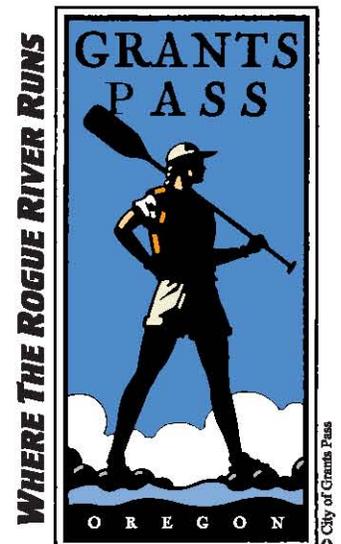
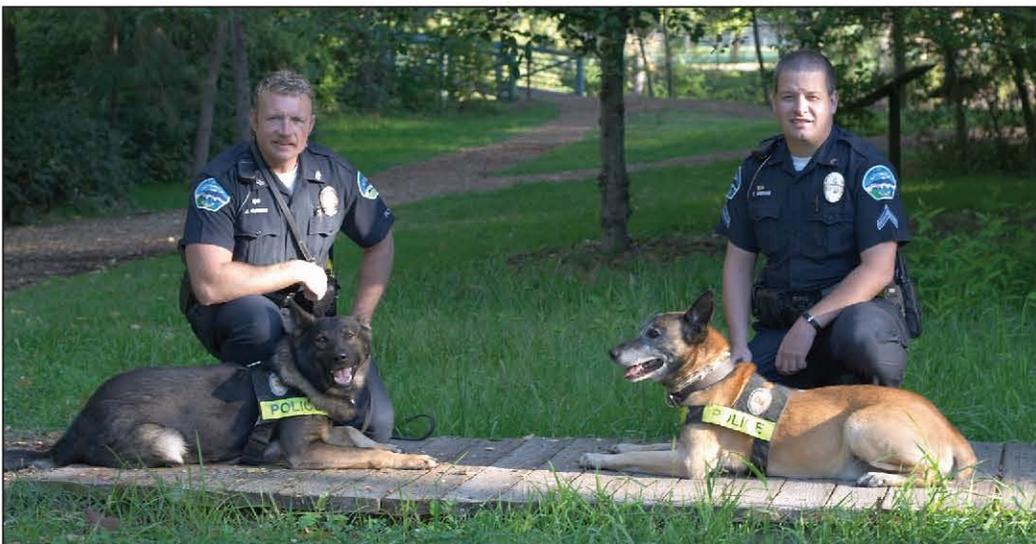




City of Grants Pass, Oregon
**Comprehensive
Annual
Financial Report**

For the year ended June 30, 2009



**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2009

Prepared by:

City of Grants Pass Finance Department

David Reeves, Finance Director
Jay Meredith, Assistant Finance Director

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

ELECTED OFFICIALS

June 30, 2009 (as of November 2, 2009)

<u>NAME</u>	<u>TERM EXPIRES</u>
Mike Murphy, Mayor	December 31, 2012
Dennis Webber, NW – Ward 1	December 31, 2012
Del Renfro, NW – Ward 1	December 31, 2010
Jim Boston, NE – Ward 2	December 31, 2012
Jim Hitchcock, NE – Ward 2	December 31, 2010
Tim Cummings, SE – Ward 3	December 31, 2010
Richard Michelon, SE – Ward 3	December 31, 2012
Jennifer Wheatley, SW – Ward 4	December 31, 2012
Mark Gatlin, SW – Ward 4	December 31, 2010

All council members receive mail at the address listed below.

CITY MANAGER PRO TEM

Laurel Samson

FINANCE DIRECTOR

David Reeves

City of Grants Pass
Municipal Building
101 N.W. "A" Street
Grants Pass, OR 97526

November 23, 2009



To the Honorable Mayor Mike Murphy, Members of the City Council, Reviewing Agencies, and the Citizens of Grants Pass

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Grants Pass, Oregon. This report is for the fiscal year ending June 30, 2009.

