

CITY OF GRASS VALLEY, CALIFORNIA



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2025**

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CITY OF GRASS VALLEY
Annual Financial Report
For the Year Ended June 30, 2025

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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, 2025

City Council

Hilary Hodge	Mayor
Haven Caravelli	Vice Mayor
Tom Ivy	Council Member
Joe Bonomolo	Council Member
Jan Arbuckle	Council Member

City Officials

Tim Kiser	City Manager
Jennifer Styczynski	Deputy Finance Director
Alex Gammelgard	Chief of Police
Vacant	Community Development Director
Mark Buttron	Fire Chief
David Riderman	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, 2025, 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, 2025, 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

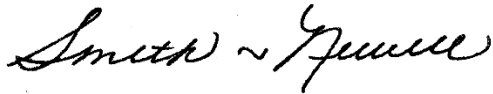
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, 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 25, 2026, 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.

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

Smith & Newell CPAs
Yuba City, California
June 25, 2026

**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, 2025**

This Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities and financial position of the City of Grass Valley (City) for the fiscal year ended June 30, 2025. The information presented should be read in conjunction with the accompanying basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The City's total net position increased by approximately \$10,700 during Fiscal Year 2024-25, ending the year at \$105.97 million. Of this amount, \$90.55 million is invested in capital assets and \$24.03 million is restricted for specific purposes. The City reported an unrestricted net position deficit of approximately \$8.61 million, which is largely attributable to pension-related accounting obligations that fluctuate annually.
- ◆ Overall City-wide revenues increased by approximately \$3.73 million compared to Fiscal Year 2023-24. The increase was primarily driven by the implementation of the Measure B transactions and use tax, increased development activity, higher assessed property values, and strong investment earnings resulting from favorable interest rate conditions.
- ◆ Overall City-wide expenses decreased by approximately \$3.17 million compared to Fiscal Year 2023-24. The decrease was primarily attributable to annual pension and other post-employment benefit accounting adjustments and lower capital project expenditures, partially offset by increased labor, insurance, and operating costs.
- ◆ The General Fund reported an ending fund balance of approximately \$8.46 million, an increase of \$164,000 from the prior fiscal year. The increase was primarily attributable to prudent expenditure management that helped offset inflationary pressures and increased public safety overtime costs.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is organized into two sections:

- 1. Introductory Section**, which includes a list of City officials; and
- 2. Financial Section**, which includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and Combining and Individual Fund Financial Statements and Schedules.

The Basic Financial Statements

The Basic Financial Statements consist of two components: the Government-wide Financial Statements and the Fund Financial Statements. Together, these statements provide readers with both a broad overview and a more detailed analysis 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 financial position and operations and consist of the Statement of Net Position and the Statement of Activities. These statements are prepared using the full accrual basis of accounting, similar to private-sector businesses, and include all capital assets and long-term liabilities.

**CITY OF GRASS VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Statement of Activities presents information showing how the City's net position changed during the fiscal year.

The City's activities are reported in two categories:

- **Governmental Activities** – These activities include the City's basic services, such as general government, public safety, public works, community development, and recreation and culture. These services are primarily funded through taxes, property taxes, and grants.
- **Business-Type Activities** – These activities include the City's Water and Sewer operations, which are primarily financed through user charges and fees.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The City's funds are classified into three categories: governmental, proprietary and fiduciary funds.

Governmental Funds

Governmental funds account for the same basic services reported as governmental activities in the Government-Wide Financial Statements. However, these statements focus on near-term inflows and outflows of spendable resources and balances available at fiscal year-end.

The Governmental Fund Financial Statements provide detailed information about the City's major funds and include reconciliations to the Government-Wide Financial Statements to help readers understand the relationship between short-term financial activities and long-term financial obligations.

For Fiscal Year 2024-25, the City's major governmental funds were:

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

Proprietary Funds

Proprietary funds account for activities that are operated similarly to private businesses, where the costs of providing services are primarily recovered through user charges and fees.

The City's proprietary funds include:

- Water Enterprise Fund
- Sewer Enterprise Fund

These funds provide more detailed information regarding the City's business-type activities presented in the Government-Wide Financial Statements.

**CITY OF GRASS VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Fiduciary Funds

Fiduciary funds are used to account for resources held by the City solely for the benefit of others.

The City's fiduciary funds include:

- Successor Agency to the Former Grass Valley Redevelopment Agency (Private Purpose Trust Fund)
- Whispering Pines Morgan Ranch Assessment Funds (Custodial Funds)

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to understanding the data presented in the Government-Wide and Fund Financial Statements.

Combining and Individual Fund Financial Statements and Schedules

Combining and Individual Fund Financial Statements and Schedules provide additional detail for nonmajor funds and supplement the information presented in the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2025, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$105.97 million. The following summary presents the City's net position as of June 30, 2025, and June 30, 2024.

**City of Grass Valley
Net Position**

	Governmental Activities		Business-Type Activities		Total Activities	
	2024	2025	2024	2025	2024	2025
Current and Other Assets	\$ 33,323,880	\$ 34,877,921	\$ 13,363,977	\$ 13,652,942	\$ 46,687,857	\$ 48,530,863
Capital Assets	63,997,624	63,567,805	38,887,161	36,578,899	102,884,785	100,146,704
Total Assets	97,321,504	98,445,726	52,251,138	50,231,841	149,572,642	148,677,567
Employer Pension Contributions	7,589,947	5,784,618	2,233,066	887,411	9,823,013	6,672,029
Employer OPEB Contributions	1,029,573	838,048	94,865	77,218	1,124,438	915,266
Total Deferred Outflows of Resources	8,619,520	6,622,666	2,327,931	964,629	10,947,451	7,587,295
Current Liabilities	3,237,911	2,639,334	532,459	1,464,021	3,770,370	4,103,355
Long-Term Liabilities	35,646,069	34,874,698	7,595,487	4,450,918	43,241,556	39,325,616
Total Liabilities	38,883,980	37,514,032	8,127,946	5,914,939	47,011,926	43,428,971
Deferred Pension Adjustments	2,671,601	2,494,534	786,022	382,683	3,457,623	2,877,217
Deferred OPEB Adjustments	3,746,819	3,652,861	345,233	336,575	4,092,052	3,989,436
Total Deferred Inflows of Resources	6,418,420	6,147,395	1,131,255	719,258	7,549,675	6,866,653
Net Position						
Invested in Capital Assets						
Net of Related Debt	57,354,363	57,541,929	34,283,743	33,005,536	91,638,106	90,547,465
Restricted	22,860,534	24,027,736	-	-	22,860,534	24,027,736
Unrestricted	(19,576,273)	(20,162,700)	11,036,125	11,556,737	(8,540,148)	(8,605,963)
Total Net Position	\$ 60,638,624	\$ 61,406,965	\$ 45,319,868	\$ 44,562,273	\$ 105,958,492	\$ 105,969,238

**CITY OF GRASS VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Overall, the City's total net position increased by approximately \$10,700 during Fiscal Year 2024-25, with governmental activities increasing by approximately \$768,300 and business-type activities decreasing by approximately \$757,600. Approximately 85.4% of total net position is invested in capital assets, including land, buildings, infrastructure, utility systems, equipment, and vehicles. Total restricted net position increased by approximately \$1.17 million. The City continues to report a deficit unrestricted net position of approximately \$8.61 million, primarily attributable to pension-related accounting obligations recognized under governmental accounting standards.

The following analysis summarizes changes in net position for the fiscal year ended June 30, 2025.

Revenues

The City's total revenues for governmental and business-type activities were approximately \$39.72 million for the fiscal year ended June 30, 2025. Significant revenues collected by the City during Fiscal Year 2024-25 were derived from sales taxes (39.2%), charges for services (25.6%), and property taxes (14.8%).

The following summarizes variances in key revenues sources compared to the prior fiscal year:

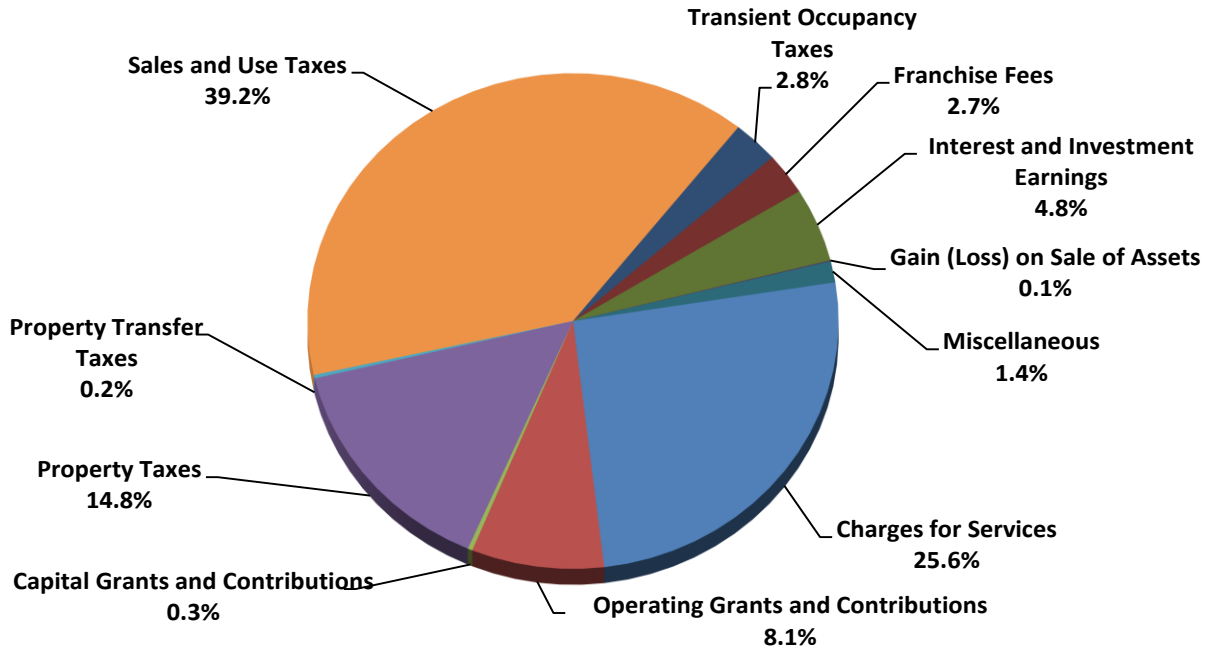
1. **Charges for Services** – Charges for services increased by approximately \$435,000 compared to the prior year. The increase was primarily attributable to higher development activity, resulting in increased planning, engineering, and building permit revenues. Additionally, Fiscal Year 2024-25 represented the first full year of Cannabis Excise Tax collections, further contributing to the increase in this revenue category.
2. **Sales Tax** - Sales tax revenues increased by approximately \$1.69 million compared to the prior year, primarily due to the implementation of the Measure B transactions and use tax. Measure B was approved by voters in March 2024, with tax collections beginning in October 2024, resulting in Fiscal Year 2024-25 being the first year the City recognized Measure B revenues.
3. **Property Tax** - Property tax revenues increased by approximately \$204,800, primarily due to growth in the City's assessed valuation. Continued increases in property values and new development within the City contributed to the year-over-year growth in this stable revenue source.
4. **Use of Money and Property** - Revenue from the use of money and property increased by approximately \$314,000. The increase was primarily attributable to the City's continued implementation of a ladder investment strategy that capitalized on favorable interest rate conditions throughout the fiscal year. Additionally, investment earnings were impacted by the required recognition of fair value adjustments under governmental accounting standards. These unrealized gains and losses reflect market conditions as of June 30, 2025, and are accounting entries only, as the City generally holds investments to maturity and does not anticipate realizing these fluctuations.
5. **Transient Occupancy Taxes (TOT)** - Transient Occupancy Tax revenues increased by approximately \$85,800 compared to the prior year. The increase reflects continued strengthening in tourism and lodging activity following several years of slower growth after the COVID-19 pandemic. This revenue source has continued its gradual recovery as travel patterns have normalized.
6. **Miscellaneous Revenues** - Miscellaneous revenues increased by approximately \$137,800 due primarily to one-time and variable revenue sources, including payroll reimbursements, reimbursements for law enforcement-related costs, and proceeds from a legal settlement. Because these revenues are largely nonrecurring in nature, similar levels of revenue should not necessarily be expected in future fiscal years.

