	\$ 63,997,624

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

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

	Balance July 1, 2023	Additions	Adjustments/ Retirements	Balance June 30, 2024
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 339,401	\$ -	\$ -	\$ 339,401
Construction in progress	800,673	6,552	-	807,225
Total Capital Assets, Not Being Depreciated	1,140,074	6,552	-	1,146,626
Capital Assets, Being Depreciated				
Infrastructure	20,284,866	-	-	20,284,866
Buildings and improvements	65,058,437	-	-	65,058,437
Equipment	2,278,339	103,366	-	2,381,705
Total Capital Assets, Being Depreciated	87,621,642	103,366	-	87,725,008
Less Accumulated Depreciation For:				
Infrastructure	( 12,340,321)	( 412,521)	( 7,702)	( 12,760,544)
Buildings and improvements	( 33,768,702)	( 1,772,902)	7,702	( 35,533,902)
Equipment	( 1,526,826)	( 163,201)	-	( 1,690,027)
Total Accumulated Depreciation	( 47,635,849)	( 2,348,624)	-	( 49,984,473)
Total Capital Assets, Being Depreciated, Net	39,985,793	( 2,245,258)	-	37,740,535
Business-Type Activities Capital Assets, Net	\$ 41,125,867	(\$2,238,706)	\$ -	\$ 38,887,161

**Depreciation**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 300,327
Public protection	726,567
Public ways and facilities	2,162,200
Recreation and culture	569,917
Total Depreciation Expense – Governmental Activities	<u>\$ 3,759,011</u>

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

Water	\$ 435,860
Sewer	1,912,764
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,348,624</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, 2024**

Item # 4.

**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, 2024:

	Due From Other Funds	Due To Other Funds
General fund	\$ 224,559	\$ -
Nonmajor governmental funds	-	193,660
Fiduciary funds	-	30,899
Total	<u>\$ 224,559</u>	<u>\$ 224,559</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, 2024:

	Transfers In	Transfers Out
General fund	\$ 453,856	\$ 71,957
Measure "E"	-	2,002,596
Capital Improvement Projects	3,574,778	-
Special Projects	-	365,841
Nonmajor governmental funds	173,169	1,468,993
Water	-	111,951
Sewer	-	180,465
Total	<u>\$ 4,201,803</u>	<u>\$ 4,201,803</u>

**NOTE 6: UNAVAILABLE REVENUES**

At June 30, 2024, components of unavailable revenues were as follows:

	Unavailable
Capital Improvement Project Fund	
Grants receivable	\$ 40,000
Total	<u>\$ 40,000</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

**NOTE 7: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

Type of Indebtedness	Balance July 1, 2023	Additions	Adjustments/ Retirements	Balance June 30, 2024	Amounts Due Within One Year
<b>Governmental Activities</b>					
Pension obligation bonds	\$ 16,132,000	\$ -	(\$ 766,000)	\$ 15,366,000	\$ 791,000
Financed purchases	7,289,256	179,316	( 825,311)	6,643,261	807,177
Compensated absences	1,389,077	859,971	( 848,294)	1,400,754	503,669
Total Governmental Activities	<u>\$ 24,810,333</u>	<u>\$ 1,039,287</u>	<u>(\$2,439,605)</u>	<u>\$ 23,410,015</u>	<u>\$ 2,101,846</u>
<b>Business-Type Activities</b>					
Direct borrowing loans payable	\$ 740,599	\$ -	(\$ 124,684)	\$ 615,915	\$ 129,010
Bonds	1,600,000	-	( 510,000)	1,090,000	535,000
Unamortized premium	117,258	-	( 39,086)	78,172	39,086
Bonds, net	1,717,258	-	( 549,086)	1,168,172	574,086
Financed purchases	3,124,724	-	( 305,393)	2,819,331	326,960
Compensated absences	170,511	149,377	( 98,673)	221,215	3,470
Total Business-Type Activities	<u>\$ 5,753,092</u>	<u>\$ 149,377</u>	<u>(\$1,077,836)</u>	<u>\$ 4,824,633</u>	<u>\$ 1,033,526</u>

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

Individual issues of debt payable outstanding at June 30, 2024, 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.

	\$ 15,366,000
Total Pension Obligation Bonds	<u>15,366,000</u>
Total Governmental Activities	<u>\$ 15,366,000</u>

**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.

	\$ 615,915
Total Loans from Direct Borrowings	<u>615,915</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

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

**Business-Type Activities (Continued)**

**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.

	1,090,000
Total Bonds	<u>1,090,000</u>
Total Business-Type Activities	<u>\$ 1,705,915</u>

The City has pledged sewer operations revenue, net of specified operating expenses, to repay the loan from direct borrowings in the amount of \$740,599 issued in March 1991.

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 financed purchases which are reported in Note 8.

**Governmental Activities**

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Totals
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	852,000	465,558	1,317,558
2029	874,000	434,916	1,308,916
2030-2034	4,714,000	1,686,384	6,400,384
2035-2039	5,342,000	793,692	6,135,692
2040	1,151,000	41,436	1,192,436
Total	<u>\$ 15,366,000</u>	<u>\$ 4,995,366</u>	<u>\$ 20,361,366</u>

**Business-Type Activities**

Year Ended June 30	Loans from Direct Borrowings		
	Principal	Interest	Totals
2025	\$ 129,010	\$ 19,648	\$ 148,658
2026	133,355	15,303	148,658
2027	137,888	10,770	148,658
2028	142,566	6,092	148,658
2029	73,096	1,232	74,328
Total	<u>\$ 615,915</u>	<u>\$ 53,045</u>	<u>\$ 668,960</u>

Year Ended June 30	Bonds		
	Principal	Interest	Totals
2025	535,000	34,288	569,288
2026	555,000	11,794	566,794
Total	<u>\$ 1,090,000</u>	<u>\$ 46,082</u>	<u>\$ 1,136,082</u>



**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

**NOTE 8: LEASES**

**Financed Purchase Agreements**

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

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2024</u>
Governmental activities	1.06-3.900%	\$ 6,643,261
Business-type activities	4.675%	<u>2,819,331</u>
Total		<u>\$ 9,462,592</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 6,754,846	\$ 5,489,336
Less: accumulated depreciation	<u>( 1,610,834)</u>	<u>( 2,483,080)</u>
Net Value	<u>\$ 5,144,012</u>	<u>\$ 3,006,256</u>

As of June 30, 2024, annual amortization is as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2025	\$ 948,267	\$ 392,584
2026	920,122	404,041
2027	886,446	202,530
2028	862,296	215,059
2029	799,137	228,164
2030-2034	2,688,782	1,359,395
2035-2036	<u>197,793</u>	<u>383,951</u>
Total Requirements	7,302,843	3,185,724
Less: interest	<u>( 659,582)</u>	<u>( 366,393)</u>
Present Value of Remaining Payments	<u>\$ 6,643,261</u>	<u>\$ 2,819,331</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.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

**NOTE 9: NET POSITION (CONTINUED)**

- **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 \$22,860,534 of restricted net position, of which \$1,612,607 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.

**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. Fund balances for governmental funds can be 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**  
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**For the Year Ended June 30, 2024**

Item # 4.

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

The fund balances for all major and nonmajor governmental funds as of June 30, 2024, were distributed as follows:

	General	Measure "E"	Housing	Capital Improvement Projects	Special Projects	Other Governmental Funds	Totals
<b>Nonspendable:</b>							
Prepaid costs	\$ 1,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,576
Loans receivable	-	-	8,014,799	-	-	868,292	8,883,091
Subtotal	1,576	-	8,014,799	-	-	868,292	8,884,667
<b>Restricted for:</b>							
General	207,034	-	-	-	-	-	207,034
Housing	-	-	732,805	-	-	-	732,805
Gas tax	-	-	-	-	-	290,147	290,147
Maintenance districts	-	-	-	-	-	186,454	186,454
Block grants Elizabeth	-	-	-	-	-	4,746	4,746
Daniels Park	-	-	-	-	-	104,885	104,885
Animal shelter	-	-	-	-	-	2,182	2,182
Subtotal	207,034	-	732,805	-	-	588,414	1,528,253
<b>Assigned:</b>							
Measure "E"	-	3,683,014	-	-	-	-	3,683,014
Special Projects	-	-	-	-	6,271,626	-	6,271,626
Fire reserve	-	-	-	-	-	187,284	187,284
Impact fees	-	-	-	-	-	2,209,609	2,209,609
Vehicle replacement	-	-	-	-	-	13,876	13,876
Downtown assessment	-	-	-	-	-	28,393	28,393
Subtotal	-	3,683,014	-	-	6,271,626	2,439,162	12,393,802
<b>Unassigned</b>	8,082,127	-	-	( 621,561)	-	( 221,319)	7,239,247
<b>Total</b>	<u>\$8,290,737</u>	<u>\$ 3,683,014</u>	<u>\$ 8,747,604</u>	<u>(\$ 621,561)</u>	<u>\$ 6,271,626</u>	<u>\$ 3,674,549</u>	<u>\$ 30,045,969</u>

**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, 2024**

Item # 4.

**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, 2024**

Item # 4.

**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, 2024, 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 - 67	1.000% to 2.500%
Safety Police	3.0% @ 50	50	3.000%
Safety Police Second Tier	3.0% @ 50	50 - 55	2.400% to 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	14.060%	8.000%	0.000%
Miscellaneous PEPRA	7.680%	7.750%	0.000%
Safety Police	27.110%	9.000%	0.000%
Safety Police Second Tier	24.150%	9.000%	0.000%
Safety Police PEPRA	13.540%	13.750%	0.000%
Safety Fire	24.150%	9.000%	0.000%
Safety Fire PEPRA	13.540%	13.750%	0.000%

**CITY OF GRASS VALLEY**  
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**NOTE 10: PENSION PLAN (CONTINUED)**

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

**Contributions (Continued)**

For the year ended June 30, 2024, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 826,721	\$ -
Safety	1,897,103	-

**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, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2023 and 2024 was as follows:

	<u>Proportion June 30, 2023</u>	<u>Proportion June 30, 2024</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.08208%	0.09283%	0.01075%
Safety	0.06208%	0.07872%	0.01664%

As of June 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 4,641,661
Safety	<u>5,883,924</u>
Total Net Pension Liability (Asset)	<u>\$ 10,525,585</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

**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, 2024, the City recognized pension expense of \$6,239,608. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,617,334	\$ -
Changes of assumptions	623,632	-
Difference between expected and actual experience	669,110	( 73,766)
Difference between projected and actual earnings on pension plan investments	1,556,740	-
Difference between City contributions and proportionate share of contributions	-	( 3,383,857)
Amortization due to differences in proportions	5,356,197	-
Total	<u>\$ 9,823,013</u>	<u>( \$ 3,457,623)</u>

\$1,617,334 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ended <u>June 30</u>	
2025	\$ 2,274,296
2026	1,397,590
2027	1,032,133
2028	44,037
Thereafter	-
Total	<u>\$ 4,748,056</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Investment Rate of Return	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

**CITY OF GRASS VALLEY**  
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Item # 4.

**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 rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the CalPERS 2021 experience study that can be found on the CalPERS website.