Grants Pass Municipal government undergoes an annual audit to report information on local government financial affairs and to ensure compliance with government accounting standards and practices. Local government has very stringent reporting and accounting standards that require full disclosure of financial affairs to the public that it serves. This report is presented in conformity with generally accepted accounting principles (GAAP) and is audited in conformance with generally accepted auditing standards.

The annual audit is prepared to meet legal requirements (ORS 297.425) and to respond to our Council's strong belief in total disclosure and effective communication. Pauly, Rogers and Co., P.C., a firm of certified public accountants, have audited the attached financial statements. The City is responsible for the accuracy of the data and the complete disclosure of our financial records. The auditors test transactions, verify the system, and assure accuracy. The independent auditor's report is presented as the first component of the financial section of this report.

This report consists of management's representations concerning the finances of the City of Grants Pass. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We believe that the financial information and disclosures of this report are accurate in all material respects, and that the report fairly represents the financial position of the City and the results of operations for the last year, as measured by financial activity. We have included all disclosures necessary for the reader to understand the financial condition of the City.

The independent audit of the financial statements of the City of Grants Pass was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the

federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included and are available in the Auditors' Comments and Disclosures section of this report.

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

Profile of the City of Grants Pass

Grants Pass has grown to an estimated population of 33,225 residents and is a beautiful community with a "hometown" feeling. The City was incorporated in 1887 and today encompasses 7,026 acres of land. Grants Pass is located on Interstate 5 in the "Sun Belt" of Southern Oregon, astride the banks of the Rogue River, one of America's premier white water rivers. The City is nestled among a series of mountains providing the valley a scenic backdrop. Grants Pass is the County seat of Josephine County and serves as the major commercial, cultural, and economic center for a County population of 83,665.

Factors Impacting Financial Conditions

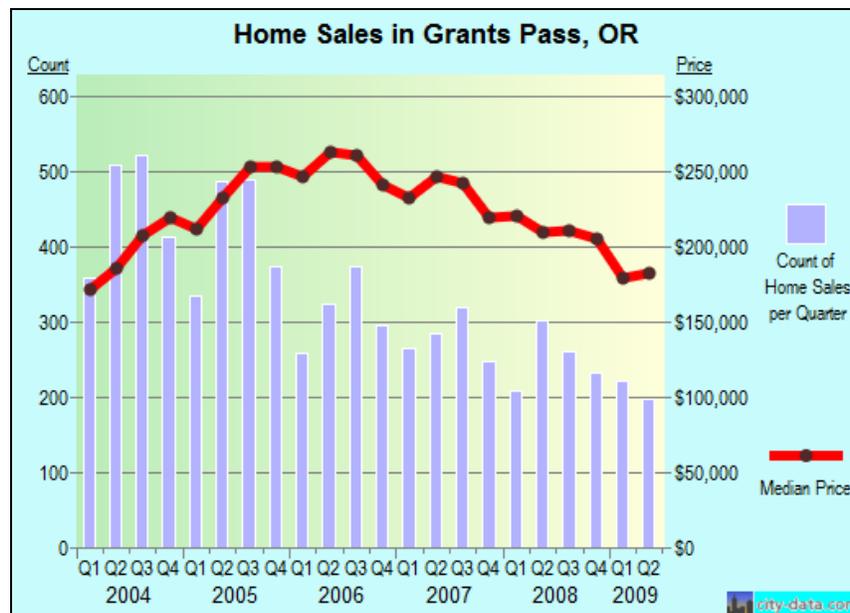
The City of Grants Pass continues to experience growth and now ranks 15th in population among 242 communities in Oregon. Grants Pass' and the County's real estate assessed value both rose by 5.0% for this fiscal year.