**CITY OF GRASS VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2024	2025	2024	2025	2024	2025
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 1,628,839	\$ 2,063,583	\$ 7,397,322	\$ 8,114,949	\$ 9,026,161	\$ 10,178,532
Operating Grants and Contributions	2,831,427	3,205,300	-	-	2,831,427	3,205,300
Capital Grants and Contributions	409,451	113,444	-	-	409,451	113,444
<i>General Revenues</i>						
Property Taxes	5,674,645	5,879,508	-	-	5,674,645	5,879,508
Property Transfer Taxes	64,649	88,553	-	-	64,649	88,553
Sales and Use Taxes	13,884,523	15,570,934	-	-	13,884,523	15,570,934
Transient Occupancy Taxes	1,033,225	1,119,104	-	-	1,033,225	1,119,104
Franchise Fees	1,010,504	1,078,631	-	-	1,010,504	1,078,631
Interest and Investment Earnings	1,093,386	1,347,725	510,606	570,561	1,603,992	1,918,286
Miscellaneous	408,316	545,199	364	1,296	408,680	546,495
Gain (Loss) on Sale of Assets	46,085	26,000	-	-	46,085	26,000
Total Revenues	\$ 28,085,050	\$ 31,037,981	\$ 7,908,292	\$ 8,686,806	\$ 35,993,342	\$ 39,724,787

Revenues - Fiscal Year 2024-25



Expenses

Governmental and business-type activity expenses totaled approximately \$39.27 million for the fiscal year ended June 30, 2025. Governmental activities accounted for approximately \$30.41 million, or 77.4%, of total expenses, while business-type activities accounted for approximately \$8.86 million. Public safety represented the City's largest governmental function, comprising 22.6% of total governmental activity expenses.

**CITY OF GRASS VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Governmental Activities

Expenses for governmental activities decreased by approximately \$2.61 million compared to the prior fiscal year. The decrease was primarily attributable to annual pension-related actuarial adjustments, which can create significant year-to-year fluctuations in reported expenses, as well as lower expenditures within Public Protection, Public Ways and Facilities, and Recreation and Culture activities.

Excluding the impacts of pension-relating accounting adjustment, governmental activities experienced increased costs associated with the City's CalPERS unfunded liability obligations, insurance premiums, and approved citywide labor agreements. These increases were partially offset by lower capital outlay expenditures within the Capital Projects Fund, Special Projects Fund, and Measure E Fund as several projects incurred lower expenditures during the current fiscal year compared to the prior year.

Business-Type Activities

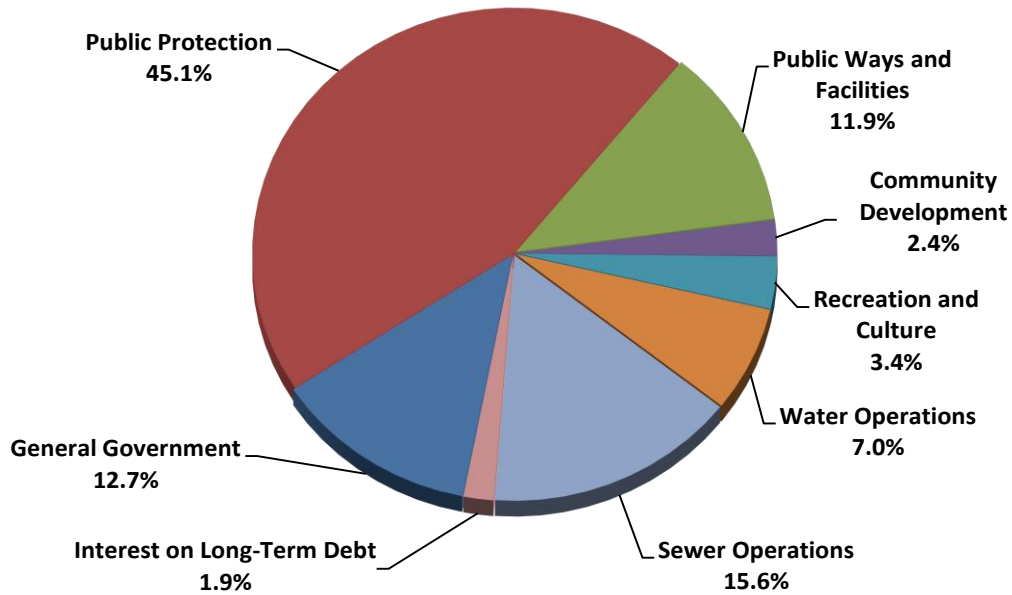
Expenses for business-type activities decreased by approximately \$556,500 compared to the prior fiscal year. Similar to governmental activities, the decrease was primarily attributable to annual pension and other post-employment benefit (OPEB) accounting adjustments, partially offset by increased operating and maintenance costs resulting from inflationary pressures affecting utility operations.

City-wide Changes in Net Position for Fiscal Year 2024-25 are summarized in the following table:

City of Grass Valley Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total Activities	
	2024	2025	2024	2025	2024	2025
Expenses						
General Government	\$ 4,525,266	\$ 4,998,527	\$ -	\$ -	\$ 4,525,266	\$ 4,998,527
Public Protection	19,219,137	17,722,170	-	-	19,219,137	17,722,170
Public Ways and Facilities	5,958,996	4,682,752	-	-	5,958,996	4,682,752
Community Development	1,064,051	926,901	-	-	1,064,051	926,901
Recreation and Culture	1,499,415	1,353,227	-	-	1,499,415	1,353,227
Water Operations	-	-	3,177,954	2,730,488	3,177,954	2,730,488
Sewer Operations	-	-	6,237,152	6,128,093	6,237,152	6,128,093
Interest on Long-Term Debt	756,710	729,077	-	-	756,710	729,077
Total Expenses	33,023,575	30,412,654	9,415,106	8,858,581	42,438,681	39,271,235
Excess (Deficiency) Before Transfers	(4,938,525)	625,327	(1,506,814)	(171,775)	(6,445,339)	453,552
Transfers	292,416	556,758	(292,416)	(556,758)	-	-
Change in Net Position	(4,646,109)	1,182,085	(1,799,230)	(728,533)	(6,445,339)	453,552
Net Position - Beginning of Year	65,284,733	60,638,624	47,119,098	45,319,868	112,403,831	105,958,492
Prior Period Adjustment	-	(210,484)	-	-	-	(210,484)
Change in Accounting Principal	-	(203,260)	-	(29,062)	-	(232,322)
Net Position - Beginning of Year Restated	65,284,733	60,224,880	47,119,098	45,290,806	112,403,831	105,515,686
Net Position - End of Year	\$ 60,638,624	\$ 61,406,965	\$ 45,319,868	\$ 44,562,273	\$ 105,958,492	\$ 105,969,238

**CITY OF GRASS VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Expenses - Fiscal Year 2024-25



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 components of City government and provide more detailed information than the government-wide financial statements.

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. As of June 30, 2025, the City's governmental funds reported combined ending fund balances of approximately \$32.23 million.

The General fund is the City's primary operating fund. At June 30, 2025, the General fund reported a total fund balance of approximately \$8.46 million, representing an increase of approximately \$164,000 from the prior fiscal year. The increase was primarily attributable to intentional cost containment efforts that reduced day-to-day operational expenditures, program costs, and capital outlay expenditures.

The Measure E fund is supported by a one-cent transactions and use tax and is utilized to fund police and fire staffing, capital outlay; and streets and parks improvement projects. As of June 30, 2025, the Measure E fund reported a total fund balance of approximately \$4.55 million, an increase of approximately \$866,300 from prior fiscal year. The increase was primarily due to lower expenditures associated with street rehabilitation and park capital improvement projects than originally anticipated. The remaining fund balance will be carried forward and utilized in future years for citywide streets and parks projects and public safety vehicle replacement needs. During Fiscal Year 2024-25, the City utilized approximately \$6.53 million of Measure E funding for street streets and parks projects; public safety staffing, and public safety apparatus costs.

**CITY OF GRASS VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Proprietary Funds

The City's proprietary funds reported a decrease in net position of approximately \$757,600 during Fiscal Year 2024-25. The decrease was primarily attributable to increased services and supplies expenditures, particularly maintenance costs within utility operations. These increases were partially offset by favorable adjustments to the City's CalPERS pension and other post-employment benefit (OPEB) liabilities.

Capital Assets

As of June 30, 2025, the City's investment in capital assets for governmental and business-type activities totaled approximately \$100.15 million. Capital assets includes land, construction in progress, road and median improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles. These investments support the City's long-term service delivery objectives and ongoing maintenance and replacement of public infrastructure.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2024	2025	2024	2025	2024	2025
Land	\$ 3,689,025	\$ 3,689,025	\$ 339,401	\$ 339,401	\$ 4,028,426	\$ 4,028,426
Construction in Progress	15,534,826	3,740,587	807,225	817,130	16,342,051	4,557,717
Infrastructure	36,555,997	48,878,930	7,524,322	6,901,126	44,080,319	55,780,056
Buildings and Improvements	4,651,035	4,157,471	29,524,535	27,843,776	34,175,570	32,001,247
Equipment and Vehicles	3,541,001	3,080,342	691,678	677,466	4,232,679	3,757,808
Software	25,740	21,450	-	-	25,740	21,450
Totals	\$ 63,997,624	\$ 63,567,805	\$ 38,887,161	\$ 36,578,899	\$ 102,884,785	\$ 100,146,704

Additional information regarding the City's capital assets and current-year activity can be found in the notes to the financial statements under Significant Accounting Policies and Note 4, Capital Assets.

Economic Outlook

In June 2026, the City Council adopted the Fiscal Year 2026-27 budget. The adopted General Fund budget includes revenues of approximately \$19.93 million and expenditures of approximately \$19.95 million, resulting in a planned use of approximately \$17,600 of available fund balance. The budget remains substantially balanced and reflects the City's continued efforts to maintain service levels while addressing inflationary pressures, labor costs, and ongoing operational needs.