**Long-Term Expected Rate of Return**

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (1, 2)</u>
Global Equity – Cap-Weighted	30.0%	4.54%
Global Equity – Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	( 5.0%)	( 0.59%)
Total	<u>100.0%</u>	

(1) An expected price inflation of 2.30% used for this period

(2) Figures are based on the 2021-22 Asset Liability Management Study

**Discount Rate**

The discount rate used to measure the total pension liability for PERFC was 6.90 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.



**CITY OF GRASS VALLEY**  
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Item # 4.

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

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

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

The following presents the City's proportionate share of the net pension liability for 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:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Miscellaneous	\$ 10,368,433	\$ 4,641,661	(\$ 71,964)
Safety	13,401,105	5,883,924	( 261,906)

**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.

**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 PEPR 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.

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

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

**Benefits Provided (Continued)**

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.

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.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

**Benefits Provided (Continued)**

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 (\$157 per month for 2024), 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, 2024, the following employees were covered by the benefit terms:

Active employees	107
Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not receiving benefits	<u>9</u>
Total	<u>162</u>

**B. Total OPEB Liability**

The City’s total OPEB liability of \$4,481,323 was measured as of June 30, 2024, and was determined by the actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2024 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, 2024
Measurement Date	Last day of the current fiscal year (June 30, 2024)
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	4.21% as of June 30, 2024, 4.13% as of June 30, 2023
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	2.50% per year
Healthcare cost trend rates	4.80% for 2024, decreasing to an ultimate rate of 3.90% for 2075 and later years
Mortality rates	MacLeod Watts Scale 2022 applied generationally from 2015.

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**B. Total OPEB Liability (Continued)**

**Actuarial Assumptions and Other Inputs (Continued)**

Demographic actuarial assumptions used in the valuation are those published in the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvement.

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

The table below shows the changes in the total OPEB liability during the measurement period ending on June 30, 2024 for the City's proportionate share.

	<u>Total OPEB Liability</u>
Balances at fiscal year ending June 30, 2023	<u>\$ 5,246,046</u>
Changes during the period:	
Service cost	283,740
Interest cost	226,046
Difference between expected and actual experience	( 1,247,724)
Change of assumptions	74,687
Contributions – employer	-
Benefit payments	( 101,472)
Net Changes	( 764,723)
Balances at fiscal year ending June 30, 2024	<u>\$ 4,481,323</u>

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

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

The following presents the total OPEB liability of the City, as well as what the City's total 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:

	<u>1% Decrease 3.21%</u>	<u>Current Rate 4.21%</u>	<u>1% Increase 5.21%</u>
Total OPEB liability	\$ 5,129,028	\$ 4,481,323	\$ 3,946,683

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

The following presents the total 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, 2024:

	<u>Current Trend -1%</u>	<u>Current Trend</u>	<u>Current Trend +1%</u>
Total OPEB Liability	\$ 3,886,347	\$ 4,481,323	\$ 5,190,627

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$92,887. At June 30, 2024, 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	\$ 414,398	(\$ 1,386,442)
Differences between expected and actual experience	<u>710,040</u>	<u>( 2,705,610)</u>
Total	<u>\$ 1,124,438</u>	<u>(\$ 4,092,052)</u>

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>	
2025	(\$ 416,899)
2026	( 430,265)
2027	( 448,636)
2028	( 454,945)
2029	( 330,928)
Thereafter	<u>( 885,941)</u>
	<u>(\$ 2,967,614)</u>

**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 37 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.

**CITY OF GRASS VALLEY**  
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**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.

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).

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

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

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, 2024, loans receivable consisted of the following:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
<b>Redevelopment Housing:</b>				
Springhill Garden Apts	\$ 717,000	\$ -	\$ -	\$ 717,000
Valley Commons	<u>262,297</u>	<u>-</u>	<u>-</u>	<u>262,297</u>
Total Loans Receivable	<u>\$ 979,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 979,297</u>

**Redevelopment Housing**

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

**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, 2023	Additions	Adjustments/ Retirements	Balance June 30, 2024	Amounts Due Within One Year
2020A Tax Allocation Refunding Bonds	\$ 2,495,000	\$ -	(\$ 160,000)	\$ 2,335,000	\$ 170,000
Plus: premium	284,889	-	( 5,874)	279,015	5,874
2020B Tax Allocation Refunding Bonds	4,770,000	-	( 190,000)	4,580,000	190,000
Less: discount	( 69,780)	-	726	( 69,054)	( 726)
Total Successor Agency Trust	<u>\$ 7,480,109</u>	<u>\$ -</u>	<u>(\$ 355,148)</u>	<u>\$ 7,124,961</u>	<u>\$ 365,148</u>

**CITY OF GRASS VALLEY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2024**

Item # 4.

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

**B. Long-Term Liabilities (Continued)**

**Bonds:**

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. \$ 2,335,000

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. 4,580,000

Total Bonds \$ 6,915,000

**NOTE 15: OTHER INFORMATION**

**A. Commitments and Contingencies**

At June 30, 2024, the City had construction commitments outstanding of approximately \$1,700,908.

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, 2024 through June 10, 2025, 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, 2024**  
**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%

<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
0.26760%	0.27139%	0.04686%	-0.16808%	0.08208%	0.09283%
\$ 10,085,168	\$ 10,867,668	\$ 1,976,738	\$ (3,054,690)	\$ 3,840,840	\$ 4,641,661
2,711,644	2,892,638	3,229,280	2,970,991	3,100,793	3,622,706
371.92%	375.70%	61.21%	-102.82%	123.87%	128.13%
71.60%	70.67%	94.71%	107.86%	90.59%	89.04%
0.15134%	0.15536%	0.03239%	-0.10849%	0.06208%	0.07872%
\$ 8,880,045	\$ 9,698,412	\$ 2,157,733	\$ (3,807,408)	\$ 4,265,743	\$ 5,883,924
3,240,879	3,586,719	3,838,273	4,295,879	5,206,157	5,744,399
274.00%	270.40%	56.22%	-88.63%	81.94%	102.43%
75.52%	75.05%	94.82%	108.58%	91.46%	89.26%

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City Pension Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2024**  
**Last 10 Years**

<b>Fiscal Year</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
<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%

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
\$ 814,931	\$ 936,148	\$ 388,465	\$ 474,705	\$ 826,721	\$ 403,128
<u>(814,931)</u>	<u>(18,566,415)</u>	<u>(388,465)</u>	<u>(474,705)</u>	<u>(826,721)</u>	<u>(403,128)</u>
<u>\$ -</u>	<u>\$ (17,630,267)</u>	<u>\$ -</u>	<u>\$ -</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%	\$ 3,622,706 22.82%	\$ 3,909,397 10.31%
\$ 1,035,238	\$ 1,248,549	\$ 906,738	\$ 1,096,345	\$ 1,897,103	\$ 1,214,206
<u>(1,035,238)</u>	<u>(1,248,549)</u>	<u>(906,738)</u>	<u>(1,096,345)</u>	<u>(1,897,103)</u>	<u>(1,214,206)</u>
<u>\$ -</u>	<u>\$ -</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%	\$ 5,744,399 33.03%	\$ 6,312,846 19.23%



**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City Pension Plan**  
**Notes to City Pension Plan**  
**For the Year Ended June 30, 2024**

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

**Summary of Changes 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, 2021
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	6.80%
Inflation	2.30%
Salary increases	Varies based on entry age and service

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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, 2024**  
**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 seven years are shown.

<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
\$ 428,709	\$ 277,668	\$ 283,740
156,736	211,689	226,046
(234,487)	-	(1,247,724)
(1,984,454)	(23,863)	74,687
<u>(223,563)</u>	<u>(235,158)</u>	<u>(101,472)</u>
(1,857,059)	230,336	(764,723)
<u>6,872,769</u>	<u>5,015,710</u>	<u>5,246,046</u>
<u>\$ 5,015,710</u>	<u>\$ 5,246,046</u>	<u>\$ 4,481,323</u>
\$ 223,563	\$ 235,158	\$ 101,472
<u>(223,563)</u>	<u>(235,158)</u>	<u>(101,472)</u>
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 5,015,710</u>	<u>\$ 5,246,046</u>	<u>\$ 4,481,323</u>
0.00%	0.00%	0.00%
\$ 9,811,616	\$ 11,822,437	\$ 11,554,532
51.12%	44.37%	38.78%

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2024**  
**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 seven years are shown.

<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
\$ 223,563 (223,563)	\$ 235,158 (235,158)	\$ 101,472 (101,472)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,811,616 2.28%	\$ 11,822,437 1.99%	\$ 11,554,532 0.88%

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Note to City OPEB Plan**  
**For the Year Ended June 30, 2024**

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

Discount Rate: Increased from 4.13 percent to 4.21 percent.