While Grants Pass continues to grow, new development has slowed significantly during the past three years. The Building and Safety Division issued 87 structural permits during the year, which is slightly less than half of the number of permits issued in the previous year. Total commercial construction units declined by 6 in number and \$7.6M in value, while total residential construction declined by 108 units and \$14.1M in value as compared to FY'08. FY'09 was by far the lowest level of construction in both residential and commercial out of any year in the last 10 years. A total of 75 single-family residential permits were issued compared to 166 for FY'08, while the number of multi-family permits fell to 1 compared to 6 in FY'08. Commercial permits totaled 11 in the current year as compared to 17 in FY'08.

The immediate demand for planning and building inspections for all classes of construction has slowed considerably given these factors. Despite development declines, escalating demands for transportation and public safety services are on-going.

Simultaneously, as the municipal boundaries grow, residents expect rural streets to be brought up to City standards and neighborhood parks to be planned and developed while protecting the natural environment.

The local housing market has experienced a decrease in the number of homes sold and the median price over the last year, in line with many other parts of the region and country. The median home sale price in the second calendar quarter of 2009 was approximately \$180,000 as compared to approximately \$210,000 in the second calendar quarter of 2008. Home sales by number of transactions decreased from approximately 300 sales in the second calendar quarter of 2008 to nearly 200 sales in the second calendar quarter of 2009. It is difficult to predict when the market will change but it seems reasonable to assume that development will not be returning to the record breaking levels experienced in the 2005 calendar year in the near future.



The permitting of lands throughout the urban growth boundary by private developers for future subdivisions has decreased dramatically and will continue to depend upon the expansion of municipal utility services. Grants Pass requires Service and Annexation Agreements (S & A) prior to accessing municipal services for water, wastewater, police, and fire. Accordingly, property owners within the urban growth boundary are required to pay the equivalent of the City tax rate on assessed value for these services. At the time of annexation, this independent billing is replaced by the levy of the City property tax rate on the subject properties.

All property taxes received in Grants Pass are dedicated exclusively for the provision of public safety services. The permanent tax rate (\$4.1335) together with the local option levy (\$1.49) and public safety bond (\$0.5003) totaled \$6.1238/\$1,000 assessed value and generated \$12.6M of the \$15.0M public safety operations budget. Citizens are aware of the increasing demands on the public safety operations and staff, and in May of 2009 voters approved a new two year local option levy at the rate of \$1.79/\$1,000 assessed value to replace the old levy of \$1.49 that expired this year.

Grants Pass has been affected by economic conditions and has seen a decline in employment. Many of the same influences affecting the nation as a whole have impacted Grants Pass and Josephine County. In fact, Josephine County has an unemployment rate of 14.6% as of August 2009, up from 9.0% last year. There were 5,256 unemployed compared to 3,187 last year while there were 30,673 employed compared to 32,264 the prior year. Grants Pass has a significant presence of manufacturing industries, led by wood products and housing-related manufacturing. As the current recession was fueled in part by the housing crisis, the impact on the economy in Grants Pass is significant.

On the positive side, First Call Resolution, a call center company located in Roseburg, has decided to expand into Grants Pass. They are locating downtown in a building that has been vacant for over two years. Their first training class will start November 9th with a second training class slated for early December. By the end of the year there will be 70 new employees working downtown. They plan to have 150-200 employees here by the end of 2011. ESAM, which laid off almost half its staff in the summer of 2008, has slowly been rehiring employees and are close to pre-layoff staffing levels. They expect to be back to approximately 125 employees by early next year. Finally, as a direct result of the Business Development Center's Next Level program, companies like visp.net have seen a dramatic increase in sales and are slowly adding staff.

Since last year the City of Grants Pass has been able to work closely with the Business Development Center to arrange for a \$100,000 Community Development Block Grant to allow low to moderate income people who want to start their own business to take classes at little or no cost to them. The City received this grant in May and over 30 people have already enrolled in the program. The grant promised a minimum of 40 participants. The City also invested \$1,000 through the Business Development Center to allow up to 25 low to moderate income businesses to receive free or discounted market research.