The Fiscal Year 2026-27 budget also includes the continued strategic use of Measure E funding for public safety, street rehabilitation, park improvements, and other capital projects throughout the City.

The City will continue to monitor budget performance throughout the fiscal year and make adjustments as necessary in response to changing economic conditions. Particular attention will be given to trends in sales tax, property tax, development activity, investment earnings, inflationary pressures, and labor costs, as these factors have a significant impact on the City's long-term financial stability. The City will also continue to monitor long-term cost drivers, including increasing CalPERS unfunded accrued liability (UAL) obligations, which are projected to place additional pressure on future operating budgets. Proactive financial planning and ongoing evaluation of revenues, expenditures, and reserve levels will remain critical to maintaining the City's long-term fiscal sustainability.

**CITY OF GRASS VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 21,511,683	\$ 11,490,751	\$ 33,002,434
Receivables:			
Accounts	776,341	1,463,431	2,239,772
Interest	2,599,229	28,767	2,627,996
Taxes	3,739,661	-	3,739,661
Intergovernmental	264,294	-	264,294
Prepaid costs	18,393	-	18,393
Loans receivable	5,966,723	-	5,966,723
Restricted cash and investments	1,597	669,993	671,590
Capital assets:			
Non-depreciable	7,429,612	1,156,531	8,586,143
Depreciable, net	56,138,193	35,422,368	91,560,561
Total capital assets	<u>63,567,805</u>	<u>36,578,899</u>	<u>100,146,704</u>
Total Assets	<u>98,445,726</u>	<u>50,231,841</u>	<u>148,677,567</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	5,784,618	887,411	6,672,029
Deferred OPEB adjustments	838,048	77,218	915,266
Total Deferred Outflows of Resources	<u>6,622,666</u>	<u>964,629</u>	<u>7,587,295</u>
LIABILITIES			
Accounts payable	1,889,911	256,055	2,145,966
Salaries and benefits payable	376,266	63,502	439,768
Deposits payable	324,809	1,546	326,355
Unearned revenue	48,348	-	48,348
Interest payable	-	20,959	20,959
Long-term liabilities:			
Due within one year	2,973,366	1,121,959	4,095,325
Due in more than one year	19,150,978	2,736,676	21,887,654
Net pension liability	8,804,261	1,350,649	10,154,910
Total OPEB liability	<u>3,946,093</u>	<u>363,593</u>	<u>4,309,686</u>
Total Liabilities	<u>37,514,032</u>	<u>5,914,939</u>	<u>43,428,971</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	2,494,534	382,683	2,877,217
Deferred OPEB adjustments	3,652,861	336,575	3,989,436
Total Deferred Inflows of Resources	<u>6,147,395</u>	<u>719,258</u>	<u>6,866,653</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, 2025

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	57,541,929	33,005,536	90,547,465
Restricted for:			
General government	4,686,224	-	4,686,224
Public protection	553,050	-	553,050
Public ways and facilities	3,077,483	-	3,077,483
Community development	9,870,510	-	9,870,510
Capital projects	5,840,469	-	5,840,469
Unrestricted	(20,162,700)	11,556,737	(8,605,963)
Total Net Position	\$ 61,406,965	\$ 44,562,273	\$ 105,969,238

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, 2025

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions Capital Grants and Contributions
Governmental activities:			
General government	\$ 4,998,527	\$ 131,006	\$ 575,509 \$ -
Public protection	17,722,170	1,029,895	1,839,715 -
Public ways and facilities	4,682,752	820,572	790,076 113,444
Community development	926,901	-	- -
Recreation and culture	1,353,227	82,110	- -
Interest on long-term debt	729,077	-	- -
Total Governmental Activities	30,412,654	2,063,583	3,205,300 113,444
Business-type activities:			
Water	2,730,488	2,453,540	- -
Sewer	6,128,093	5,661,409	- -
Total Business-Type Activities	8,858,581	8,114,949	- -
Total	\$ 39,271,235	\$ 10,178,532	\$ 3,205,300 \$ 113,444

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

Prior period adjustment

Change in accounting principle

Net Position - Beginning, Restated

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**

Governmental Activities	Business-Type Activities	Total
\$ (4,292,012)	\$ -	\$ (4,292,012)
(14,852,560)	-	(14,852,560)
(2,958,660)	-	(2,958,660)
(926,901)	-	(926,901)
(1,271,117)	-	(1,271,117)
(729,077)	-	(729,077)
<u>(25,030,327)</u>	<u>-</u>	<u>(25,030,327)</u>
-	(276,948)	(276,948)
<u>-</u>	<u>(466,684)</u>	<u>(466,684)</u>
-	(743,632)	(743,632)
<u>(25,030,327)</u>	<u>(743,632)</u>	<u>(25,773,959)</u>
5,879,508	-	5,879,508
88,553	-	88,553
15,570,934	-	15,570,934
1,119,104	-	1,119,104
1,078,631	-	1,078,631
1,347,725	570,561	1,918,286
545,199	1,296	546,495
26,000	-	26,000
556,758	(556,758)	-
<u>26,212,412</u>	<u>15,099</u>	<u>26,227,511</u>
1,182,085	(728,533)	453,552
60,638,624	45,319,868	105,958,492
(210,484)	-	(210,484)
<u>(203,260)</u>	<u>(29,062)</u>	<u>(232,322)</u>
<u>60,224,880</u>	<u>45,290,806</u>	<u>105,515,686</u>
<u>\$ 61,406,965</u>	<u>\$ 44,562,273</u>	<u>\$ 105,969,238</u>

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF GRASS VALLEY
Balance Sheet
Governmental Funds
June 30, 2025

	General	Measure "E"	Housing	Capital Improvement Projects
ASSETS				
Cash and investments	\$ 6,873,263	\$ 3,383,168	\$ 1,286,229	\$ -
Receivables:				
Accounts	643,372	19,569	-	15,324
Interest	13,951	8,700	2,432,457	-
Taxes	1,891,705	1,267,899	-	-
Intergovernmental	18,115	-	-	-
Prepaid costs	818	-	-	-
Due from other funds	538,368	-	-	-
Loans receivable	-	-	5,218,581	-
Restricted cash and investments	1,597	-	-	-
Total Assets	\$ 9,981,189	\$ 4,679,336	\$ 8,937,267	\$ 15,324
LIABILITIES				
Accounts payable	\$ 894,743	\$ 51,515	\$ 1,360	\$ 569,429
Salaries and benefits payable	257,915	78,480	-	6,374
Unearned revenue	48,348	-	-	-
Deposits payable	324,809	-	-	-
Due to other funds	-	-	-	158,900
Total Liabilities	1,525,815	129,995	1,360	734,703
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Nonspendable	818	-	5,218,581	-
Restricted	212,212	-	3,717,326	-
Assigned	-	4,549,341	-	-
Unassigned	8,242,344	-	-	(719,379)
Total Fund Balances (Deficits)	8,455,374	4,549,341	8,935,907	(719,379)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,981,189	\$ 4,679,336	\$ 8,937,267	\$ 15,324

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

Special Projects	Other Governmental Funds	Totals
\$ 5,595,547	\$ 4,373,476	\$ 21,511,683
72,023	26,053	776,341
13,999	130,122	2,599,229
-	580,057	3,739,661
-	246,179	264,294
-	17,575	18,393
158,900	7,781	705,049
-	748,142	5,966,723
-	-	1,597
<u>\$ 5,840,469</u>	<u>\$ 6,129,385</u>	<u>\$ 35,582,970</u>
\$ -	\$ 372,864	\$ 1,889,911
-	33,497	376,266
-	-	48,348
-	-	324,809
-	546,149	705,049
-	952,510	3,344,383
-	12,192	12,192
-	12,192	12,192
-	765,717	5,985,116
-	697,314	4,626,852
5,840,469	4,231,795	14,621,605
-	(530,143)	6,992,822
<u>5,840,469</u>	<u>5,164,683</u>	<u>32,226,395</u>
<u>\$ 5,840,469</u>	<u>\$ 6,129,385</u>	<u>\$ 35,582,970</u>

CITY OF GRASS VALLEY
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2025

Total Fund Balance - Total Governmental Funds	\$ 32,226,395
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.	63,567,805
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	12,192
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	6,622,666
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(6,147,395)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension obligation bonds	(14,575,000)
Financed purchases	(6,025,876)
Compensated absences	(1,523,468)
Net pension liability	(8,804,261)
Total OPEB liability	(3,946,093)
Net Position of Governmental Activities	<u><u>\$ 61,406,965</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, 2025

	General	Measure "E"	Housing	Capital Improvement Projects
REVENUES				
Taxes and assessments	\$ 14,307,964	\$ 7,017,687	\$ -	\$ -
Licenses, permits and franchises	1,946,770	-	-	-
Fines and forfeitures	1,100	-	-	-
Intergovernmental revenues	1,530,425	3,028	-	145,172
Use of money and property	370,869	152,688	406,187	1
Charges for services	51,095	-	-	-
Other revenues	473,927	-	-	71,172
Total Revenues	18,682,150	7,173,403	406,187	216,345
EXPENDITURES				
Current:				
General government	4,210,104	329,016	-	-
Public protection	10,414,202	3,915,478	-	-
Public ways and facilities	1,427,204	96,910	-	440,694
Community development	786,874	-	7,400	-
Recreation and culture	775,283	-	-	-
Debt service:				
Principal	872,660	760,083	-	-
Interest and other charges	578,552	150,525	-	-
Capital outlay	63,791	645,004	-	999,054
Total Expenditures	19,128,670	5,897,016	7,400	1,439,748
Excess of Revenues Over (Under) Expenditures	(446,520)	1,276,387	398,787	(1,223,403)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	224,358	-	-
Proceeds from sale of capital assets	10,000	-	-	-
Transfers in	601,157	-	-	1,189,022
Transfers out	-	(634,418)	-	(63,437)
Total Other Financing Sources (Uses)	611,157	(410,060)	-	1,125,585
Net Change in Fund Balances	164,637	866,327	398,787	(97,818)
Fund Balances - Beginning (Deficit)	8,290,737	3,683,014	8,747,604	(621,561)
Prior period adjustment	-	-	(210,484)	-
Fund Balance - Beginning, Restated	8,290,737	3,683,014	8,537,120	(621,561)
Fund Balances - Ending (Deficit)	\$ 8,455,374	\$ 4,549,341	\$ 8,935,907	\$ (719,379)