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2024**

	<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	\$ 14,234,029	\$ 13,733,268	\$ 13,908,496	\$ 175,228
Licenses, permits and franchises	191,050	1,600,350	1,742,491	142,141
Fines and forfeitures	-	100	437	337
Intergovernmental revenues	489,924	1,825,227	1,324,272	(500,955)
Use of money and property	200,000	266,075	369,131	103,056
Charges for services	1,673,498	97,500	145,536	48,036
Other revenues	13,000	16,500	348,628	332,128
<b>Total Revenues</b>	<b>16,801,501</b>	<b>17,539,020</b>	<b>17,838,991</b>	<b>299,971</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,126,887	3,166,925	3,507,227	(340,302)
Public protection	9,596,667	10,405,608	10,441,549	(35,941)
Public ways and facilities	1,375,987	1,451,957	1,375,063	76,894
Community development	817,663	755,395	779,004	(23,609)
Recreation and culture	506,002	696,521	865,133	(168,612)
Debt service:				
Principal	906,633	850,388	860,605	(10,217)
Interest	134,825	631,189	608,226	22,963
Capital outlay	55,000	5,000	161,035	(156,035)
<b>Total Expenditures</b>	<b>16,519,664</b>	<b>17,962,983</b>	<b>18,597,842</b>	<b>(634,859)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>281,837</b>	<b>(423,963)</b>	<b>(758,851)</b>	<b>(334,888)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	233,000	478,133	453,856	(24,277)
Transfers out	(300,000)	(300,000)	(71,957)	228,043
<b>Total Other Financing Sources (Uses)</b>	<b>(67,000)</b>	<b>178,133</b>	<b>381,899</b>	<b>203,766</b>
<b>Net Change in Fund Balances</b>	<b>214,837</b>	<b>(245,830)</b>	<b>(376,952)</b>	<b>(131,122)</b>
<b>Fund Balances - Beginning</b>	<b>8,667,689</b>	<b>8,667,689</b>	<b>8,667,689</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 8,882,526</b>	<b>\$ 8,421,859</b>	<b>\$ 8,290,737</b>	<b>\$ (131,122)</b>



**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Measure "E" - Major Special Revenue Fund**  
**For the Year Ended June 30, 2024**

	<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	\$ 7,250,000	\$ 7,366,331	\$ 7,062,106	\$ (304,225)
Use of money and property	25,000	25,000	92,830	67,830
Other revenues	5,000	5,000	52,188	47,188
<b>Total Revenues</b>	<u>7,280,000</u>	<u>7,396,331</u>	<u>7,207,124</u>	<u>(189,207)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	140,464	(140,464)
Public safety	3,785,864	4,449,977	3,904,106	545,871
Debt service:				
Principal	654,000	600,000	719,174	(119,174)
Interest	-	54,000	148,484	(94,484)
Capital outlay	2,256,913	196,316	622,321	(426,005)
<b>Total Expenditures</b>	<u>6,696,777</u>	<u>5,300,293</u>	<u>5,534,549</u>	<u>(234,256)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>583,223</u>	<u>2,096,038</u>	<u>1,672,575</u>	<u>(423,463)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	179,316	179,316
Transfers out	(3,530,000)	(1,146,042)	(2,002,596)	(856,554)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,530,000)</u>	<u>(1,146,042)</u>	<u>(1,823,280)</u>	<u>(677,238)</u>
<b>Net Change in Fund Balances</b>	<u>(2,946,777)</u>	<u>949,996</u>	<u>(150,705)</u>	<u>(1,100,701)</u>
<b>Fund Balances - Beginning</b>	<u>3,833,719</u>	<u>3,833,719</u>	<u>3,833,719</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 886,942</u>	<u>\$ 4,783,715</u>	<u>\$ 3,683,014</u>	<u>\$ (1,100,701)</u>

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Housing - Major Special Revenue Fund**  
**For the Year Ended June 30, 2024**

Item # 4.

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 500,000	\$ -	\$ -	\$ -
Use of money and property	136,100	-	131,302	131,302
<b>Total Revenues</b>	<b>636,100</b>	<b>-</b>	<b>131,302</b>	<b>131,302</b>
<b>EXPENDITURES</b>				
Current:				
Community development	525,000	-	7,470	(7,470)
<b>Total Expenditures</b>	<b>525,000</b>	<b>-</b>	<b>7,470</b>	<b>(7,470)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>111,100</b>	<b>-</b>	<b>123,832</b>	<b>123,832</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(15,000)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(15,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>96,100</b>	<b>-</b>	<b>123,832</b>	<b>123,832</b>
<b>Fund Balances - Beginning</b>	<b>8,623,772</b>	<b>8,623,772</b>	<b>8,623,772</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 8,719,872</b>	<b>\$ 8,623,772</b>	<b>\$ 8,747,604</b>	<b>\$ 123,832</b>

**CITY OF GRASS VALLEY**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2024**

**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, 2024, 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	\$ 17,962,983	\$ 18,597,842	\$ 634,859
Measure E	5,300,293	5,534,549	234,256
Housing	-	7,470	7,470

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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, 2024**

Item # 4.

	<b>Special Revenue Funds</b>	<b>Permanent Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 2,934,796	\$ 106,848	\$ 3,041,644
Receivables:			
Accounts	11,062	-	11,062
Interest	7,657	219	7,876
Taxes	102,634	-	102,634
Intergovernmental	9,321	-	9,321
Loans receivable	868,292	-	868,292
<b>Total Assets</b>	<u>\$ 3,933,762</u>	<u>\$ 107,067</u>	<u>\$ 4,040,829</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 167,335	\$ -	\$ 167,335
Salaries and benefits payable	5,285	-	5,285
Due to other funds	193,660	-	193,660
<b>Total Liabilities</b>	<u>366,280</u>	<u>-</u>	<u>366,280</u>
<b>FUND BALANCES</b>			
Nonspendable	868,292	-	868,292
Restricted	481,347	107,067	588,414
Assigned	2,439,162	-	2,439,162
Unassigned	(221,319)	-	(221,319)
<b>Total Fund Balances</b>	<u>3,567,482</u>	<u>107,067</u>	<u>3,674,549</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,933,762</u>	<u>\$ 107,067</u>	<u>\$ 4,040,829</u>



**CITY OF GRASS VALLEY**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2024**

	Special Revenue Funds	Permanent Funds	Totals
<b>REVENUES</b>			
Taxes and assessments	\$ 225,151	\$ -	\$ 225,151
Fines and forfeitures	42,499	-	42,499
Intergovernmental revenues	1,507,155	-	1,507,155
Use of money and property	177,266	3,936	181,202
<b>Total Revenues</b>	<u>1,952,071</u>	<u>3,936</u>	<u>1,956,007</u>
<b>EXPENDITURES</b>			
Current:			
General government	417,891	-	417,891
Public protection	321,982	-	321,982
Public ways and facilities	69,602	-	69,602
Community development	126,226	-	126,226
Debt Service:			
Principal	11,532	-	11,532
Capital outlay	447,346	-	447,346
<b>Total Expenditures</b>	<u>1,394,579</u>	<u>-</u>	<u>1,394,579</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>557,492</u>	<u>3,936</u>	<u>561,428</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	46,085	-	46,085
Transfers in	173,169	-	173,169
Transfers out	(1,468,993)	-	(1,468,993)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,249,739)</u>	<u>-</u>	<u>(1,249,739)</u>
<b>Net Change in Fund Balances</b>	<u>(692,247)</u>	<u>3,936</u>	<u>(688,311)</u>
<b>Fund Balances - Beginning</b>	<u>4,259,729</u>	<u>103,131</u>	<u>4,362,860</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 3,567,482</u></u>	<u><u>\$ 107,067</u></u>	<u><u>\$ 3,674,549</u></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, 2024**

Item # 4.

	<b>Gas Tax</b>	<b>Traffic Safety</b>	<b>Fire Reserve</b>	<b>DUI Grant</b>
<b>ASSETS</b>				
Cash and investments	\$ 190,584	\$ 19,673	\$ 186,667	\$ -
Receivables:				
Accounts	-	10,261	177	-
Interest	1,016	-	440	-
Taxes	98,547	-	-	-
Intergovernmental	-	-	-	-
Loans receivable	-	-	-	-
<b>Total Assets</b>	<u>\$ 290,147</u>	<u>\$ 29,934</u>	<u>\$ 187,284</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 29,934	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>29,934</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	290,147	-	-	-
Assigned	-	-	187,284	-
Unassigned	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<u>290,147</u>	<u>-</u>	<u>187,284</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 290,147</u>	<u>\$ 29,934</u>	<u>\$ 187,284</u>	<u>\$ -</u>

<b>EPA Brownfields</b>	<b>Developer Fees</b>	<b>Vehicle Replacement</b>	<b>Maintenance Districts</b>	<b>Block Grants</b>	<b>Prop 64</b>	<b>Downtown Assessment</b>	<b>Totals</b>
\$ -	\$ 2,241,714	\$ 13,842	\$ 188,632	\$ 6,038	\$ -	\$ 87,646	\$ 2,934,796
-	-	-	-	-	-	624	11,062
-	5,389	34	437	218	-	123	7,657
-	-	-	4,087	-	-	-	102,634
9,321	-	-	-	-	-	-	9,321
-	-	-	-	868,292	-	-	868,292
<u>\$ 9,321</u>	<u>\$ 2,247,103</u>	<u>\$ 13,876</u>	<u>\$ 193,156</u>	<u>\$ 874,548</u>	<u>\$ -</u>	<u>\$ 88,393</u>	<u>\$ 3,933,762</u>
\$ 10,024	\$ 37,494	\$ -	\$ 6,702	\$ 1,510	\$ 21,671	\$ 60,000	\$ 167,335
-	-	-	-	-	5,285	-	\$ 5,285
3,039	-	-	-	-	190,621	-	193,660
<u>13,063</u>	<u>37,494</u>	<u>-</u>	<u>6,702</u>	<u>1,510</u>	<u>217,577</u>	<u>60,000</u>	<u>366,280</u>
-	-	-	-	868,292	-	-	868,292
-	-	-	186,454	4,746	-	-	481,347
-	2,209,609	13,876	-	-	-	28,393	2,439,162
(3,742)	-	-	-	-	(217,577)	-	(221,319)
<u>(3,742)</u>	<u>2,209,609</u>	<u>13,876</u>	<u>186,454</u>	<u>873,038</u>	<u>(217,577)</u>	<u>28,393</u>	<u>3,567,482</u>
<u>\$ 9,321</u>	<u>\$ 2,247,103</u>	<u>\$ 13,876</u>	<u>\$ 193,156</u>	<u>\$ 874,548</u>	<u>\$ -</u>	<u>\$ 88,393</u>	<u>\$ 3,933,762</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, 2024**

	<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	-	42,499	-	-
Intergovernmental revenues	784,390	-	78,040	-
Use of money and property	32,036	-	8,213	119
<b>Total Revenues</b>	<b>816,426</b>	<b>42,499</b>	<b>86,253</b>	<b>119</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public protection	-	211,054	110,928	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>211,054</b>	<b>110,928</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>816,426</b>	<b>(168,555)</b>	<b>(24,675)</b>	<b>119</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	167,506	-	5,663
Transfers out	(788,069)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(788,069)</b>	<b>167,506</b>	<b>-</b>	<b>5,663</b>
<b>Net Change in Fund Balances</b>	<b>28,357</b>	<b>(1,049)</b>	<b>(24,675)</b>	<b>5,782</b>
<b>Fund Balances - Beginning (Deficits)</b>	<b>261,790</b>	<b>1,049</b>	<b>211,959</b>	<b>(5,782)</b>
<b>Fund Balances - Ending (Deficits)</b>	<b>\$ 290,147</b>	<b>\$ -</b>	<b>\$ 187,284</b>	<b>\$ -</b>