Levels of growth in residential and commercial real estate have a significant effect on the resources available to support capital projects and upgrade the City's utility and transportation infrastructure. System Development Charges (SDC's) are assessed at the start of new construction or change of use in a property and the funds are then restricted for use in capital projects. SDC revenue levels have fallen substantially in recent years, and the City Council is currently in the process of temporarily lowering SDC rates with the desire to appear competitive with other regional cities and to encourage local economic development. The shortfall in resources available to complete capital projects in the intermediate term will need to be addressed in the future. The City Council has also rolled back annual Cost of Living Index Adjustments (COLA) rate changes for all of the utility revenue rates during fiscal 2009, which means that while certain expenses increased during the year the utility revenue rates per unit remained constant. Upgrades to the City's water and sewer infrastructure have been planned out for a number of years into the future, and lower levels of economic development in combination with rolling back annual COLA rate changes have the potential to adversely impact the City's various infrastructure upgrade schedules.

These developments will have to be monitored closely in order to avoid placing undue pressure on utility operational funds or capital finance needs at the time major projects are scheduled to be undertaken. Issues such as these will be reviewed periodically by the City Council.

City Organization and Services

The City of Grants Pass has been organized under the Council/Manager form of government since 1946. The governing body consists of eight Council members elected at large, two from each of four wards, and a Mayor elected at large. Elected officials serve without compensation. The governing council is responsible for establishing policies, passing ordinances and resolutions, adopting the budget, appointing committees, and hiring the government's manager. The Council's mission is:

"To represent all of the citizens by providing leadership, policies, ordinances and decisions necessary to meeting citizens' needs and desires."

The government's manager, the City Manager, is responsible for carrying out the policies and ordinances of the governing council, managing the daily operations of the government, and for appointing the heads of the government's departments. The City Manager is responsible for the operations and administrative functions for all divisions of the municipal corporation. Our local government structure is similar to that of other corporations. For instance, our Mayor is Chairman of the Board, our Council the Board of Directors, and our City Manager the Chief Executive/Operating Officer of the Corporation.

The City provides a full range of municipal services. General governmental functions include public safety, code enforcement, park maintenance, planning and development and parking enforcement. Street maintenance, landfill operations and other special operations are reported with the Special Revenue Funds. Services provided through enterprise funds are the water and sewer utilities, in which expenses are covered primarily by user charges. Administrative Services, Support Services, Insurance and Fleet Management are provided through Internal Service Funds. The following programs are administered by five departments under the direction of the City Manager:

Community Development: Directs the development of the community through planning and construction (utility systems, parking facilities, neighborhood improvements, etc.), and enforcement of state building standards.

Public Safety: Provides police protection, fire suppression and prevention, traffic control, code enforcement, educational programs and similar activities for the community.

Parks & Community Services: Directs the operations and maintenance of City facilities (parks, buildings), coordinates downtown events, supports tourism and recreation in the community, and provides information technology and fleet

maintenance services.

Public Works: Directs the operations of the City's utilities, including the Street Utility, City Water and Wastewater utilities, landfill and special districts (Harbeck-Fruitdale Sewer District and the Redwood Sanitary Sewer Service District).

Administrative Services: Divided into four divisions, Management, Legal, Finance, and Human Resources. Provides management in coordinating and directing all City operations and policy development/analysis, risk management and legal services, economic development, payroll, personnel, debt administration, fiscal management, budget and other financial services to the City.

As of August 5, 2009 the office of City Manager was vacated. As of September 28, 2009, five of the eight City Councilmembers were recalled from office. City Charter and State Statute have prescribed the process of succession. The City's operations have continued uninterrupted. Five new City Council members have been appointed and will review policies or financial decisions that were addressed by the recalled council members. Appointment of a City Manager will be addressed by the new City Council.