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

Special Projects	Other Governmental Funds	Totals
\$ -	\$ 2,311,595	\$ 23,637,246
-	-	1,946,770
-	44,866	45,966
-	1,667,927	3,346,552
249,607	168,373	1,347,725
119,236	-	170,331
-	100	545,199
<u>368,843</u>	<u>4,192,861</u>	<u>31,039,789</u>
-	548,465	5,087,585
-	777,928	15,107,608
-	73,265	2,038,073
-	51,806	846,080
-	-	775,283
-	-	1,632,743
-	-	729,077
<u>985,000</u>	<u>546,697</u>	<u>3,239,546</u>
<u>985,000</u>	<u>1,998,161</u>	<u>29,455,995</u>
<u>(616,157)</u>	<u>2,194,700</u>	<u>1,583,794</u>
-	-	224,358
-	16,000	26,000
232,454	171,213	2,193,846
<u>(47,454)</u>	<u>(891,779)</u>	<u>(1,637,088)</u>
<u>185,000</u>	<u>(704,566)</u>	<u>807,116</u>
<u>(431,157)</u>	<u>1,490,134</u>	<u>2,390,910</u>
6,271,626	3,674,549	30,045,969
-	-	(210,484)
<u>6,271,626</u>	<u>3,674,549</u>	<u>29,835,485</u>
<u>\$ 5,840,469</u>	<u>\$ 5,164,683</u>	<u>\$ 32,226,395</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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 2,390,910
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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	3,239,546
Less current year depreciation	(3,919,119)
Various adjustments	249,754

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	(27,808)
--------------------------------	----------

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	1,632,743
Proceeds from issuance of debt	(224,358)

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	(1,996,854)
Change in deferred inflows of resources related to pension and OPEB	271,025

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	80,546
Change in net pension liability	(671,457)
Change in total OPEB liability	157,157

Change in Net Position of Governmental Activities	\$ 1,182,085
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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, 2025

	Water	Sewer	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 2,170,075	\$ 9,320,676	\$ 11,490,751
Receivables:			
Accounts	472,396	991,035	1,463,431
Interest	5,536	23,231	28,767
Total Current Assets	2,648,007	10,334,942	12,982,949
Noncurrent Assets:			
Restricted cash and investments	-	669,993	669,993
Capital assets:			
Non-depreciable	234,752	921,779	1,156,531
Depreciable, net	7,732,813	27,689,555	35,422,368
Total capital assets	7,967,565	28,611,334	36,578,899
Total Noncurrent Assets	7,967,565	29,281,327	37,248,892
Total Assets	10,615,572	39,616,269	50,231,841
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	343,822	543,589	887,411
Deferred OPEB adjustments	24,668	52,550	77,218
Total Deferred Outflows of Resources	368,490	596,139	964,629
LIABILITIES			
Current Liabilities:			
Accounts payable	114,181	141,874	256,055
Salaries and benefits payable	24,597	38,905	63,502
Deposits payable	-	1,546	1,546
Interest payable	7,180	13,779	20,959
Compensated absences	22,073	22,073	44,146
Bonds payable	-	594,086	594,086
Loans payable	133,355	-	133,355
Finance purchases	175,361	175,011	350,372
Total Current Liabilities	476,747	987,274	1,464,021
Noncurrent Liabilities:			
Compensated absences	78,819	162,307	241,126
Loans payable	353,551	-	353,551
Finance purchases	292,091	1,849,908	2,141,999
Net pension liability	523,301	827,348	1,350,649
Total OPEB liability	116,155	247,438	363,593
Total Noncurrent Liabilities	1,363,917	3,087,001	4,450,918
Total Liabilities	1,840,664	4,074,275	5,914,939

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, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	148,268	234,415	382,683
Deferred OPEB adjustments	107,524	229,051	336,575
Total Deferred Inflows of Resources	<u>255,792</u>	<u>463,466</u>	<u>719,258</u>
NET POSITION			
Net investment in capital assets	7,013,207	25,992,329	33,005,536
Unrestricted	1,874,399	9,682,338	11,556,737
Total Net Position	<u><u>\$ 8,887,606</u></u>	<u><u>\$ 35,674,667</u></u>	<u><u>\$ 44,562,273</u></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, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 2,453,540	\$ 5,661,409	\$ 8,114,949
Other revenues	1,081	215	1,296
Total Operating Revenues	<u>2,454,621</u>	<u>5,661,624</u>	<u>8,116,245</u>
OPERATING EXPENSES			
Salaries and benefits	981,681	1,559,641	2,541,322
Services and supplies	1,252,590	2,526,503	3,779,093
Depreciation	460,912	2,010,131	2,471,043
Total Operating Expenses	<u>2,695,183</u>	<u>6,096,275</u>	<u>8,791,458</u>
Operating Income (Loss)	<u>(240,562)</u>	<u>(434,651)</u>	<u>(675,213)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	157,563	412,998	570,561
Interest expense	(35,305)	(31,818)	(67,123)
Total Non-Operating Revenues (Expenses)	<u>122,258</u>	<u>381,180</u>	<u>503,438</u>
Income (Loss) Before Transfers	<u>(118,304)</u>	<u>(53,471)</u>	<u>(171,775)</u>
Transfers out	<u>(219,235)</u>	<u>(337,523)</u>	<u>(556,758)</u>
Change in Net Position	<u>(337,539)</u>	<u>(390,994)</u>	<u>(728,533)</u>
Total Net Position - Beginning	9,234,814	36,085,054	45,319,868
Change in accounting principle	<u>(9,669)</u>	<u>(19,393)</u>	<u>(29,062)</u>
Total Net Position - Beginning, Restated	<u>9,225,145</u>	<u>36,065,661</u>	<u>45,290,806</u>
Total Net Position - Ending	<u><u>\$ 8,887,606</u></u>	<u><u>\$ 35,674,667</u></u>	<u><u>\$ 44,562,273</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, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,418,671	\$ 5,671,943	\$ 8,090,614
Payments to suppliers	(1,278,716)	(2,688,812)	(3,967,528)
Payments to employees	(998,500)	(1,601,745)	(2,600,245)
Net Cash Provided (Used) by Operating Activities	<u>141,455</u>	<u>1,381,386</u>	<u>1,522,841</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(219,235)	(337,523)	(556,758)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(219,235)</u>	<u>(337,523)</u>	<u>(556,758)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(162,781)	(162,781)
Principal paid on debt	(295,416)	(734,640)	(1,030,056)
Interest paid on debt	(38,851)	(41,622)	(80,473)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(334,267)</u>	<u>(939,043)</u>	<u>(1,273,310)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	157,804	407,874	565,678
Net Cash Provided (Used) by Investing Activities	<u>157,804</u>	<u>407,874</u>	<u>565,678</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(254,243)	512,694	258,451
Balances - Beginning	<u>2,424,318</u>	<u>9,477,975</u>	<u>11,902,293</u>
Balances - Ending	<u><u>\$ 2,170,075</u></u>	<u><u>\$ 9,990,669</u></u>	<u><u>\$ 12,160,744</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, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (240,562)	\$ (434,651)	\$ (675,213)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	460,912	2,010,131	2,471,043
Decrease (increase) in:			
Accounts receivable	(35,950)	10,319	(25,631)
Pension adjustments - deferred outflows	508,958	836,697	1,345,655
OPEB adjustments - deferred outflows	5,638	12,009	17,647
Increase (decrease) in:			
Accounts payable	(26,126)	(162,309)	(188,435)
Salaries and benefits payable	4,069	7,320	11,389
Compensated absences	14,284	20,711	34,995
Net pension liability	(390,472)	(651,660)	(1,042,132)
Total OPEB liability	(4,626)	(9,854)	(14,480)
Pension adjustments - deferred inflows	(151,904)	(251,435)	(403,339)
OPEB adjustments - deferred inflows	(2,766)	(5,892)	(8,658)
Net Cash Provided (Used) by Operating Activities	<u>\$ 141,455</u>	<u>\$ 1,381,386</u>	<u>\$ 1,522,841</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, 2025

	Private Purpose Trust Funds	Custodial Funds	Total Fiduciary Funds
ASSETS			
Current Assets:			
Cash and investments	\$ 807,067	\$ 3,421	\$ 810,488
Cash with fiscal agent	3,103	-	3,103
Receivables:			
Accounts	164,487	-	164,487
Intergovernmental	1,733	-	1,733
Loans receivable	848,242	-	848,242
Total Assets	<u>1,824,632</u>	<u>3,421</u>	<u>1,828,053</u>
LIABILITIES			
Current Liabilities:			
Salaries and benefits payable	427	-	427
Loans payable	375,148	-	375,148
Total Current Liabilities	<u>375,575</u>	<u>-</u>	<u>375,575</u>
Noncurrent Liabilities:			
Loans payable	6,384,665	-	6,384,665
Total Noncurrent Liabilities	<u>6,384,665</u>	<u>-</u>	<u>6,384,665</u>
Total Liabilities	<u>6,760,240</u>	<u>-</u>	<u>6,760,240</u>
NET POSITION			
Restricted for individuals, organizations, and other governments	(4,935,608)	3,421	(4,932,187)
Total Net Position	<u>\$ (4,935,608)</u>	<u>\$ 3,421</u>	<u>\$ (4,932,187)</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, 2025

	Private Purpose Trust Funds	Custodial Funds	Total Fiduciary Funds
ADDITIONS			
Property taxes	\$ 650,190	\$ -	\$ 650,190
Interest and investment income	(153,612)	-	(153,612)
Other contributions	38,851	-	38,851
Total Additions	<u>535,429</u>	<u>-</u>	<u>535,429</u>
DEDUCTIONS			
Program expenses of former redevelopment agency	9,567	-	9,567
Interest expense	230,342	-	230,342
Total Deductions	<u>239,909</u>	<u>-</u>	<u>239,909</u>
Change in Fiduciary Net Position	<u>295,520</u>	<u>-</u>	<u>295,520</u>
Total Net Position - Beginning	(5,249,112)	3,421	(5,245,691)
Prior period adjustment	<u>17,984</u>	<u>-</u>	<u>17,984</u>
Total Net Position - Beginning, Restated	<u>(5,231,128)</u>	<u>3,421</u>	<u>(5,227,707)</u>
Total Net Position - Ending	<u><u>\$ (4,935,608)</u></u>	<u><u>\$ 3,421</u></u>	<u><u>\$ (4,932,187)</u></u>

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025

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, 2025

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, 2025

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 \$669,993. 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, 2025

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, 2025, 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 \$5,966,723 was recorded as loans receivable at June 30, 2025. 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, 2025

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, 2025

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 accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management evaluates sick leave for other City employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. 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, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023, to June 30, 2024

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.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Postemployment Benefits (OPEB) (Continued)

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, 2025
Measurement Period	June 30, 2024, to June 30, 2025

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, Certain Risk Disclosures. The objective of this statement is to provide users of government financial statements with essential information about its risks related to a government's vulnerabilities due to certain concentrations or constraints.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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. 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)

Statement No. 105 “Subsequent Events” The requirements of this statement are effective for fiscal years beginning after June 15, 2026. (FY 26/27)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position/Fund Balance

During the fiscal year ended June 30, 2025, the City recorded an adjustment reclassifying interest related to loans receivable and additional expenditure for sick leave due to the implementation of GASB No. 101, Compensated Absences, which was not previously reported in the financial statements resulting in an understatement of prior year interest earned of \$210,484 and an understatement of prior year compensated absences of \$232,322. The effect of implementing GASB No. 101 is shown in the table below.