<b>EPA Brownfields</b>	<b>Developer Fees</b>	<b>Vehicle Replacement</b>	<b>Maintenance Districts</b>	<b>Block Grants</b>	<b>Prop 64</b>	<b>Downtown Assessment</b>	<b>Totals</b>
\$ -	\$ 80,386	\$ -	\$ 81,737	\$ -	\$ -	\$ 63,028	\$ 225,151
-	-	-	-	-	-	-	42,499
261,906	-	-	-	-	382,819	-	1,507,155
-	114,000	679	5,932	14,245	-	2,042	177,266
261,906	194,386	679	87,669	14,245	382,819	65,070	1,952,071
182,632	3,863	-	-	-	231,396	-	417,891
-	-	-	-	-	-	-	321,982
-	-	7,021	62,581	-	-	-	69,602
-	-	-	-	6,226	-	120,000	126,226
-	-	11,532	-	-	-	-	11,532
-	50,000	28,346	-	-	369,000	-	447,346
182,632	53,863	46,899	62,581	6,226	600,396	120,000	1,394,579
79,274	140,523	(46,220)	25,088	8,019	(217,577)	(54,930)	557,492
-	-	46,085	-	-	-	-	46,085
-	-	-	-	-	-	-	173,169
-	(545,677)	-	-	(135,247)	-	-	(1,468,993)
-	(545,677)	46,085	-	(135,247)	-	-	(1,249,739)
79,274	(405,154)	(135)	25,088	(127,228)	(217,577)	(54,930)	(692,247)
(83,016)	2,614,763	14,011	161,366	1,000,266	-	83,323	4,259,729
\$ (3,742)	\$ 2,209,609	\$ 13,876	\$ 186,454	\$ 873,038	\$ (217,577)	\$ 28,393	\$ 3,567,482



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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, 2024**

Item # 4.

	Elizabeth Daniels Park	Animal Shelter	Totals
<b>ASSETS</b>			
Cash and investments	\$ 104,670	\$ 2,178	\$ 106,848
Receivables:			
Interest	215	4	219
<b>Total Assets</b>	<u>\$ 104,885</u>	<u>\$ 2,182</u>	<u>\$ 107,067</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	104,885	2,182	107,067
<b>Total Fund Balances</b>	<u>104,885</u>	<u>2,182</u>	<u>107,067</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 104,885</u>	<u>\$ 2,182</u>	<u>\$ 107,067</u>

**CITY OF GRASS VALLEY**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Year Ended June 30, 2024**

	<b>Elizabeth Daniels Park</b>	<b>Animal Shelter</b>	<b>Totals</b>
<b>REVENUES</b>			
Use of money and property	\$ 3,857	\$ 79	\$ 3,936
<b>Total Revenues</b>	<u>3,857</u>	<u>79</u>	<u>3,936</u>
<b>EXPENDITURES</b>			
Current:			
General government	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	3,857	79	3,936
<b>Fund Balances - Beginning</b>	<u>101,028</u>	<u>2,103</u>	<u>103,131</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 104,885</u></u>	<u><u>\$ 2,182</u></u>	<u><u>\$ 107,067</u></u>

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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, 2024**

	<b>Private Purpose Trust Funds</b>		<b>Custodial Funds</b>		<b>Totals</b>
	<b>Successor Agency to the Redevelopment Agency of the City of Grass Valley</b>		<b>Whispering Pines Morgan Ranch Reserve 2001</b>	<b>Whispering Pines Morgan Ranch Redemption 2001</b>	
	<b>Projects</b>	<b>Housing</b>			
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 600,429	\$ 238,734	\$ -	\$ 34,320	\$ 873,483
Cash with fiscal agent	675	-	-	-	675
Receivables:					
Accounts	-	59,319	-	-	59,319
Interest	1,445	-	-	-	1,445
Loans receivable	-	979,297	-	-	979,297
<b>Total Assets</b>	<b>602,549</b>	<b>1,277,350</b>	<b>-</b>	<b>34,320</b>	<b>1,914,219</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Salaries and benefits payable	4,050	-	-	-	4,050
Due to other funds	-	-	30,899	-	30,899
Loans payable	365,148	-	-	-	365,148
<b>Total Current Liabilities</b>	<b>369,198</b>	<b>-</b>	<b>30,899</b>	<b>-</b>	<b>400,097</b>
Noncurrent Liabilities:					
Loans payable	6,759,813	-	-	-	6,759,813
<b>Total Noncurrent Liabilities</b>	<b>6,759,813</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,759,813</b>
<b>Total Liabilities</b>	<b>7,129,011</b>	<b>-</b>	<b>30,899</b>	<b>-</b>	<b>7,159,910</b>
<b>NET POSITION</b>					
Restricted for:					
Successor Agency to the Redevelopment Agency	(6,526,462)	1,277,350	-	-	(5,249,112)
Individuals, organizations, and other governments	-	-	(30,899)	34,320	3,421
<b>Total Net Position</b>	<b>\$ (6,526,462)</b>	<b>\$ 1,277,350</b>	<b>\$ (30,899)</b>	<b>\$ 34,320</b>	<b>\$ (5,245,691)</b>



**CITY OF GRASS VALLEY**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2024**

	<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	\$ 573,831	\$ -	\$ -	\$ -	\$ 573,831
Interest and investment earnings	22,122	-	-	-	22,122
Other contributions	-	69,318	-	-	69,318
<b>Total Additions</b>	<u>595,953</u>	<u>69,318</u>	<u>-</u>	<u>-</u>	<u>665,271</u>
<b>DEDUCTIONS</b>					
Expenses of former redevelopment agency	12,940	-	-	-	12,940
Interest expense	245,890	-	-	-	245,890
Amortization	(5,148)	-	-	-	(5,148)
<b>Total Deductions</b>	<u>253,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,682</u>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	342,271	69,318	-	-	411,589
<b>Total Net Position - Beginning</b>	<u>(6,868,733)</u>	<u>1,208,032</u>	<u>(30,899)</u>	<u>34,320</u>	<u>(5,657,280)</u>
<b>Total Net Position - Ending</b>	<u><u>\$ (6,526,462)</u></u>	<u><u>\$ 1,277,350</u></u>	<u><u>\$ (30,899)</u></u>	<u><u>\$ 34,320</u></u>	<u><u>\$ (5,245,691)</u></u>

# **CITY OF GRASS VALLEY, CALIFORNIA**



**SINGLE AUDIT ACT  
REPORTS AND SCHEDULES  
FOR THE YEAR ENDED  
JUNE 30, 2024**

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**CITY OF GRASS VALLEY**  
**Single Audit Act**  
**For the Year Ended June 30, 2024**

Item # 4.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 10, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

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

### **Report on Compliance and Other Matters**

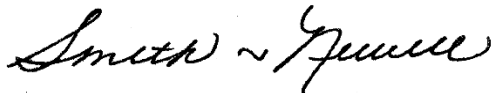
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **City's Response to Finding**

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying management's corrective action plan. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs  
Yuba City, California  
June 10, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City of Grass Valley, California's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



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

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

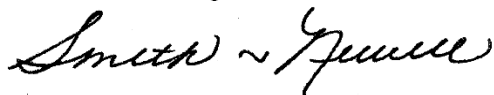
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, 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, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 10, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Smith & Newell CPAs  
Yuba City, California  
June 10, 2025

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**CITY OF GRASS VALLEY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

Item # 4.

<b>Federal Grantor/Pass-Through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Federal Grantor/ Pass-Through Grantor Number</b>	<b>Disbursements/ Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
State Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Outstanding Loans	\$ 866,554
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-CDBG-12004	28,265
<b>Subtotal 14.228</b>			894,819
Home Investment Partnerships Program	14.239	Outstanding Loans	7,910,751
<b>Total U.S. Department of Housing and Urban Development</b>			8,805,570
<b>U.S. Department of Transportation</b>			
State Department of Transportation:			
Highway Planning and Construction	20.205	CML-5023 (021)	71,095
<b>Total U.S. Department of Transportation</b>			71,095
<b>Environmental Protection Agency</b>			
Direct Program:			
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	98T42301	82,632
<b>Total Environmental Protection Agency</b>			82,632
<b>Total Expenditures of Federal Awards</b>			\$ 8,959,297

See the accompanying Notes to Schedule of Expenditures of Federal Awards

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**CITY OF GRASS VALLEY**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

**1. REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Grass Valley, California (City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Expenditures of Federal Awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**2. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the City financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements have been included in total federal expenditures.

**3. INDIRECT COST RATE**

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

**5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the City's basic financial statements.

**6. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City determined that no identifying number is assigned for the program or the City was unable to obtain an identifying number from the pass-through entity.

**CITY OF GRASS VALLEY**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

**7. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS**

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs require servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Section 200.510 of the Uniform Guidance, the City has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2024, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2024:

Assistance Listing Number	Program Title	Amount Outstanding	
		July 1, 2023	June 30, 2024
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 866,554	\$ 868,292
14.239	Home Investment Partnerships Program	<u>7,910,751</u>	<u>8,014,799</u>
	Total Loans Outstanding	<u>\$ 8,777,305</u>	<u>\$ 8,883,091</u>

**CITY OF GRASS VALLEY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

Item # 4.

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Status

- |  |            |
|--|------------|
| 1. Type of auditor's report issued   | Unmodified |
| 2. Internal controls over financial reporting:                                       |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified and not considered to be material weaknesses? | Yes        |
| 3. Noncompliance material to financial statements noted?                             | No         |

**Federal Awards**

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | No         |
| b. Significant deficiencies identified and not considered to be material weaknesses?                          | No         |
| 2. Type of auditor's report issued on compliance for major programs:  | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No         |
| 4. Identification of major programs:<br>14.239 Home Investment Partnerships Program                           |            |
| 5. Dollar threshold used to distinguish between Type A and Type B programs?                                   | \$750,000  |
| 6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520?                                       | Yes        |

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Budget	2024-001
--------	----------

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None



**CITY OF GRASS VALLEY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

Item # 4.

**2024-001 Budget (Significant Deficiency)**

**Criteria**

California Government Code requires that appropriate operating budgets be adopted and amended as needed and that expenditures not exceed the approved budget.

**Condition**

For the year ended June 30, 2023, we noted that the City incurred expenditures in excess of appropriations of \$634,859 in the General fund, \$234,256 in the Measure E major special revenue fund, and \$7,470 in the Housing major special revenue fund.