City Agencies and Special Districts

This report includes all of the funds and account groups of the City as well as all activities for which the City exercises financial or oversight responsibilities consistent with the entity definition criteria established by the Governmental Accounting Standards Board (GASB).

The Grants Pass Parkway Redevelopment Agency (GPPRA) is required to have a separate audit by licensed public accountants. Because the City Council is the governing board of this independent Agency and the City provides financial and administrative services to the Agency, the GPPRA is included in this report as a Capital Project Fund. The information presented has been condensed from the separate GPPRA audit report to conform to the City's reporting format.

The City Council is also the governing body of the Harbeck-Fruitdale Sewer District (HFSD), an entity formed to provide a sewer collection system in a particular area of the City. The HFSD is reported as a component unit in the Enterprise Funds. In prior years, the HFSD received a state grant to fund expansion of the system for health and safety purposes. Currently, the HFSD activity reflects only assessment revenues from benefited property owners and debt service on the amounts owed to the City from HFSD.

Effective August 1998, the City Council also became the governing body of the Redwood Sanitary Sewer Service District (RSSSD), an entity formed twenty years ago to provide sewer services to a specific geographical area outside the municipal boundary. The District was authorized through an intergovernmental agreement

between the City and Josephine County. Effective fiscal year 2000, the City assumed responsibility for management of RSSSD from Josephine County for providing financial support services, including preparation of the financial report and contracting for a separate audit. RSSSD is required to have a separate audit, which is included as a component unit in this report and shown in the Enterprise Funds section.

Similarly, in September, 2001 the City of Grants Pass entered into an intergovernmental agreement with Josephine County, forming an entity known as the Josephine County/City of Grants Pass Solid Waste Agency. This Agency has a six-member board, three each from the County and the City. This Board is responsible for oversight of the solid waste franchise agreements, establishing rates, and collecting and allocating environmental program fees. The Board granted managerial responsibilities of the Agency to the City of Grants Pass.

Goals Of The Community

The Grants Pass City Council adopted the following goals for 2008-2010. Through these goals, the Mayor and Council have reaffirmed the importance of maintaining “a home town feel” to the community, a community that:

- ▶ Feels safe and is safe
- ▶ Places emphasis on the central role of the Rogue River
- ▶ Protects our natural environment
- ▶ Enhances and expands parks and recreation opportunities
- ▶ Upgrades our ability to respond to growth, and to effectively manage the impact of growth
- ▶ Assures the opportunity for economic development
- ▶ Provides local government services that are effective and efficient

Measuring Performance

Grants Pass is committed to the Government Finance Officers Association’s recommended performance standards. Each operating division, as a part of the annual budgetary process, is required to define outcomes and service levels. These indicators of performance are reviewed semi-annually and then published at year-end, with notations addressing the attainment of each. In fiscal 2009, the City achieved 82% of the 134 performance indicators for outcomes and service levels.

Accounting Systems and Internal Controls

The City's governmental and fiduciary fund types are maintained on the modified accrual basis of accounting with revenues recorded when measurable and available, and expenditures recorded when the goods or services are delivered and liabilities are incurred. The City's enterprise and internal service funds are maintained on the accrual

basis of accounting.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

The cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations have been made within the framework described above. We believe the internal accounting controls meet the material standards for audit, adequately safeguard the City's assets, and provide reasonable assurance that financial transactions are properly reported.

Financial Policies

The City's adopted financial policies guide decisions in the main areas of revenue, budgetary management, debt management, capital improvements, and financial management. A full description of the policies can be found in the annual budget book. Policies that had impacts on the financial statements for this period and potential impact in the future include: revenue, budgetary goals and services, financial planning, capital improvements, financial management and investments.