During the fiscal year 2025, a change in accounting principle resulted in restatements of beginning fund balance and net position as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Governmental Activities	Business-Type Activities
Net Position, June 30, 2024, as previously reported	\$ 60,638,624	\$ 45,319,868
Correction of an error	(210,484)	-
Change in accounting principle – GASB No. 101	(203,260)	(29,062)
Total Adjustments	(413,744)	(29,062)
Net Position, July 1, 2024, as restated	<u>\$ 60,224,880</u>	<u>\$ 45,274,874</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Restatement of Net Position/Fund Balance (Continued)

The impact of the restatement on the fund balance of the fund financial statements as previously reported is presented below:

	<u>Water</u>	<u>Sewer</u>	<u>Private Purpose Trust Fund</u>
Fund Balance, June 30, 2024, as previously reported	\$ 9,234,814	\$ 36,085,054	\$ 1,277,350
Adjustment associated with:			
Correction of an error	-	-	17,984
Change in accounting principle – GASB No. 101	(9,669)	(19,393)	-
Total Adjustments	(9,669)	(19,393)	17,984
Fund Balance, July 1, 2024, as restated	<u>\$ 9,225,145</u>	<u>\$ 36,065,661</u>	<u>\$ 1,295,334</u>

B. Deficit Fund Balance

The following major fund had a deficit fund balance at June 30, 2025:

Capital Improvement Projects	\$ 719,379
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The following non-major governmental funds had deficit fund balances at June 30, 2025:

Prop 64	\$ 533,750
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Some of these deficits may be eliminated in the future through grant revenues. Certain amounts of these deficits will ultimately become the responsibility of the General fund.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2025, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 21,513,280
Business-type activities	12,160,744
Fiduciary funds	<u>813,591</u>
Total Cash and Investments	<u>\$ 34,487,615</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2025, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 1,150
Deposits (less outstanding checks)	6,135,991
Cash with fiscal agent	<u>674,693</u>
Total Cash	<u>6,811,834</u>
Investments:	
In City's pool	<u>27,675,781</u>
Total Investments	<u>27,675,781</u>
Total Cash and Investments	<u>\$ 34,487,615</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 \$6,810,684 and the bank balance was \$6,720,930. 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 \$1,150.

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, 2025

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, 2025, the City had the following recurring fair value measurements:

		<u>Fair Value Measurements Using</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Federal Agencies	\$11,326,623	\$11,326,623		
Certificates of Deposit	<u>9,950,890</u>	<u>9,950,890</u>	<u>-</u>	<u>-</u>
Total Investments Measured at Fair Value	21,277,513	<u>\$21,277,513</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pools				
LAIF	<u>6,398,268</u>			
Total Investments	<u>\$27,675,781</u>			

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

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2025, 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	0.660-4.680%	\$10,319,383	\$ 1,007,240	\$11,326,623	0.33
Certificates of Deposit	0.850-5.290%	2,500,908	7,449,982	9,950,890	2.01
LAIF	Variable	6,398,268	-	6,398,268	-
Total Investments		<u>\$19,218,559</u>	<u>\$ 8,457,222</u>	<u>\$27,675,781</u>	<u>0.86</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+	Aa1	21.23%
Federal Home Loan Bank Mortgage Corporation	-	AA+	Aa1	16.08%
Federal Farm Credit Bank	-	AA+	Aa1	3.61%
Certificates of Deposit	N/A	Unrated	Unrated	35.96%
LAIF	N/A	Unrated	Unrated	23.12%
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, 2025, did not exceed 5 percent.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025, the City's investment in LAIF valued at amortized cost was \$6,398,268 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 \$178.1 billion. Of that amount, 3.81 percent is invested in non-derivative financial products and 96.19 percent in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Transfers/ Retirements	Balance June 30, 2025
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 3,689,025	\$ -	\$ -	\$ 3,689,025
Construction in progress	15,534,826	2,533,794	(14,328,033)	3,740,587
Total Capital Assets, Not Being Depreciated	19,223,851	2,533,794	(14,328,033)	7,429,612
Capital Assets, Being Depreciated				
Infrastructure	79,927,817	318,757	14,577,787	94,824,361
Buildings and improvements	15,649,324	-	-	15,649,324
Equipment	13,220,260	386,995	(123,398)	13,483,857
Vehicles	722,927	-	(85,870)	637,057
Software	161,626	-	-	161,626
Total Capital Assets, Being Depreciated	109,681,954	705,752	14,368,519	124,756,225
Less Accumulated Depreciation For:				
Infrastructure	(43,371,820)	(2,573,611)	-	(45,945,431)
Buildings and improvements	(10,998,289)	(493,564)	-	(11,491,853)
Equipment	(9,800,643)	(785,046)	123,398	(10,462,291)
Vehicles	(601,543)	(62,608)	85,870	(578,281)
Software	(135,886)	(4,290)	-	(140,176)
Total Accumulated Depreciation	(64,908,181)	(3,919,119)	209,268	(68,618,032)
Total Capital Assets, Being Depreciated, Net	44,773,773	(3,213,367)	14,577,787	56,138,193
Governmental Activities Capital Assets, Net	<u>\$ 63,997,624</u>	<u>(\$ 679,573)</u>	<u>\$ 249,754</u>	<u>\$ 63,567,805</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2024	Additions	Adjustments/ Retirements	Balance June 30, 2025
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 339,401	\$ -	\$ -	\$ 339,401
Construction in progress	807,225	9,905	-	817,130
Total Capital Assets, Not Being Depreciated	1,146,626	9,905	-	1,156,531
Capital Assets, Being Depreciated				
Infrastructure	20,284,866	-	(153,040)	20,131,826
Buildings and improvements	65,058,437	-	153,040	65,211,477
Equipment	2,381,705	152,876	(8,134)	2,526,447
Total Capital Assets, Being Depreciated	87,725,008	152,876	(8,134)	87,869,750
Less Accumulated Depreciation For:				
Infrastructure	(12,760,544)	(508,467)	38,311	(13,230,700)
Buildings and improvements	(35,533,902)	(1,795,488)	(38,311)	(37,367,701)
Equipment	(1,690,027)	(167,088)	8,134	(1,848,981)
Total Accumulated Depreciation	(49,984,473)	(2,471,043)	8,134	(52,447,382)
Total Capital Assets, Being Depreciated, Net	37,740,535	(2,318,167)	-	35,422,368
Business-Type Activities Capital Assets, Net	\$ 38,887,161	(\$2,308,262)	\$ -	\$ 36,578,899

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 76,298
Public protection	754,251
Public ways and facilities	2,536,958
Recreation and culture	551,612
Total Depreciation Expense – Governmental Activities	<u>\$ 3,919,119</u>

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

Water	\$ 460,912
Sewer	2,010,131
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,471,043</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, 2025

NOTE 5: UNEARNED REVENUES

At June 30, 2025, the components of unearned revenue were as follows:

General Fund	
State grant advances received	\$ 48,348
Total	<u>\$ 48,348</u>

NOTE 6: 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, 2025:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 538,368	\$ -
Capital Improvement Projects	-	158,900
Special Projects	158,900	-
Nonmajor governmental funds	<u>7,781</u>	<u>546,149</u>
Total	<u>\$ 705,049</u>	<u>\$ 705,049</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, 2025:

	Transfers In	Transfers Out
General Fund	\$ 601,157	\$ -
Measure "E"	-	634,418
Capital Improvement Projects	1,189,022	63,437
Special Projects	232,454	47,454
Nonmajor governmental funds	171,213	891,779
Water	-	219,235
Sewer	<u>-</u>	<u>337,523</u>
Total	<u>\$ 2,193,846</u>	<u>\$ 2,193,846</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

Type of Indebtedness	Balance July 1, 2024	Additions	Adjustments/ Retirements	Balance June 30, 2025	Amounts Due Within One Year
Governmental Activities					
Pension obligation bonds	\$ 15,366,000	\$ -	(\$ 791,000)	\$ 14,575,000	\$ 811,000
Financed purchases	6,643,261	224,358	(841,743)	6,025,876	837,245
Compensated absences*	1,400,754	122,714	-	1,523,468	1,325,121
Total Governmental Activities	<u>\$ 23,410,015</u>	<u>\$ 347,072</u>	<u>(\$1,632,743)</u>	<u>\$ 22,124,344</u>	<u>\$ 2,973,366</u>
Business-Type Activities					
Direct borrowing loans payable	\$ 615,915	\$ -	(\$ 129,009)	\$ 486,906	\$ 133,355
Bonds	1,090,000	-	(535,000)	555,000	555,000
Unamortized premium	78,172	-	(39,086)	39,086	39,086
Bonds, net	1,168,172	-	(574,086)	594,086	594,086
Financed purchases	2,819,331	-	(326,960)	2,492,371	350,372
Compensated absences*	221,215	64,057	-	285,272	44,146
Total Business-Type Activities	<u>\$ 4,824,633</u>	<u>\$ 64,057</u>	<u>(\$1,030,055)</u>	<u>\$ 3,858,635</u>	<u>\$ 1,121,959</u>

*The compensated absences activity shown in the table above is presented on a net increase basis as permitted by GASB Statement No. 101.

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, 2025, 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.

	<u>\$ 14,575,000</u>
Total Pension Obligation Bonds	<u>14,575,000</u>
Total Governmental Activities	<u>\$ 14,575,000</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.

	<u>\$ 486,905</u>
Total Loans from Direct Borrowings	<u>486,905</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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.

	555,000
Total Bonds	<u>555,000</u>
Total Business-Type Activities	<u>\$ 1,041,905</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
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	896,000	403,452	1,299,452
2031-2035	4,834,000	1,516,680	6,350,680
2036-2040	<u>5,477,000</u>	<u>793,692</u>	<u>6,270,692</u>
Total	<u>\$ 14,575,000</u>	<u>\$ 4,634,502</u>	<u>\$ 19,209,502</u>

Business-Type Activities

Year Ended June 30	Loans from Direct Borrowings		
	Principal	Interest	Totals
2026	\$ 133,355	\$ 15,303	\$ 148,658
2027	137,888	10,770	148,658
2028	142,566	6,092	148,658
2029	<u>73,097</u>	<u>1,232</u>	<u>74,329</u>
Total	<u>\$ 486,906</u>	<u>\$ 33,397</u>	<u>\$ 520,303</u>

Year Ended June 30	Bonds		
	Principal	Interest	Totals
2026	\$ 555,000	\$ 11,794	\$ 566,794
Total	<u>\$ 555,000</u>	<u>\$ 11,794</u>	<u>\$ 566,794</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025</u>
Governmental activities	1.06-3.900%	\$ 6,025,876
Business-type activities	4.675%	<u>2,492,371</u>
Total		<u>\$ 8,518,247</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 8,800,924	\$ 5,489,336
Less: accumulated depreciation	<u>(1,448,364)</u>	<u>(2,652,038)</u>
Net Value	<u>\$ 7,352,560</u>	<u>\$ 2,837,298</u>