**Cause**

The City did not amend its budget for changes in the estimate of expenditures during the fiscal year.

**Effect**

Expenditures exceeded appropriations by \$634,859 in the General fund, \$234,256 in the Measure E major special revenue fund, and \$7,470 in the Housing major special revenue fund.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2023-001.

**Recommendation**

We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the City take appropriate action to amend the budget.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.



**CITY OF GRASS VALLEY, CALIFORNIA**

Status of Prior Year Findings and Questioned Costs

And

Corrective Action Plan

For the Year Ended June 30, 2024

Compiled by: Jennifer Styczynski, Deputy Finance Director

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**CITY OF GRASS VALLEY**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

Item # 4.

<u>Audit Reference</u>	<u>Status of Prior Year Recommendations</u>
<b>2023-001</b>	<b>Budget</b>  <b>Recommendation</b>  We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the city take appropriate action to amend the budget.  <b>Status</b>  Not implemented
<b>2023-002</b>	<b>Schedule of Expenditures of Federal Awards</b>  <b>Recommendation</b>  We recommend that the City review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.  <b>Status</b>  In progress

**CITY OF GRASS VALLEY**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2024**

Item # 4.

**2024-001 Budget (Significant Deficiency)**

We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the City take appropriate action to amend the budget.

Management's Response: Management agrees with the finding. The City acknowledges that expenditure in several funds exceeded budgeted appropriations. The City is committed to strengthening its budgetary controls and ensuring future compliance with the California Government Code.

Responsible Individual: Finance Director

Corrective Action Plan: The city will strengthen its budget compliance process through the following actions:

- **Centralized Budget Adjustment Tracking:** Create a centralized log maintained by the Finance Department to monitor requested, pending, and complete budget amendments.
- **Pre-Encumbrance Controls:** Review setup and system abilities to implement as needed system-based alerts in the City's financial software to flag when planned expenditures approach or exceed approved budget thresholds.
- **Enhanced Reporting:** Develop internal budget tracking tools and variance reports to be distributed quarterly to departments to improve expenditure awareness.

Anticipated Completion Date: September 30, 2025

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

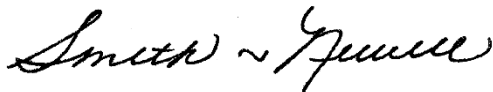
To the Honorable Mayor and Members of the City Council  
City of Grass Valley  
Grass Valley, California

In planning and performing our audit of the financial statements of the City of Grass Valley, (City) as of and for the year ended June 30, 2024, 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, we considered the City's system of internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The appendix that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated June 10, 2025, on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the City Council, and others within the City and is not intended to be, and should not be, used by anyone other than these specified parties.



Smith & Newell CPAs  
Yuba City, California  
June 10, 2025

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**CITY OF GRASS VALLEY**  
**Appendix A: Management Letter Comments**  
**For the Year Ended June 30, 2024**

Item # 4.

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**Schedule of Expenditures of Federal Awards**

**Criteria**

Uniform Guidance Title 2 Section 200.510(b) requires that the City prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the City's financial statements. Section 200.502 states that the determination of when a federal award is expended should be based on when the activity related to the federal award occurs.

**Condition**

Expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) as presented at the beginning of audit fieldwork was understated by \$105,788.

**Cause**

The City did not provide accurate information to include on the SEFA that was provided to us at the beginning of the audit.

**Effect**

Expenditures reported on the SEFA prepared by the City were incorrectly stated and required adjustment.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is a repeat finding from prior year.

**Recommendation**

We recommend that the City review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.



**CITY OF GRASS VALLEY**  
**Appendix A: Management Letter Comments**  
**For the Year Ended June 30, 2024**

Item # 4.

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

**Payroll Withholdings**

**Criteria**

Good internal controls over payroll requires that employee payroll tax withholdings agree to the amount authorized on the employee completed W-4 and/or DE-4.

**Condition**

During our walkthrough of payroll transactions, we noted that six of the twelve employee-selected federal and/or state payroll tax withholdings did not agree to amounts authorized on employee-completed W-4 and/or DE-4.

**Cause**

The City did not verify that federal and/or state payroll tax withholdings agreed to amounts authorized on employee-completed W-4 and/or DE-4.

**Effect**

The City was withholding an amount for federal and/or state taxes different than what was authorized by the employee.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that the City review employee files to verify that correct payroll tax withholding statuses agree to what is provided by the employee on Form W-4 and/or DE-4.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**CITY OF GRASS VALLEY**  
**Appendix B: Management's Corrective Action Plan**  
**For the Year Ended June 30, 2024**

**Schedule of Expenditures of Federal Awards**

We recommend that the City review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.

Management's Response: Management acknowledges the finding and agrees with the recommendation. The City recognizes the importance of accurately preparing the Schedule of Expenditures of Federal Awards (SEFA) in accordance with Uniform Guidance requirements.

Responsible Individual: Finance Director

Corrective Action Plan: To address this issue, the City will implement the following corrective actions:

- **Strengthen Internal Review Processes:** The Finance Department will enhance its internal review procedures to ensure that all federal expenditures are properly captured and reconciled prior to finalizing the SEFA.
- **Staff Training:** Relevant staff will receive training on the requirements of 2 CFR §200.502 and §200.510 to ensure a clear understanding of the criteria for recognizing expenditures and the proper preparation of the SEFA.
- **Timeline and Responsibility:** A designated staff member will be assigned responsibility for compiling and reviewing the SEFA, with an oversight from the Finance Director. This process will be completed earlier in the annual audit timeline to allow sufficient time for review and adjustments if needed.

Anticipated Completion Date: These corrective measures will be in place prior to the preparation of the SEFA for the next audit cycle.

**CITY OF GRASS VALLEY**  
**Appendix B: Management's Corrective Action Plan**  
**For the Year Ended June 30, 2024**

**Payroll Withholdings**

We recommend that the City review employee files to verify that correct payroll tax withholding statuses agree to what is provided by the employee on Form W-4 and/or DE-4.

Management's Response: Management agrees with the finding. The City acknowledges the errors in payroll tax withholdings and is committed to improving internal controls to ensure employee-selected withholding statuses are accurately implemented.

Responsible Individual: Finance Director

Corrective Action Plan: The City will take the following steps to prevent recurrence:

- Require all employees to submit 2025 W-4 and DE-4 forms through the employee portal or by submission of paper forms.
- Implement a dual-verification procedure for all new and updated employee tax withholding elections.
- Provide refresher training to payroll and HR staff on withholding requirements and form accuracy.

Anticipated Completion Date: July 31, 2025

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES TO APPROPRIATIONS LIMIT CALCULATION**

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

We have performed the procedures enumerated below, which were agreed to by the City of Grass Valley (City), related to the City's compliance with the requirements of Section 1.5 of Article XIII B of the California Constitution, for the year ended June 30, 2024. The City's management is responsible for the compliance with those specified requirements.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the compliance with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We evaluated the accuracy of the computation and adequacy of the documentation. We obtained the completed worksheets and compared the Limit and annual adjustment factors in those worksheets to the Limit and annual adjustment factors that were provided by the State Department of Finance. We also evaluated the City's compliance with Government Code Section 37200.

Finding: No exceptions were noted as a result of our procedures.

2. We determined compliance with the Appropriations Limit. We compared the proceeds of taxes subject to the calculated Limit.

Finding: No exceptions were noted as a result of our procedures.

3. We determined that the Appropriations Limit resulting from the completion of the various worksheets was adopted by the City Council. We noted that the Limit was approved by the City Council on June 29, 2023.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year Appropriations Limit presented in the current year Appropriations Limit calculation to the prior year Appropriations Limit adopted by the City Council.

Finding: No exceptions were noted as a result of our procedures.

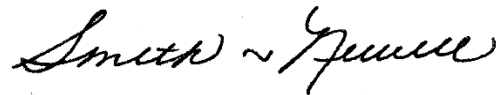
To the Honorable Mayor and Members of the City Council  
City of Grass Valley  
Grass Valley, California

Item # 4.

We were engaged by the City of Grass Valley to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Grass Valley and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management of the City of Grass Valley, the City Council, and others within the City and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Smith & Newell", written in a cursive style.

Smith & Newell CPAs  
Yuba City, California  
June 11, 2025

**CITY OF GRASS VALLEY**  
**Appropriations Limit Worksheet**  
**For the Year Ended June 30, 2024**

Item # 4.

Gann Limit for the fiscal year ended June 30, 2023		\$ 27,049,492
Per capita personal income factor	1.0444	
Population change factor	<u>0.9974</u>	
Gann Limit Increase factor		<u>1.04168456</u>
Gann Limit for the fiscal year ended June 30, 2024		<u>\$ 28,177,038</u>

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**CITY OF GRASS VALLEY**  
**Notes to Appropriations Limit Worksheet**  
**For the Year Ended June 30, 2024**

Item # 4.

**NOTE 1: PURPOSE OF LIMITED PROCEDURES REVIEW**

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

**NOTE 2: METHOD OF CALCULATION**

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

**NOTE 3: PER CAPITA PERSONAL INCOME FACTOR**

The per capita personal income factor was obtained by using the percentage factor from the State Department of Finance letter dated May 2023. The CPI change was 4.44 percent. This percentage was converted to a ratio and for calculation purposes was 1.0444.

**NOTE 4: POPULATION CHANGE FACTOR**

There are three methods of calculating the change in population that a city may choose in determining the Gann Limit. 1) The change in population within its jurisdiction; 2) the change in population within its jurisdiction, combined with the changes in population within all counties having borders that are contiguous to that city; 3) the change in population within the incorporated portion of the City. The City may use either of these methods in any year.

The City has elected to use the change in population within its jurisdiction (1). Per the May 2023 letter from the State Department of Finance the population change percentage was (0.26). This percentage change was converted to the ratio factor of 0.9974.

**NOTE 5: OTHER ADJUSTMENTS**

A California government agency may be required to adjust its Appropriations Limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustments for the year ended June 30, 2024.



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## City of Grass Valley City Council Agenda Action Sheet

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**Title:** Residential Permit Parking Program

**CEQA:** Not a project

**Recommendation:** Approve second reading of attached ordinance 836, waive full reading, and read by title only

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**Prepared by:** Alexander K. Gammelgard, Chief of Police

**Council Meeting Date:** 09/09/2025

**Date Prepared:** 09/03/2025

**Agenda:** Administrative

**Background Information:** At the last regularly scheduled City Council meeting on 8/26/2025, Council approved and had the first reading of that attached ordinance (#836). This action would be the second reading. If the second reading is approved, it will become effective 30 days thereafter on 10/09/2025. Also at the last meeting, Council approved Resolution #2025-44 - setting terms and conditions related to implementation of a residential permit parking program.