Revenue

The City's revenue policies strive to maintain a diversified income base in order to minimize the impact of fluctuations in any one source. The City considers the financial burden of multiple taxing jurisdictions when setting taxes and tries to equitably share the costs of services. The City will use non-recurring income for capital projects and other one-time expenses. In the last year, the City has applied for, and been awarded, a higher than normal amount of grants earmarked for both capital expenditures and, in some cases, operations. The City anticipates grant activity and availability to remain high for the coming fiscal year. The use of grant money for operations is atypical. With the expansion of Public Safety to two newly constructed buildings, we knew there would be increased operational expenses. The grant opportunity allows us to defer the full impact to future years. During the year, Council also reviewed fees for a number of services and placed a priority on studying alternatives to the public safety property tax levy. Maintaining diversity in revenue sources and following policies that avoid long-term financial burdens will be important as Council continues its efforts to equitably share costs.

Budgetary Goals and Services

The Council adopts City goals as part of their efforts to provide policy and direction for the City. The operating and capital budgets work to carry out the Council's goals and policies. While a new set of goals was not developed in the normal budget time frame during this fiscal year, the last goal statement covering years 2008-2010 served as the guide for the current fiscal year and 2010 fiscal year budgets. Council is expected to adopt new goals prior to fiscal year 2011 budgeting, which will take place in the spring of 2010.

Financial Planning

Policies under financial planning require the City to estimate income and expenses over a three-year horizon and to update those projections annually. The policy also requires each fund to maintain a contingency to meet unanticipated requirements during the fiscal year. During the year, Council, the Budget Committee, and management began discussions regarding the appropriate budgetary levels for contingencies and ending fund balances in order to provide appropriate resources for longer-term plans and to be able to meet unanticipated requirements. Supplements to the financial planning policies may be adopted upon continuation of these discussions.

Capital Improvements

Under capital policies, the City strives to maintain five-year capital improvement plans and one-year capital improvement budgets. The budgets provide for adequate maintenance and the regular replacement of capital, plant and equipment. Multi-year capital improvement plans ensure that the proper financing programs are in place and regular maintenance prevents costly accelerated deterioration of capital assets.

Financial Management

The City maintains an accounting system that is consistent with generally accepted accounting practices for local governments in order to promote an atmosphere of trust in its financial management system and to provide full disclosure of its financial condition. During fiscal 2009, the City implemented GASB 45 which measures and reports the liability for postemployment benefits other than pensions. This new governmental accounting standard measures the actuarial cost of offering certain benefits such as insurance to retirees and it will now affect both expenses and employer liabilities. Certain retirement insurance benefits measured under this standard are being phased out by the City, however implementation of this standard will increase the City's expenses and liabilities until a higher percentage of employees are not eligible for these benefits.

Investments

The City strives to maximize interest income on cash assets for the benefit of the public. Cash in all City funds is pooled and invested in either the state managed Local Government Investment Pool (LGIP) or short-term instruments, which are restricted to investments approved by the State Treasurer in accordance with Oregon Revised Statutes 294.035 and 294.046 and a Council Adopted Investment Policy. During fiscal 2009, a large portion of the City's investments were moved from the LGIP to US Agency bonds and Bank CD's or money market accounts as the interest rates were

more attractive than the rates paid by the LGIP. Interest income is distributed monthly to each fund's cash balance.

Awards

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grants Pass for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 26th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

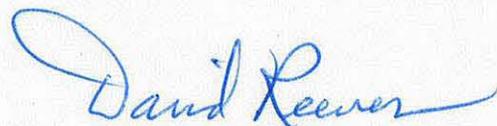
We would like to thank the Mayor and the City Council for their leadership and support. The preparation of this report could not have been accomplished without the dedicated effort of the City Finance Department staff. We also appreciate the contributions made by all other City staff members and wish to express our gratitude for their assistance in this project. Special recognition and thanks go to Jay Meredith, Assistant Finance Director, who has dedicated a great deal of effort in preparing these financial statements.

These combined efforts plus the participation of members of our community help the City plan and conduct the financial operations of the City in a positive and responsible manner. It is a pleasure to serve the City and its citizens.