As of June 30, 2025, annual amortization is as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2026	\$ 975,297	\$ 404,041
2027	941,751	202,530
2028	917,400	215,059
2029	854,701	228,164
2030	808,689	241,869
2031-2035	2,066,415	1,437,940
2036	<u>32,731</u>	<u>63,538</u>
Total Requirements	6,596,984	2,793,141
Less: interest	<u>(571,108)</u>	<u>(300,770)</u>
Present Value of Remaining Payments	<u>\$ 6,025,876</u>	<u>\$ 2,492,371</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, 2025

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 \$24,027,736 of restricted net position, of which \$3,026,782 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
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 10: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2025, were distributed as follows:

	General	Measure "E"	Housing	Capital Improvement Projects	Special Projects	Other Governmental Funds	Totals
Nonspendable:							
Prepaid costs	\$ 818	\$ -	\$ -	\$ -	\$ -	\$ 17,575	\$ 18,393
Loans receivable	-	-	5,218,581	-	-	748,142	5,966,723
Subtotal	818	-	5,218,581	-	-	765,717	5,985,116
Restricted for:							
General	212,212	-	-	-	-	-	212,212
Housing	-	-	3,717,326	-	-	-	3,717,326
Gas tax	-	-	-	-	-	236,348	236,348
Maintenance districts	-	-	-	-	-	217,118	217,118
Block grants	-	-	-	-	-	132,372	132,372
Elizabeth Daniels Park	-	-	-	-	-	109,201	109,201
Animal shelter	-	-	-	-	-	2,275	2,275
Subtotal	212,212	-	3,717,326	-	-	697,314	4,626,852
Assigned:							
Measure "E"	-	4,549,341	-	-	-	-	4,549,341
Special Projects	-	-	-	-	5,840,469	-	5,840,469
Fire reserve	-	-	-	-	-	352,783	352,783
Impact fees	-	-	-	-	-	2,573,316	2,573,316
Vehicle replacement	-	-	-	-	-	18,780	18,780
Measure B	-	-	-	-	-	1,232,827	1,232,827
Downtown assessment	-	-	-	-	-	54,089	54,089
Subtotal	-	4,549,341	-	-	5,840,469	4,231,795	14,621,605
Unassigned	8,242,344	-	-	(719,379)	-	(530,143)	6,992,822
Total	<u>\$8,455,374</u>	<u>\$ 4,549,341</u>	<u>\$ 8,935,907</u>	<u>(\$ 719,379)</u>	<u>\$ 5,840,469</u>	<u>\$ 5,164,683</u>	<u>\$ 32,226,395</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, 2025

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

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.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Each Rate Tier's specific provisions and benefits in effect at June 30, 2025, 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	14.130%	8.000%	0.000%
Miscellaneous PEPRA	7.870%	7.750%	0.000%
Safety Police	27.320%	9.000%	0.000%
Safety Police Second Tier	24.330%	9.000%	0.000%
Safety Police PEPRA	13.760%	13.750%	0.000%
Safety Fire	24.330%	9.000%	0.000%
Safety Fire PEPRA	13.760%	13.750%	0.000%

For the year ended June 30, 2025, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 403,128	\$ -
Safety	1,214,206	-

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

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, 2024, 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, 2023, rolled forward to June 30, 2024, 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, 2024, and 2025, was as follows:

	<u>Proportion June 30, 2024</u>	<u>Proportion June 30, 2025</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.09283%	0.09402%	0.00119%
Safety	0.07872%	0.07691%	(0.00181%)

As of June 30, 2025, 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	\$ 4,547,199
Safety	<u>5,607,711</u>
Total Net Pension Liability (Asset)	<u>\$ 10,154,910</u>

For the year ended June 30, 2025, the City recognized pension expense of \$4,260,979. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 2,061,075	\$ -
Changes of assumptions	255,035	-
Difference between expected and actual experience	850,786	(30,220)
Difference between projected and actual earnings on pension plan investments	532,828	-
Difference between City contributions and proportionate share of contributions	-	(2,846,997)
Amortization due to differences in proportions	<u>2,972,305</u>	<u>-</u>
Total	<u>\$ 6,672,029</u>	<u>(\$ 2,877,217)</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

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

\$2,061,075 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, 2026. 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>	
2026	\$ 1,211,275
2027	842,928
2028	(138,016)
2029	(182,450)
Thereafter	<u>-</u>
Total	<u>\$ 1,733,737</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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

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.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

The 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.

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

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

	<u>1% Decrease 5.90%</u>	<u>Discount Rate 6.90%</u>	<u>1% Increase 7.90%</u>
Miscellaneous	\$ 10,493,339	\$ 4,547,199	(\$ 347,349)
Safety	13,744,221	5,607,711	(1,046,811)

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

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

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.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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 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 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
For the Year Ended June 30, 2025

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, 2025, 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><u>162</u></u>

B. Total OPEB Liability

The City’s total OPEB liability of \$4,309,686 was measured as of June 30, 2025, and was determined by the actuarial valuation as of June 30, 2024.

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, 2025)
Funding Method	Entry Age Normal Cost, level of percent of pay
Municipal Bond Index	Bond Buyer Obligation 20-Bond Municipal Bond Index
Discount Rates	5.20% as of June 30, 2025, 4.21% as of June 30, 2024
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are considered in this valuation.
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 and to determine the amortization payment component of the Actuarially Determined Contributions.
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 2017.

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025, for the City's proportionate share.

	<u>Total OPEB Liability</u>
Balances at fiscal year ending June 30, 2024	<u>\$ 4,481,323</u>
Changes during the period:	
Service cost	267,804
Interest cost	196,839
Change of benefit terms	88,734
Change of assumptions	(577,698)
Benefit payments	(147,316)
Net Changes	(171,637)
Balances at fiscal year ending June 30, 2025	<u>\$ 4,309,686</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 4.20%</u>	<u>Current Rate 5.20%</u>	<u>1% Increase 6.20%</u>
Total OPEB liability	\$ 4,893,789	\$ 4,309,686	\$ 3,825,011

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, 2025:

	<u>Current Trend -1%</u>	<u>Current Trend</u>	<u>Current Trend +1%</u>
Total OPEB Liability	\$ 3,735,997	\$ 4,309,686	\$ 4,996,042

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025, the City recognized OPEB expense of \$82,835. At June 30, 2025, 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	\$ 315,827	(\$ 1,701,781)
Differences between expected and actual experience	<u>599,439</u>	<u>(2,287,655)</u>
Total	<u>\$ 915,266</u>	<u>(\$ 3,989,436)</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>	
2026	(\$ 484,508)
2027	(502,879)
2028	(509,188)
2029	(385,171)
2030	(384,605)
Thereafter	<u>(807,819)</u>
	<u>(\$ 3,074,170)</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
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025

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, 2025, loans receivable consisted of the following:

	Balance July 1, 2024	Additions	Adjustments/ Retirements	Balance June 30, 2025
Redevelopment Housing:				
Springhill Garden Apts	\$ 717,000	\$ -	(\$ 117,000)	\$ 600,000
Valley Commons	<u>262,297</u>	<u>-</u>	<u>(14,055)</u>	<u>248,242</u>
Total Loans Receivable	<u>\$ 979,297</u>	<u>\$ -</u>	<u>(\$ 131,055)</u>	<u>\$ 848,242</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, 2024	Additions	Adjustments/ Retirements	Balance June 30, 2025	Amounts Due Within One Year
2020A Tax Allocation Refunding Bonds	\$ 2,335,000	\$ -	(\$ 170,000)	\$ 2,165,000	\$ 175,000
Plus: premium	279,015	-	(5,874)	273,141	5,874
2020B Tax Allocation Refunding Bonds	4,580,000	-	(190,000)	4,390,000	195,000
Less: discount	<u>(69,054)</u>	<u>-</u>	<u>726</u>	<u>(68,328)</u>	<u>(726)</u>
Total Successor Agency Trust	<u>\$ 7,124,961</u>	<u>\$ -</u>	<u>(\$ 365,148)</u>	<u>\$ 6,759,813</u>	<u>\$ 375,148</u>

CITY OF GRASS VALLEY
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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. \$ 2,165,000

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. 4,390,000

Total Bonds \$ 6,555,000

NOTE 15: OTHER INFORMATION

A. Commitments and Contingencies

At June 30, 2025, the City had construction commitments outstanding of approximately \$3,310,630.

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, 2025, through June 25, 2026, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**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, 2025
Last 10 Years

Measurement Date	2014/2015	2015/2016	2016/2017	2017/2018
Miscellaneous				
Proportion of the net pension liability	0.25762%	0.25637%	0.25883%	0.26760%
Proportionate share of the net pension liability	\$ 7,067,820	\$ 8,905,897	\$ 10,203,070	\$ 10,085,168
Covered payroll	2,720,788	2,845,140	2,773,466	2,711,644
Proportionate share of the net pension liability as a percentage of covered payroll	259.77%	313.02%	367.88%	371.92%
Plan fiduciary net position as a percentage of the total pension liability	92.07%	72.46%	70.80%	71.60%
Safety				
Proportion of the net pension liability	0.14104%	0.14610%	0.14705%	0.15134%
Proportionate share of the net pension liability	\$ 5,811,191	\$ 7,567,090	\$ 8,786,698	\$ 8,880,045
Covered payroll	2,776,953	2,575,241	2,902,953	3,240,879
Proportionate share of the net pension liability as a percentage of covered payroll	209.27%	293.84%	302.68%	274.00%
Plan fiduciary net position as a percentage of the total pension liability	94.68%	74.20%	73.59%	75.52%

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
0.27139%	0.04686%	-0.16808%	0.08208%	0.09283%	0.09402%
\$ 10,867,668	\$ 1,976,738	\$ (3,054,690)	\$ 3,840,840	\$ 4,641,661	\$ 4,547,199
2,892,638	3,229,280	2,970,991	3,100,793	3,622,706	3,909,397
375.70%	61.21%	-102.82%	123.87%	128.13%	116.31%
70.67%	94.71%	107.86%	90.59%	89.04%	89.68%
0.15536%	0.03239%	-0.10849%	0.06208%	0.07872%	0.07691%
\$ 9,698,412	\$ 2,157,733	\$ (3,807,408)	\$ 4,265,743	\$ 5,883,924	\$ 5,607,711
3,586,719	3,838,273	4,295,879	5,206,157	5,744,399	6,312,846
270.40%	56.22%	-88.63%	81.94%	102.43%	88.83%
75.05%	94.82%	108.58%	92.01%	89.26%	90.59%

CITY OF GRASS VALLEY
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2025
Last 10 Years

Fiscal Year	2015/2016	2016/2017	2017/2018	2018/2019
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 539,907	\$ 606,756	\$ 632,072	\$ 814,931
Contributions in relation to the actuarially determined contributions	<u>(539,907)</u>	<u>(606,756)</u>	<u>(632,072)</u>	<u>(814,931)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,845,140	\$ 2,773,466	\$ 2,711,644	\$ 2,892,638
Contributions as a percentage of covered payroll	18.98%	21.88%	23.31%	
Safety				
Contractually required contributions (actuarially determined)	\$ 747,813	\$ 821,329	\$ 910,702	\$ 1,035,238
Contributions in relation to the actuarially determined contributions	<u>(747,813)</u>	<u>(821,329)</u>	<u>(910,702)</u>	<u>(1,035,238)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,575,241	\$ 2,902,953	\$ 3,240,879	\$ 3,586,719
Contributions as a percentage of covered payroll	29.04%	28.29%	28.10%	28.86%