To summarize, the RPP program for the Mill Street parking lot has the following framework:

- Proximity eligibility
  - Eligible residents of residential properties with a parcel within 200ft of the 309 Mill Street parcel are eligible to apply for a permit
- Cost for an RPP permit is set at \$55 per quarter or \$200 per year
  - The dates of issuance will be the same as other permits for quarterly permits
  - The date of issuance for annual permits will be for the calendar year (Jan-Dec)
- Assignment of spaces
  - Spaces in the lower section of the Mill Street Parking lot (309 Mill Street) will be available for both RPP permits and regular permits. There are a total of nineteen (19) spaces in the lower area (see attached overhead for designated spaces).
- Number of RPP Permits
  - The City will issue no more than eight (8) RPP permits at any given time on a first come first served basis.

**Council Goals/Objectives:** The execution of this action attempts to achieve Strategic Goal #1 - Community and sense of place; and, #6 - Exceptional Public Safety

**Fiscal Impact:** The issuance of RPP permits is anticipated to increase revenues to the City general fund by approximately \$1,200-\$1,320 per year, assuming 75% use rate. Actual revenues will depend on issuance interval (quarterly or annual) and use rate.

**Funds Available:** Yes.

**Account #:** 100-41700

**Reviewed by:** City Manager

**Attachments:**

- RPP ordinance #836 (second reading)
- Overhead image of Mill Street Parking Lot showing eligible spaces

**ORDINANCE NO. 836****AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY  
AMENDING CHAPTERS 10.04 AND 10.48 OF TITLE 10 OF THE GRASS VALLEY  
MUNICIPAL CODE REGULATING OFF-STREET PARKING LOTS**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GRASS VALLEY

SECTION 1. CODE ADOPTION. Chapter 10.04 ("Definitions") of Title 10 ("Vehicles and Traffic") of the Grass Valley Municipal Code is hereby amended as set forth in Exhibit "A" attached to this Ordinance and incorporated by reference.

SECTION 2. CODE ADOPTION. Chapter 10.48 ("Off-Street Parking Lots") of Title 10 ("Vehicles and Traffic") of the Grass Valley Municipal Code is hereby amended and restated as set forth in Exhibit "B" attached to this Ordinance and incorporated by reference.

SECTION 3: CEQA FINDINGS. This Ordinance sets out the rules and regulations pertaining to off-street parking lots. As a purely administrative and regulatory action, it will not affect the physical environment. This Ordinance is not a project within the meaning of California Environmental Quality Act (CEQA) Guidelines, California Code of Regulations, title 14, section 15378 because it has no potential to result in physical change in the environment, directly or indirectly. It is also exempt from CEQA review under CEQA Guidelines, California Code of Regulations, title 14, section 15061(b)(3) because it can be seen with certainty that there is no possibility that the adoption of this Ordinance may have a significant effect on the environment.

SECTION 4. SEVERABILITY. If any section, subsection, sentence, clause, phrase or portion of this Ordinance or its application to any person or circumstance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or its application to other persons and circumstances. The City Council of the City of Grass Valley hereby declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional and, to that end, the provisions hereof are hereby declared to be severable.

SECTION 5. INCONSISTENT PROVISIONS. Any provision of the Grass Valley Municipal Code inconsistent with this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to the extent necessary to give effect to this Ordinance.

SECTION 6. EFFECT OF ADOPTION. It is the intent of the City Council of the City of Grass Valley that the Grass Valley Municipal Code sections affected by this Ordinance shall not be considered repealed and reenacted in their amended form; that the portions which are not altered are to be considered as having been the law from the time when they were enacted; that the new provisions are to be considered as having been enacted at the time of the amendment; and that the omitted portions are to be considered as having been repealed at the time of the amendment.

SECTION 7. EFFECTIVE DATE. This Ordinance shall be in full force and effect 30 days after its adoption pursuant to Article VII, § 2 of the Grass Valley City Charter.

SECTION 8. PUBLICATION. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published once in *The Union*, a newspaper of general circulation printed, published, and circulated within the City.

INTRODUCED and first read at a regular meeting of the City Council on the 26th day of August 2025.

FINAL PASSAGE AND ADOPTION by the City Council was at a meeting thereof held on the 9th day of September, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

\_\_\_\_\_  
Hilary Hodge, Mayor

APPROVED AS TO FORM:

ATTEST

\_\_\_\_\_  
Michael G. Colantuono, City Attorney

\_\_\_\_\_  
Taylor Whittingslow, City Clerk

The following sections of the Grass Valley Municipal Code is are hereby amended to read as follows  
(~~strikeout~~ is used to denote existing text being deleted; underline is used to denote new text being added):

### Chapter 10.04 DEFINITIONS

#### Sections:

#### 10.04.010 - Definitions.

- A. Whenever any words or phrases used in this chapter are not defined, but are defined in the Vehicle Code of the State of California and amendments thereto, such definitions shall apply.
- B. The following words and phrases, when used in this chapter, shall for the purpose of this chapter, have the meaning respectively ascribed to them in this section.

“Alley” means any street less than twenty-five feet in width between the property lines.

“City council” means the council of the City of Grass Valley.

“Coach” means any motor bus, motor coach, trackless trolley, or passenger stage used as a common carrier of passengers.

“Curb” means the lateral boundary of the roadway, whether such curb is marked by curbing construction or not so marked; the word “curb” as used in this title shall not include the line dividing the roadway of a street from parking strips in the center of a street, nor from tracts of rights-of-way of public utility companies.

“Dwelling unit” shall mean a self-contained residential house, apartment, stock cooperative unit, or condominium unit occupied by a single household exclusively for residential purposes.

“Eligible driver” means a licensed driver identified as the registered owner of a currently registered vehicle who resides in a dwelling unit eligible for residential parking permits.

“Eligible residence” shall refer to a dwelling unit located on a parcel that is within a radius of 200 feet of a municipal lot with spaces designated for residential parking permits.

“Holidays” means all days recognized by the state as legal holidays.

“Loading zone” means the space adjacent to a curb reserved for the exclusive use of vehicles during the loading or unloading of passengers or materials.

“Official time standard” means standard time or daylight saving time as may be in current use in this city.

“Official traffic signals” means any device, whether manually, electrically or mechanically operated, by which traffic is alternately directed to stop and to proceed, and which is erected by authority of a public body or official having jurisdiction.

“Parkway” means that portion of a street other than a roadway or sidewalk.

“Passenger loading zone” means the space adjacent to a curb reserved for the exclusive use of vehicles during the loading or unloading of passengers.

“Pedestrian” means any person who is afoot or who is using a means of conveyance propelled by human power other than a bicycle.

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“Police officer” means every officer of the police department of this city or any person authorized to direct or regulate traffic or to make arrests for violations of traffic regulations.

“Shall” and “may”. “Shall” is mandatory and “may” is permissive.

“Speed zone” means a portion of a public road along which a specified maximum vehicular speed limit has been determined by the city council and so posted.

“Stop” when required means complete cessation of movement.

“Stop or stand” when prohibited, means any stopping of a vehicle except when necessary to conflict with other traffic or in compliance with direction of a police officer or official traffic-control device.

“Vehicle” means a device by which any person or property may be propelled, moved or drawn upon a highway, except a device moved by human power or used exclusively upon stationary rails or tracks.

“Vehicle Code” means the vehicle code of the State of California.

The following sections of the Grass Valley Municipal Code is are hereby amended or added to read as follows (~~strikeout~~ is used to denote existing text being deleted; underline is used to denote new text being added):

## Chapter 10.48 OFF-STREET PARKING LOTS

### Sections:

#### 10.48.010 Established—Applicability.

Municipal off-street parking lots are established in the city and all of the provisions of this chapter shall be applicable thereto. Such off-street parking lots are those areas so designated by resolution of the city council.

#### 10.48.020 Method of regulation and control of use.

The method of regulation and control of parking or standing of vehicles in municipal off-street parking lots shall be determined by the city council, and may be by paid parking meters devices, attendants or any other appropriate means.

#### 10.48.030 Length of time parking allowed.

- A. The limit of parking time which shall apply on municipal off-street parking lots shall be established by the city manager or designee.
- B. It is unlawful for any person to park a vehicle or cause, allow, or permit to be parked, a vehicle in any municipal off-street parking lot in violation of signs erected or parking time established pursuant to this chapter.
- C. It is unlawful for any person to cause, allow, or permit any vehicle to remain in or upon any municipal off-street parking lot for more than the time paid for or time indicated by signs erected pursuant to this chapter.

#### 10.48.040 Permit parking in municipal lot—Generally.

- A. The city manager or designee may designate specific parking spaces within a municipal parking lot as permit parking spaces. Permit parking spaces shall be clearly identified by curb markings and/or posted signage stating the applicable permit requirements, hours, and restrictions. The city manager or designee may amend, suspend, or revoke any permit parking restrictions.
- B. It shall be unlawful for any person to park a vehicle in a municipal off-street parking lot space which requires a parking permit unless such person has acquired a valid parking permit to park in such space from the city.
- C. The city manager or designee may adopt policies and/or administrative regulations to implement permit policies according to this chapter, including, but not limited to, the establishment of permit parking restrictions and the criteria for the issuance, eligibility, duration, and quantity of permits, consistent with this chapter and other applicable laws.
- D. The following exemptions apply to permit parking spaces:
  - 1. Vehicles displaying disabled person or disabled veteran license plate or placard, as described in Vehicle Code Section 22511.5(a)(1), shall be exempt from the provisions of this article.

2. A parking permit as designated by the council shall not guarantee or reserve to the holder thereof any permitted parking space in municipal lots.
3. Permit parking restrictions shall not apply to police vehicles, authorized emergency vehicles, or city-owned vehicles when used for official business.

**10.48.045 Permit parking in municipal lot—Residential parking permits.**

- A. The city manager or designee may designate specific municipal parking lots, or portions thereof, to include permit parking spaces eligible for use with residential parking permits. Residential parking permits issued under this chapter shall be valid only in lots so designated and only in designated residential permit parking spaces within those lots.
- B. Vehicles associated with a valid residential parking permit may only be exempt from overnight parking restrictions, paid parking regulations, and parking time limits as posted in the municipal lot for which the permit was issued. Nothing in this section shall be construed as permitting any person to park a vehicle in violation of any other restriction on parking.
- C. The police department may issue residential parking permits with the following terms:
  1. The number of residential parking permits available for purchase per eligible residence shall be set or modified by resolution of the city council.
  2. If an existing placard system is in effect, the program shall maintain its current policies with the intention to transition to a virtual permit system. If a virtual permit system is available, the program can execute the following criteria:
    - a. Duration. A parking permit shall be issued with a term not to exceed one year from the date of issuance, unless earlier revoked or terminated, provided however that a permit shall automatically terminate when the permit holder ceases to reside in an eligible residence.
    - b. Eligibility. A residential parking permit may be issued only to an eligible driver who can demonstrate that they currently reside at an eligible residence. Persons may apply for residential parking permits per guidelines established by the city manager or designee to be issued a residential parking permit. Each eligible driver shall provide the following information:
      - i. The applicant's full, true name and home address, and proof of residence;
      - ii. The applicant's driver license;
      - iii. A valid and current vehicle registration and license plate number of the vehicle for which a permit is being requested; and
      - iv. Other information as required by the city manager or designee.
- D. The applicable permit fee shall be established by city council resolution and shall be charged at the time of issuance and/or renewal. The council may modify fees by resolution.
- E. Any person who has been denied a permit or had a permit revoked by the police department may appeal that decision to the city manager or designee within ten (10) days after the decision of the police department.

**10.48.050 Speed limit.**

No person shall move any vehicle on any municipal off-street parking lot at any speed exceeding five miles per hour.

**10.48.060 Use of entrances and exits.**

- A. No person shall enter any municipal off-street parking lot over any area or driveway or the portion between any curb returns which is not marked with the word "entrance" or otherwise indicated by arrows, signs or words that it is a driveway or place for the entering of such parking lot.



- B. No person shall move any vehicle from any such parking lot into any public way over any area except an area marked with the word “exit” or otherwise indicated by arrows, signs or words that it is a driveway or place for the leaving of such parking lot.

**10.48.070 Use of designated parking spaces—Blocking of traffic.**

Parking spaces on municipal off-street parking lots shall be designated by lines or other appropriate markings. When parking spaces are so designated, it shall be unlawful for the operator of any vehicle to stop, stand or park such vehicle other than in a regular designated parking space, across any such line or marking, or in such position that such vehicle shall not be entirely within the area so designated a parking space. No vehicle shall be parked, stopped or left standing either wholly or partially in any driveway of any municipal off-street parking lot or in any manner which shall obstruct or interfere with the free movement of vehicles in such driveway or drive-aisle or in any manner so as to obstruct or otherwise prevent or interfere with ingress to or egress from any regularly designated parking space.

**10.48.080 Size of vehicles permitted.**

- A. No person, without first obtaining authority from the police department, shall stop, stand or park any vehicle having a gross weight in excess of ~~five~~ ten-thousand ~~nine hundred and ninety-nine~~ pounds in any municipal off-street parking lot.
- B. No person shall stop, stand or park any vehicle having an overall length in excess of twenty-three ~~one~~ feet in any municipal off-street parking lot.

**10.48.090 House trailers and truck trailers prohibited.**

No person shall stop, stand or park any house trailer or truck trailer in any municipal off-street parking lot.

**10.48.100 Removal of vehicles from off-street parking lots.**

- A. The police department of the city is empowered to remove, or cause to have removed to the nearest garage or other place of safety, or to a garage designated or maintained by the city, any vehicle that is stopped, standing or parked on any municipal off-street parking lot in violation of this chapter, or which is left on such municipal off-street parking lot for a period exceeding twenty-four hours, or seventy-two hours with a valid residential parking permit. The expense for such removal shall be the responsibility of the registered owner.
- B. The provisions of Article 2, Chapter 10, Division 11, of the Vehicle Code of the State of California pertaining to notice to owner and to garage keeper’s lien, shall apply in the event of such removal.

**10.48.110 Violations and penalties.**

- A. For any violation of any provision of this chapter, the police department may issue notices to appear or citations in the usual form and manner as provided in the vehicle code of the state.
- B. Regarding parking permits, violations of this section include:
1. Falsely representing oneself as eligible for a parking permit or furnishing false information in association with obtaining a parking permit.
  2. Copying, reproducing, or otherwise bringing into existence a counterfeit parking permit or permits without written authorization from the city manager or designee.
  3. Knowingly using or displaying a facsimile or counterfeit parking permit in order to evade posted parking restrictions.

4. Selling, transferring or exchanging, or offering to sell, transfer, or exchange a parking permit(s) with any other person, or any other vehicle without written authorization from the city manager or designee, except as provided for in this chapter.
5. Knowingly committing any act that is prohibited by the terms of this chapter or any ordinance or resolution enacted by authority granted by this chapter.

C. Parking penalties shall be established by resolution of the city council.

**10.48.120 Prima facie presumption in prosecution for violation.**

In any prosecution charging a violation of any of the provisions of this chapter governing the stopping, standing or parking of a vehicle in any municipal off-street parking lot, proof that the particular vehicle described in the complaint was stopped, left standing or parked in violation of any provision of this chapter, together with proof that the defendant named in the complaint was at the time such stopping, standing or parking the registered owner of such vehicle, shall constitute in evidence a prima facie presumption that the registered owner of such motor vehicle was the person who stopped, left standing or parked such motor vehicle at the point where and for the time during which such violation occurred.





## City of Grass Valley City Council Agenda Action Sheet

**Title:** Slate Creek Lift Station Pump Replacement Project - Authorization to Purchase Flygt Equipment

**CEQA:** Categorically Exempt - Section 15301 "Existing Facilities"

**Recommendation:** That Council authorize the City Engineer to purchase standardized Flygt equipment for the Slate Creek Lift Station Pump Replacement Project

**Prepared by:** Bjorn P. Jones, PE, City Engineer

**Council Meeting Date:** 09/9/2025

**Date Prepared:** 09/4/2025

**Agenda:** Consent

**Background Information:** The Slate Creek Lift Station Pump Replacement Project involves upgrades and modernization work to the existing wastewater lift station; specifically, the demolition and replacement of the wet well, installation of new pumps, piping and valves, and electrical system upgrades.

The project is currently out to bid with an anticipated Bid Opening date of September 16, 2025. As detailed in the project specifications, City Staff planned to purchase the submersible pumps and associated mounting and wiring equipment separately, in order to maintain a direct manufacturer's warranty and avoid contractor markups on the required equipment.

Flygt pumps have previously been authorized by Council on November 4, 2014 as standardized equipment for the City's treatment plant and lift stations. As such, a Sole Source Procurement of the pumps without a competitive bid process is warranted in accordance with the City's Municipal Code. Staff requests that Council authorize the City Engineer to execute a purchase order with Xylem Water Solutions, USA Inc. in the amount of \$200,596.69 for Flygt submersible pumps and associated equipment.

**Council Goals/Objectives:** The Slate Creek Lift Station Pump Replacement Project executes portions of work tasks towards achieving/maintaining Strategic Plan Goal - Water & Wastewater Systems & Underground Infrastructure.

**Fiscal Impact:** The Slate Creek Lift Station Pump Replacement Project is fully funded in the FY 2025/2026 CIP Budget with Sewer Rate Program funds.

**Funds Available:** Yes

**Account #:** 510-406-66940

**Reviewed by:** \_\_\_\_ City Manager

**Attachments:** N/A



## City of Grass Valley City Council Agenda Action Sheet

**Title:** Introduction of an ordinance amending subsection (F) of section 17.38.080 and adding section 17.30.100 of Chapter 17.30 of Title 17 of the Grass Valley Municipal Code to establish standards for art installations in the City

**CEQA:** Exempt under CEQA Guideline §15301, Categorical Exemption Class 1 (“Existing Facilities”) and under CEQA Guideline §15061(b)(3) (General Rule)

**Recommendation:** Approve Resolution 2025-45 adopting a Notice of Exemption for the Project, and Introduce the attached Ordinance 837, waive full reading, and read by Title Only

**Prepared by:** Amy Wolfson, City Planner

**Council Meeting Date:** September 9, 2025

**Date Prepared:** September 3, 2025

**Agenda:** Public Hearing

**Background Information:** City Municipal Code Section 17.38.080(F) currently regulates mural installations as a category of signage. City staff is periodically asked to provide regulations for other types of artwork, such as sculpture, for which regulations do not exist. Staff has therefore drafted an expansion of the existing mural ordinance to encompass other forms of visual art.

The draft ordinance provides a process for applicants to propose visual art installments both on private and on public property. Visual art proposed on private property will be required to be approved by the planning commission, with a recommendation from the historic commission if proposed within the historic district. Visual art proposed on public property will be required to be approved by the city council with a recommendation from the planning commission, as well as from the historic commission if proposed within the historic district. The finding required to approve visual art within the city is the same as that which currently exists for mural installments, “that the colors, placement, and size of the artwork are visually compatible with the surrounding character of the area, and that the artwork will serve to enhance the aesthetics of the city.”

The Planning Commission reviewed the draft ordinance at their regular meeting held on August 19, 2025, and voted to recommend adoption with added clarification that the ordinance applies only to nonresidential zoning designations.

**Council Goals/Objectives:** This ordinance supports the 2022 Strategic Plan Update, Goal #1: The City of Grass Valley is dedicated to promoting programs and projects that improve livability and enhance the character and charm of Grass Valley.

**Fiscal Impact:** Drafting of the ordinance required staff time.

**Funds Available:** None

**Account #:** TBD

**Reviewed by:** City Manager

**Attachments:**

1. Resolution 2025-45 to approve a Notice of Exemption
2. Ordinance 837 for the regulation of the installation of public art throughout the City
3. Sample Visual Art Application Form

## RESOLUTION NO. 2025-45

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY APPROVING A NOTICE OF EXEMPTION FOR THE ADOPTION OF AN ORDINANCE REGULATING THE INSTALLATION OF ART THROUGHOUT THE CITY

WHEREAS, the City Council held a duly noticed public hearing on September 9, 2025 for the introduction of Ordinance 837 to regulate art installation on public and private property in all non-residential zones throughout the City; and

WHEREAS, CEQA Guidelines are set forth in Title 14, Division 6 Chapter 3 of the California Code of Regulations (CEQA Guidelines); and

WHEREAS, CEQA Guidelines Section 15301 sets forth a categorical exemption from CEQA for the operation, repair, maintenance, permitting, licensing, or minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination; and

WHEREAS, CEQA Guidelines Section 15061(b)(3) exempts projects under the general rule that it can be seen with certainty that there is no possibility that the Project may have a significant effect on the environment; and

WHEREAS, the Project does not involve any of the following circumstances which would preclude use of a categorical exemption as described under CEQA Guidelines section 15300.2:

- a) The cumulative impact of successive projects of the same type in the same place which overtime are significant;
- b) An activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances;
- c) A project which may result in damage to scenic resources, including but not limited to trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway;
- d) A hazardous waste site which is included on any list compiled pursuant to section 65962.5 of the Government Code; and
- e) A project which may cause a substantial adverse change in the significance of a historical resource;

WHEREAS, the Project satisfies the conditions specified in Sections 15301 and 15061(b)(3) as described in the Notice of Exemption for the Ordinance regulating installation of art throughout the City, attached hereto as Exhibit A.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRASS VALLEY, as follows:

1. The City determines that the Project is exempt from CEQA pursuant to CEQA Guidelines Section 15301 and Section 15061(b)(3) and authorizes the City Planner to file a CEQA Notice of Exemption for the Project.