<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>
\$ 936,148	\$ 388,465	\$ 474,705	\$ 564,658	\$ 403,128	\$ 593,771
<u>(18,566,415)</u>	<u>(388,465)</u>	<u>(474,705)</u>	<u>(564,658)</u>	<u>(403,128)</u>	<u>(593,771)</u>
<u><u>\$ (17,630,267)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 3,229,280 574.94%	\$ 2,970,991 13.08%	\$ 3,100,793 15.31%	\$ 3,622,706 15.59%	\$ 3,909,397 10.31%	\$ 4,240,875 14.00%
\$ 1,248,549	\$ 906,738	\$ 1,096,345	\$ 1,227,774	\$ 1,214,206	\$ 1,467,304
<u>(1,248,549)</u>	<u>(906,738)</u>	<u>(1,096,345)</u>	<u>(1,227,774)</u>	<u>(1,214,206)</u>	<u>(1,467,304)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 3,838,273 32.53%	\$ 4,295,879 21.11%	\$ 5,206,157 21.06%	\$ 5,744,399 21.37%	\$ 6,312,846 19.23%	\$ 6,614,464 22.18%

CITY OF GRASS VALLEY
Required Supplementary Information
City Pension Plan
Notes to City Pension Plan
For the Year Ended June 30, 2025

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, 2022
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, 2025
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Total OPEB Liability				
Service Cost	\$ 381,204	\$ 412,855	\$ 439,142	\$ 370,690
Interest	197,059	202,213	209,424	169,035
Change in benefit terms	-	-	-	-
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>
Net Change in Total OPEB Liability	598,596	572,382	(1,066,374)	768,465
Total OPEB Liability - Beginning	<u>5,999,700</u>	<u>6,598,296</u>	<u>7,170,678</u>	<u>6,104,304</u>
Total OPEB Liability - Ending (a)	<u>\$ 6,598,296</u>	<u>\$ 7,170,678</u>	<u>\$ 6,104,304</u>	<u>\$ 6,872,769</u>
Plan Fiduciary Net Position				
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>
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net 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>
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 eight years are shown.

<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>
\$ 428,709	\$ 277,668	\$ 283,740	\$ 267,804
156,736	211,689	226,046	196,839
-	-	-	88,734
(234,487)	-	(1,247,724)	-
(1,984,454)	(23,863)	74,687	(577,698)
(223,563)	(235,158)	(101,472)	(147,316)
(1,857,059)	230,336	(764,723)	(171,637)
6,872,769	5,015,710	5,246,046	4,481,323
<u>\$ 5,015,710</u>	<u>\$ 5,246,046</u>	<u>\$ 4,481,323</u>	<u>\$ 4,309,686</u>
\$ 223,563	\$ 235,158	\$ 101,472	\$ 147,316
(223,563)	(235,158)	(101,472)	(147,316)
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 5,015,710</u>	<u>\$ 5,246,046</u>	<u>\$ 4,481,323</u>	<u>\$ 4,309,686</u>
0.00%	0.00%	0.00%	0.00%
\$ 9,811,616	\$ 11,822,437	\$ 11,554,532	\$ 12,594,282
51.12%	44.37%	38.78%	34.22%

CITY OF GRASS VALLEY
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2025
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%	

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

<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>
\$ 223,563 (223,563)	\$ 235,158 (235,158)	\$ 101,472 (101,472)	\$ 147,316 (147,316)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,811,616 2.28%	\$ 11,822,437 1.99%	\$ 11,554,532 0.88%	\$ 12,594,282 1.17%

CITY OF GRASS VALLEY
Required Supplementary Information
City OPEB Plan
Note to City OPEB Plan
For the Year Ended June 30, 2025

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

Discount Rate:	Increased from 4.21 percent as of June 30, 2024, to 5.20 percent as of June 30, 2025.
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CITY OF GRASS VALLEY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 14,276,868	\$ 14,001,462	\$ 14,307,964	\$ 306,502
Licenses, permits and franchises	1,276,337	1,251,981	1,946,770	694,789
Fines and forfeitures	100	837	1,100	263
Intergovernmental revenues	1,799,933	1,872,164	1,530,425	(341,739)
Use of money and property	286,525	379,872	370,869	(9,003)
Charges for services	475,140	435,675	51,095	(384,580)
Other revenues	16,500	123,000	473,927	350,927
Total Revenues	18,131,403	18,064,991	18,682,150	617,159
EXPENDITURES				
Current:				
General government	3,498,176	3,818,687	4,210,104	(391,417)
Public protection	10,554,932	10,392,127	10,414,202	(22,075)
Public ways and facilities	1,356,406	1,363,725	1,427,204	(63,479)
Community development	744,208	776,708	786,874	(10,166)
Recreation and culture	779,197	781,502	775,283	6,219
Debt service:				
Principal	862,635	872,660	872,660	-
Interest	600,699	578,551	578,552	(1)
Capital outlay	125,000	131,000	63,791	67,209
Total Expenditures	18,521,253	18,714,960	19,128,670	(413,710)
Excess of Revenues Over (Under) Expenditures	(389,850)	(649,969)	(446,520)	203,449
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	10,000	10,000
Transfers in	464,853	465,721	601,157	135,436
Transfers out	(85,000)	(85,000)	-	85,000
Total Other Financing Sources (Uses)	379,853	380,721	611,157	230,436
Net Change in Fund Balances	(9,997)	(269,248)	164,637	433,885
Fund Balances - Beginning	8,290,737	8,290,737	8,290,737	-
Fund Balances - Ending	\$ 8,280,740	\$ 8,021,489	\$ 8,455,374	\$ 433,885

CITY OF GRASS VALLEY
Required Supplementary Information
Budgetary Comparison Schedule
Measure "E" - Major Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 7,350,000	\$ 7,010,000	\$ 7,017,687	\$ 7,687
Intergovernmental revenue	-	-	3,028	3,028
Use of money and property	7,500	55,000	152,688	97,688
Total Revenues	<u>7,357,500</u>	<u>7,065,000</u>	<u>7,173,403</u>	<u>108,403</u>
EXPENDITURES				
Current:				
General government	-	-	329,016	(329,016)
Public safety	4,845,384	5,036,198	3,915,478	1,120,720
Public ways and facilities	-	-	96,910	(96,910)
Debt service:				
Principal	580,000	583,784	760,083	(176,299)
Interest	74,000	79,045	150,525	(71,480)
Capital outlay	200,000	200,000	645,004	(445,004)
Total Expenditures	<u>5,699,384</u>	<u>5,899,027</u>	<u>5,897,016</u>	<u>2,011</u>
Excess of Revenues Over (Under) Expenditures	<u>1,658,116</u>	<u>1,165,973</u>	<u>1,276,387</u>	<u>110,414</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	224,358	224,358
Transfers out	(6,291,440)	(6,291,440)	(634,418)	5,657,022
Total Other Financing Sources (Uses)	<u>(6,291,440)</u>	<u>(6,291,440)</u>	<u>(410,060)</u>	<u>5,881,380</u>
Net Change in Fund Balances	<u>(4,633,324)</u>	<u>(5,125,467)</u>	<u>866,327</u>	<u>5,991,794</u>
Fund Balances - Beginning	<u>3,683,014</u>	<u>3,683,014</u>	<u>3,683,014</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ (950,310)</u></u>	<u><u>\$ (1,442,453)</u></u>	<u><u>\$ 4,549,341</u></u>	<u><u>\$ 5,991,794</u></u>

CITY OF GRASS VALLEY
Required Supplementary Information
Budgetary Comparison Schedule
Housing - Major Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 425,000	\$ 425,000	\$ -	\$ (425,000)
Use of money and property	128,856	128,856	406,187	277,331
Total Revenues	<u>553,856</u>	<u>553,856</u>	<u>406,187</u>	<u>(147,669)</u>
EXPENDITURES				
Current:				
Community development	430,500	430,500	7,400	423,100
Total Expenditures	<u>430,500</u>	<u>430,500</u>	<u>7,400</u>	<u>423,100</u>
Net Change in Fund Balances	<u>123,356</u>	<u>123,356</u>	<u>398,787</u>	<u>275,431</u>
Fund Balances - Beginning	8,747,604	8,747,604	8,747,604	-
Change in accounting principle	-	-	(210,484)	(210,484)
Fund Balances - Beginning	<u>8,747,604</u>	<u>8,747,604</u>	<u>8,537,120</u>	<u>(210,484)</u>
Fund Balances - Ending	<u>\$ 8,870,960</u>	<u>\$ 8,870,960</u>	<u>\$ 8,935,907</u>	<u>\$ 64,947</u>

CITY OF GRASS VALLEY
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2025

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, 2025, 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	\$ 18,714,960	\$ 19,128,670	\$ 413,710

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, 2025

	Special Revenue Funds	Permanent Funds	Totals
ASSETS			
Cash and investments	\$ 4,262,254	\$ 111,222	\$ 4,373,476
Receivables:			
Accounts	26,053	-	26,053
Interest	129,868	254	130,122
Taxes	580,057	-	580,057
Intergovernmental	246,179	-	246,179
Prepaid costs	17,575	-	17,575
Due from other funds	7,781	-	7,781
Loans receivable	748,142	-	748,142
Total Assets	<u>\$ 6,017,909</u>	<u>\$ 111,476</u>	<u>\$ 6,129,385</u>
LIABILITIES			
Accounts payable	\$ 372,864	\$ -	\$ 372,864
Salaries and benefits payable	33,497	-	33,497
Due to other funds	546,149	-	546,149
Total Liabilities	<u>952,510</u>	<u>-</u>	<u>952,510</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	12,192	-	12,192
Total Deferred Inflows of Resources	<u>12,192</u>	<u>-</u>	<u>12,192</u>
FUND BALANCES			
Nonspendable	765,717	-	765,717
Restricted	585,838	111,476	697,314
Assigned	4,231,795	-	4,231,795
Unassigned	(530,143)	-	(530,143)
Total Fund Balances	<u>5,053,207</u>	<u>111,476</u>	<u>5,164,683</u>
Total Liabilities and Fund Balances	<u>\$ 6,017,909</u>	<u>\$ 111,476</u>	<u>\$ 6,129,385</u>

CITY OF GRASS VALLEY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds	Permanent Funds	Totals
REVENUES			
Taxes and assessments	\$ 2,311,595	\$ -	\$ 2,311,595
Fines and forfeitures	44,866	-	44,866
Intergovernmental revenues	1,667,927	-	1,667,927
Use of money and property	163,964	4,409	168,373
Other revenues	100	-	100
Total Revenues	4,188,452	4,409	4,192,861
EXPENDITURES			
Current:			
General government	548,465	-	548,465
Public protection	777,928	-	777,928
Public ways and facilities	73,265	-	73,265
Community development	51,806	-	51,806
Capital outlay	546,697	-	546,697
Total Expenditures	1,998,161	-	1,998,161
Excess of Revenues Over (Under) Expenditures	2,190,291	4,409	2,194,700
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	16,000	-	16,000
Transfers in	171,213	-	171,213
Transfers out	(891,779)	-	(891,779)
Total Other Financing Sources (Uses)	(704,566)	-	(704,566)
Net Change in Fund Balances	1,485,725	4,409	1,490,134
Fund Balances - Beginning	3,567,482	107,067	3,674,549
Fund Balances - Ending	\$ 5,053,207	\$ 111,476	\$ 5,164,683