ADOPTED as a Resolution by the City Council of the City of Grass Valley at a regular meeting thereof held on the 9th day of September 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Hilary Hodge, MAYOR

APPROVED AS TO FORM:

ATTEST:

\_\_\_\_\_  
David Ruderman, CITY ATTORNEY

\_\_\_\_\_  
Taylor Whittingslow CITY CLERK



City of Grass Valley  
125 East Main Street  
Grass Valley, CA 95945

Nevada  
950 Maidu Avenue  
Nevada City, CA 95959

Ordinance regulating public art throughout the City  
City of Grass Valley

Public art on public and private property throughout the City

Grass Valley

Nevada

Regulates the installation of public and private art in the City in non-residential zoning districts.

City of Grass Valley  
Planning Department

x

§15301 (Class 1), §15061(b)(3)

This Ordinance is exempt under CEQA Guideline 15301, Categorical Exemption Class 1 ("Existing Facilities"), because it regulates the ability of existing businesses on commercial property to advertise using portable signs and does not authorize an expansion of use. This Ordinance is also exempt under CEQA Guideline 15061(b)(3) because it can be seen with certainty that there is no possibility that the Ordinance may have a significant effect on the environment as it is intended to regulate existing land uses rather than to promote new ones.

Amy Wolfson, City Planner

530-274-4711

5/8/2024

City Planner



## ORDINANCE NO. 837

### AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY AMENDING SUBSECTION (F) OF SECTION 17.38.080 AND ADDING SECTION 17.30.100 OF CHAPTER 17.30 OF TITLE 17 OF THE GRASS VALLEY MUNICIPAL CODE TO ESTABLISH STANDARDS FOR ART INSTALLATIONS IN THE CITY.

WHEREAS, the ordinance was initiated by City of Grass Valley staff to address questions regarding standards and approval processes for a range of types of artwork on public and private property (the “Ordinance”); and

WHEREAS, the City of Grass Valley desires to facilitate artwork on public and private property to enhance the city visually; and

WHEREAS, the City desires to amend the Zoning Code to establish requirements for artwork citywide to promote the general welfare of the community and to protect the public health, safety, and welfare; and

WHEREAS, the Planning Commission of the City of Grass Valley, after giving notice thereof as required by law, held a public hearing on August 19, 2025 to review the draft Ordinance No. 837; and

WHEREAS, on August 19, 2025, the Planning Commission of the City of Grass Valley recommended adoption of Ordinance No. 837 by City Council; and

WHEREAS, the City Council of the City of Grass Valley, after giving notice thereof as required by law, held a public hearing on September 9, 2025 for a first hearing of Ordinance No. 837; and

THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GRASS VALLEY AS FOLLOWS:

SECTION 1. RECITALS. The recitals and findings set forth above are true and correct and incorporated herein by reference.

SECTION 2. CODE AMENDMENT. Subsection (F) Section 17.38.080 of Chapter 17.38 and Section 17.30.100 of Chapter 17.30 of Title 17 of the Grass Valley Municipal Code is hereby amended to read as follows (deletions denoted by ~~struck through~~ text and additions denoted by underlined text):

**17.38.080 – Standards for specific sign types.**

...

F. Murals. A mural ~~placed~~  painted on the wall of a structure may be allowed in any commercial, industrial, and other nonresidential zone subject to the following requirements. ~~All murals shall be subject to the review and recommendation by the development review committee (DRC) and approval by the commission.~~

1. Murals on private property shall comply with requirements of Section 17.30.100(B) (Standards for visual art).

2. Murals on public property shall comply with requirements of Section 17.30.100(C) (Standards for visual art).

~~3. 4-~~A mural without text visible from a public right-of-way may be approved in addition to (not counted as part of) the sign area allowed by Section 17.38.070 (zone sign standards), above; a mural with text shall comply with the sign area limitations applicable to the site.

~~2. Murals that illustrate the local setting, history, or cultural significance as sources of inspiration are encouraged.~~

~~3. The approval of a mural shall require that the review authority first find that the colors, placement, and size of the mural are visually compatible with the structure's architecture, and that the mural will serve to enhance the aesthetics of the city.~~

**(NEW) 17.30.100 – Standards for visual art.**

A. Applicability. The provisions of this section apply to any proposed installation of visual art on public or private property in all non-residential zoning districts.

B. Visual Art on Private Property. Visual art may be allowed in any commercial, industrial, and other nonresidential zone subject to the following requirements. All visual art shall be subject to the review and recommendation by the development review committee (DRC) and approval by the planning commission.

1. Visual art without text visible from a public right-of-way may be approved in addition to (not counted as part of) the sign area allowed by Section 17.38.070 (zone sign standards), above; visual art with text shall comply with the sign area limitations applicable to the site.

2. Visual art that illustrates the local setting, history, or cultural significance as sources of inspiration are encouraged.

3. Historic District: Visual Art that is proposed within the historic district shall be reviewed by the historical commission who shall provide a recommendation to the planning commission.

4. Review Authority and Finding: The approval of visual art shall require that planning commission first find that the colors, placement, and size of the artwork

are visually compatible with the structure's architecture, and that the art will serve to enhance the aesthetics of the city.

C. Visual Art in Public Spaces. The following standards apply to visual art placed on public property in all zones. All visual art in public spaces shall be subject to the review and recommendation by the DRC and Planning Commission and approval by City Council.

1. Visual art in public spaces without visible text may be approved in addition to (not counted as part of) the sign area allowed by Section 17.38.070 (zone sign standards), above; visual art with text shall comply with the sign area limitations applicable to the site.
2. The composition of the artwork shall be of a permanent type of materials to be durable against vandalism, theft, and weather, and in order to require a low level of maintenance. Paintings and murals shall be treated with a protectant to prevent vandalism, fading, and wear.
3. Illumination of artwork shall comply with requirements of Section 17.30.060 (Outdoor lighting).
4. Artwork that illustrates the local setting, history, or cultural significance as sources of inspiration is encouraged.
5. Historic District: Visual Art that is proposed within the historic district shall be reviewed by the historical commission who shall provide a recommendation to the planning commission.
6. Planning commission: All visual art proposals shall be reviewed by the DRC and planning commission who will provide a recommendation to City Council.
7. Review Authority and Finding: The approval of visual arts shall require that the City Council first find that the colors, placement, and size of the artwork are visually compatible with the surrounding character of the area, and that the artwork will serve to enhance the aesthetics of the city.

## **Chapter 17.100 – Definitions**

...

“Visual Art.” Original creations of art including, but not limited to, murals, paintings, drawings, carvings, mosaics, fountains, sculptures, and other artwork that are not intended to advertise or identify any business or product.

SECTION 3. INCONSISTENT PROVISIONS. Any provision of the Grass Valley Municipal Code inconsistent with this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to the extent necessary to give effect to this Ordinance.

SECTION 4. EFFECT OF ADOPTION. It is the intent of the City Council of the City of Grass Valley that the Grass Valley Municipal Code sections affected by this Ordinance shall not be considered repealed and reenacted in their amended form; that the portions which are not altered are to be considered as having been the law from the time when they were enacted; that the new provisions are to be considered as having been enacted at the time of the amendment; and that the omitted portions are to be considered as having been repealed at the time of the amendment.

SECTION 5. EFFECTIVE DATE. This Ordinance shall be in full force and effect 30 days after its adoption pursuant to Article VII, § 2 of the Grass Valley City Charter.

SECTION 6. PUBLICATION. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published once in *The Union*, a newspaper of general circulation printed, published, and circulated within the City.

INTRODUCED and first read at a regular meeting of the City Council on the 26th day of August 2025.

FINAL PASSAGE AND ADOPTION by the City Council was at a meeting thereof held on the 9th day of September, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

\_\_\_\_\_  
Hilary Hodge, Mayor

APPROVED AS TO FORM:

ATTEST

\_\_\_\_\_  
Michael G. Colantuono, City Attorney

\_\_\_\_\_  
Taylor Whittingslow, City Clerk

# VISUAL ART APPLICATION



## SUPPLEMENTAL APPLICATION INFORMATION

Application Request: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Property Address or Location: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## SUPPLEMENTAL CHECKLIST

The following includes items required for a complete application. Some specific types of information may not apply to your project. If you are unsure, check with Planning Division Staff. A copy of this list will be returned to you if your application is determined to be incomplete.

### A. Application Checklist:

- ☐ One completed copy of Universal Application form.
- ☐ One completed copy of the Environmental Review Checklist (if applicable).
- ☐ One electronic copy of the site plan and all other applicable plans/information.
- ☐ One materials sample board (if applicable).
- ☐ The appropriate non-refundable filing fee.

### B. Site Plan:

- ☐ SITE PLAN; On electronic copy of the Site Plan for the property on which the sign(s) will be placed including:
  - ☐ Location of proposed artwork indicating the orientation of the art
  - ☐ Square footage of proposed artwork
  - ☐ Color elevation rendering clearly showing the artwork to scale in relation to its surroundings
  - ☐ Material specifications, including finishes
  - ☐ A written statement by the artist describing any theme or development of the art

- ☐ For more than one art installment, please give each piece of art a number starting with the number 1
- ☐ If artwork includes text, provide height of lettering and square footage of text area

**E. Mounting and Lighting Details (if applicable):**

- ☐ Mounting details may be placed on the Sign Plan or as a separate sheet but must include the following:
  - ☐ Description of material used in construction of artwork.
  - ☐ Means of exterior or interior lighting including shielding, type, and size of fixtures (if applicable). Should include a photometric plan.
  - ☐ For sculptures or mounted art, provide details of footings, mounting hardware, etc. as applicable.