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF GRASS VALLEY
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2025

	Gas Tax	Traffic Safety	Fire Reserve	EPA Brownfields
ASSETS				
Cash and investments	\$ 124,044	\$ -	\$ 360,983	\$ -
Receivables:				
Accounts	-	13,236	4,816	-
Interest	1,161	-	654	-
Taxes	103,362	-	-	-
Intergovernmental	-	-	-	6,955
Prepaid costs	-	-	17,575	-
Due from other funds	7,781	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 236,348</u>	<u>\$ 13,236</u>	<u>\$ 384,028</u>	<u>\$ 6,955</u>
LIABILITIES				
Accounts payable	\$ -	\$ 5,455	\$ 1,478	\$ 2,450
Salaries and benefits payable	-	-	-	-
Due to other funds	-	7,781	-	898
Total Liabilities	<u>-</u>	<u>13,236</u>	<u>1,478</u>	<u>3,348</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	12,192	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>12,192</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	17,575	-
Restricted	236,348	-	-	-
Assigned	-	-	352,783	-
Unassigned	-	-	-	3,607
Total Fund Balances (Deficits)	<u>236,348</u>	<u>-</u>	<u>370,358</u>	<u>3,607</u>
Total Liabilities and Fund Balances	<u>\$ 236,348</u>	<u>\$ 13,236</u>	<u>\$ 384,028</u>	<u>\$ 6,955</u>

<u>Developer Fees</u>	<u>Vehicle Replacement</u>	<u>Measure B Sales tax</u>	<u>Maintenance Districts</u>	<u>Block Grants</u>	<u>Prop 64</u>	<u>Downtown Assessment</u>	<u>Totals</u>
\$ 2,670,913	\$ 18,741	\$ 807,908	\$ 215,379	\$ 11,088	\$ -	\$ 53,198	\$ 4,262,254
6,417	-	825	-	-	-	759	26,053
5,554	39	-	534	121,794	-	132	129,868
-	-	472,466	4,229	-	-	-	580,057
-	-	-	-	-	239,224	-	246,179
-	-	-	-	-	-	-	17,575
-	-	-	-	-	-	-	7,781
-	-	-	-	748,142	-	-	748,142
<u>\$ 2,682,884</u>	<u>\$ 18,780</u>	<u>\$ 1,281,199</u>	<u>\$ 220,142</u>	<u>\$ 881,024</u>	<u>\$ 239,224</u>	<u>\$ 54,089</u>	<u>\$ 6,017,909</u>
\$ 109,568	\$ -	\$ 20,859	\$ 3,024	\$ 510	\$ 229,520	\$ -	\$ 372,864
-	-	27,513	-	-	5,984	-	33,497
-	-	-	-	-	537,470	-	546,149
<u>109,568</u>	<u>-</u>	<u>48,372</u>	<u>3,024</u>	<u>510</u>	<u>772,974</u>	<u>-</u>	<u>952,510</u>
-	-	-	-	-	-	-	12,192
-	-	-	-	-	-	-	12,192
-	-	-	-	748,142	-	-	765,717
-	-	-	217,118	132,372	-	-	585,838
2,573,316	18,780	1,232,827	-	-	-	54,089	4,231,795
-	-	-	-	-	(533,750)	-	(530,143)
<u>2,573,316</u>	<u>18,780</u>	<u>1,232,827</u>	<u>217,118</u>	<u>880,514</u>	<u>(533,750)</u>	<u>54,089</u>	<u>5,053,207</u>
<u>\$ 2,682,884</u>	<u>\$ 18,780</u>	<u>\$ 1,281,199</u>	<u>\$ 220,142</u>	<u>\$ 881,024</u>	<u>\$ 239,224</u>	<u>\$ 54,089</u>	<u>\$ 6,017,909</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, 2025

	Gas Tax	Traffic Safety	Fire Reserve	EPA Brownfields
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	44,866	-	-
Intergovernmental revenues	817,884	-	249,691	56,571
Use of money and property	20,096	-	10,633	-
Other revenues	-	-	100	-
Total Revenues	837,980	44,866	260,424	56,571
EXPENDITURES				
Current:				
General government	-	-	-	49,222
Public protection	-	216,079	77,350	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	216,079	77,350	49,222
Excess of Revenues Over (Under) Expenditures	837,980	(171,213)	183,074	7,349
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	171,213	-	-
Transfers out	(891,779)	-	-	-
Total Other Financing Sources (Uses)	(891,779)	171,213	-	-
Net Change in Fund Balances	(53,799)	-	183,074	7,349
Fund Balances - Beginning (Deficits)	290,147	-	187,284	(3,742)
Fund Balances - Ending (Deficits)	\$ 236,348	\$ -	\$ 370,358	\$ 3,607

Developer Fees	Vehicle Replacement	Measure B Sales tax	Maintenance Districts	Block Grants	Prop 64	Downtown Assessment	Totals
\$ 262,427	\$ -	\$ 1,893,225	\$ 84,553	\$ -	\$ -	\$ 71,390	\$ 2,311,595
-	-	-	-	-	-	-	44,866
-	-	-	-	-	543,781	-	1,667,927
101,280	691	10,087	7,589	11,282	-	2,306	163,964
-	-	-	-	-	-	-	100
363,707	691	1,903,312	92,142	11,282	543,781	73,696	4,188,452
-	-	185,986	-	-	313,257	-	548,465
-	-	484,499	-	-	-	-	777,928
-	11,787	-	61,478	-	-	-	73,265
-	-	-	-	3,806	-	48,000	51,806
-	-	-	-	-	546,697	-	546,697
-	11,787	670,485	61,478	3,806	859,954	48,000	1,998,161
363,707	(11,096)	1,232,827	30,664	7,476	(316,173)	25,696	2,190,291
-	16,000	-	-	-	-	-	16,000
-	-	-	-	-	-	-	171,213
-	-	-	-	-	-	-	(891,779)
-	16,000	-	-	-	-	-	(704,566)
363,707	4,904	1,232,827	30,664	7,476	(316,173)	25,696	1,485,725
2,209,609	13,876	-	186,454	873,038	(217,577)	28,393	3,567,482
\$ 2,573,316	\$ 18,780	\$ 1,232,827	\$ 217,118	\$ 880,514	\$ (533,750)	\$ 54,089	\$ 5,053,207

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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, 2025

	Elizabeth Daniels Park	Animal Shelter	Totals
ASSETS			
Cash and investments	\$ 108,952	\$ 2,270	\$ 111,222
Receivables:			
Interest	249	5	254
Total Assets	<u>\$ 109,201</u>	<u>\$ 2,275</u>	<u>\$ 111,476</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	<u>109,201</u>	<u>2,275</u>	<u>111,476</u>
Total Fund Balances	<u>109,201</u>	<u>2,275</u>	<u>111,476</u>
Total Liabilities and Fund Balances	<u>\$ 109,201</u>	<u>\$ 2,275</u>	<u>\$ 111,476</u>

CITY OF GRASS VALLEY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2025

	Elizabeth Daniels Park	Animal Shelter	Totals
REVENUES			
Use of money and property	\$ 4,316	\$ 93	\$ 4,409
Total Revenues	<u>4,316</u>	<u>93</u>	<u>4,409</u>
EXPENDITURES			
Current:			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,316	93	4,409
Fund Balances - Beginning	<u>104,885</u>	<u>2,182</u>	<u>107,067</u>
Fund Balances - Ending	<u><u>\$ 109,201</u></u>	<u><u>\$ 2,275</u></u>	<u><u>\$ 111,476</u></u>

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, 2025

	<u>Private Purpose Trust Funds</u>		<u>Custodial Funds</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>			<u>Totals</u>
ASSETS					
Current Assets:					
Cash and investments	\$ 670,647	\$ 136,420	\$ -	\$ 3,421	\$ 810,488
Cash with fiscal agent	3,103	-	-	-	3,103
Receivables:					
Accounts	-	164,487	-	-	164,487
Interest	1,733	-	-	-	1,733
Due from other funds	-	-	-	30,899	30,899
Loans receivable	-	848,242	-	-	848,242
Total Assets	<u>675,483</u>	<u>1,149,149</u>	<u>-</u>	<u>34,320</u>	<u>1,858,952</u>
LIABILITIES					
Current Liabilities:					
Salaries and benefits payable	427	-	-	-	427
Due to other funds	-	-	30,899	-	30,899
Loans payable	375,148	-	-	-	375,148
Total Current Liabilities	<u>375,575</u>	<u>-</u>	<u>30,899</u>	<u>-</u>	<u>406,474</u>
Noncurrent Liabilities:					
Loans payable	6,384,665	-	-	-	6,384,665
Total Noncurrent Liabilities	<u>6,384,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,384,665</u>
Total Liabilities	<u>6,760,240</u>	<u>-</u>	<u>30,899</u>	<u>-</u>	<u>6,791,139</u>
NET POSITION					
Restricted for:					
Successor Agency to the Redevelopment Agency	(6,084,757)	1,149,149	-	-	(4,935,608)
Individuals, organizations, and other governments	-	-	(30,899)	34,320	3,421
Total Net Position	<u>\$ (6,084,757)</u>	<u>\$ 1,149,149</u>	<u>\$ (30,899)</u>	<u>\$ 34,320</u>	<u>\$ (4,932,187)</u>

CITY OF GRASS VALLEY
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Private Purpose Trust Funds		Custodial Funds		
	Successor Agency to the Redevelopment Agency of the City of Grass Valley		Whispering Pines Morgan Ranch Reserve 2001	Whispering Pines Morgan Ranch Redemption 2001	
	Projects	Housing			Totals
ADDITIONS					
Property taxes collected for other governments	\$ 650,190	\$ -	\$ -	\$ -	\$ 650,190
Interest and investment earnings	31,424	(185,036)	-	-	(153,612)
Other contributions	-	38,851	-	-	38,851
Total Additions	681,614	(146,185)	-	-	535,429
DEDUCTIONS					
Expenses of former redevelopment agency	9,567	-	-	-	9,567
Interest expense	230,342	-	-	-	230,342
Total Deductions	239,909	-	-	-	239,909
Change in Fiduciary Net Position	441,705	(146,185)	-	-	295,520
Total Net Position - Beginning	(6,526,462)	1,277,350	(30,899)	34,320	(5,245,691)
Prior period adjustment	-	17,984	-	-	17,984
Total Net Position - Beginning, Restated	(6,526,462)	1,295,334	(30,899)	34,320	(5,227,707)
Total Net Position - Ending	\$ (6,084,757)	\$ 1,149,149	\$ (30,899)	\$ 34,320	\$ (4,932,187)