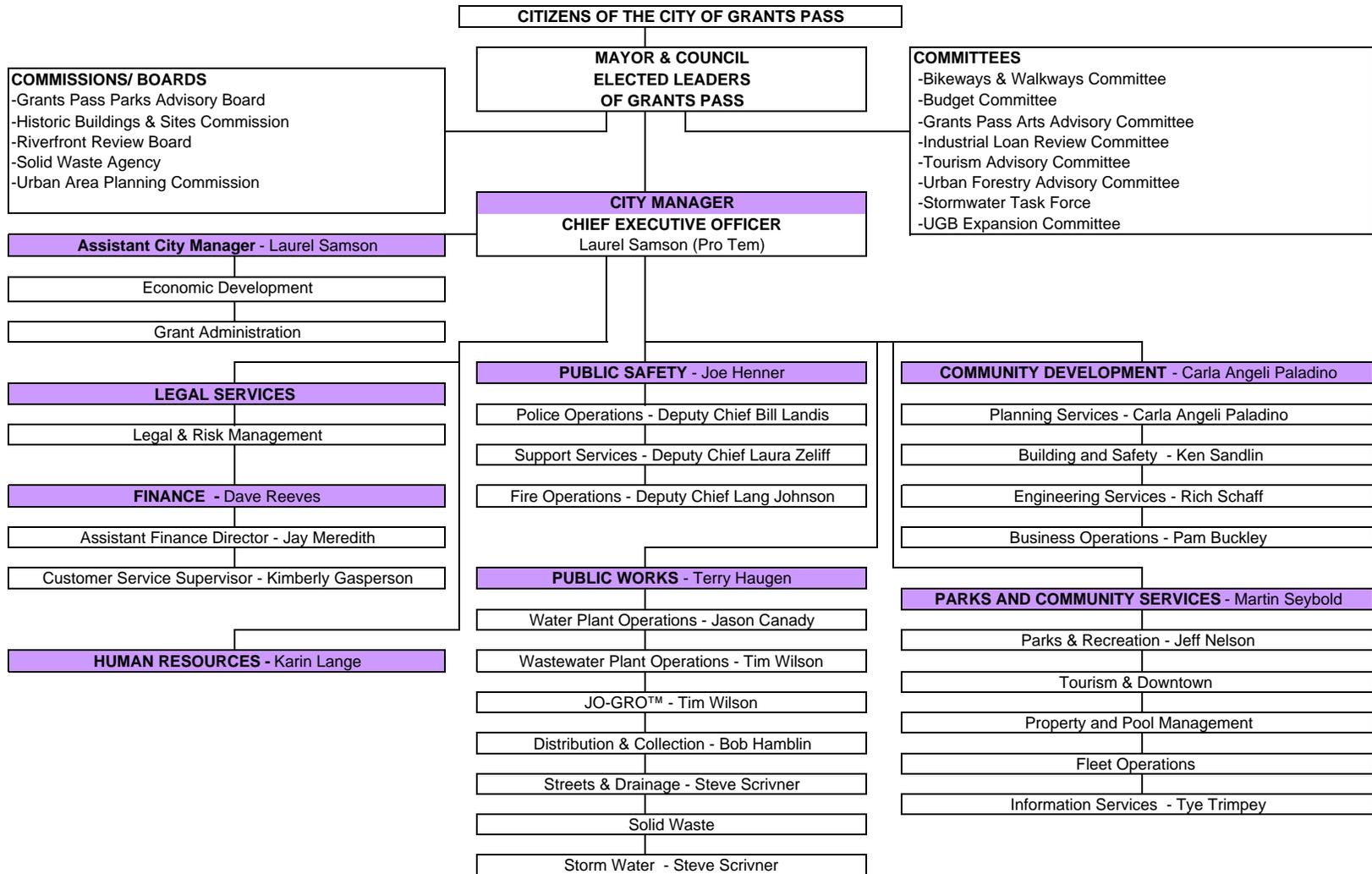
Respectfully submitted,

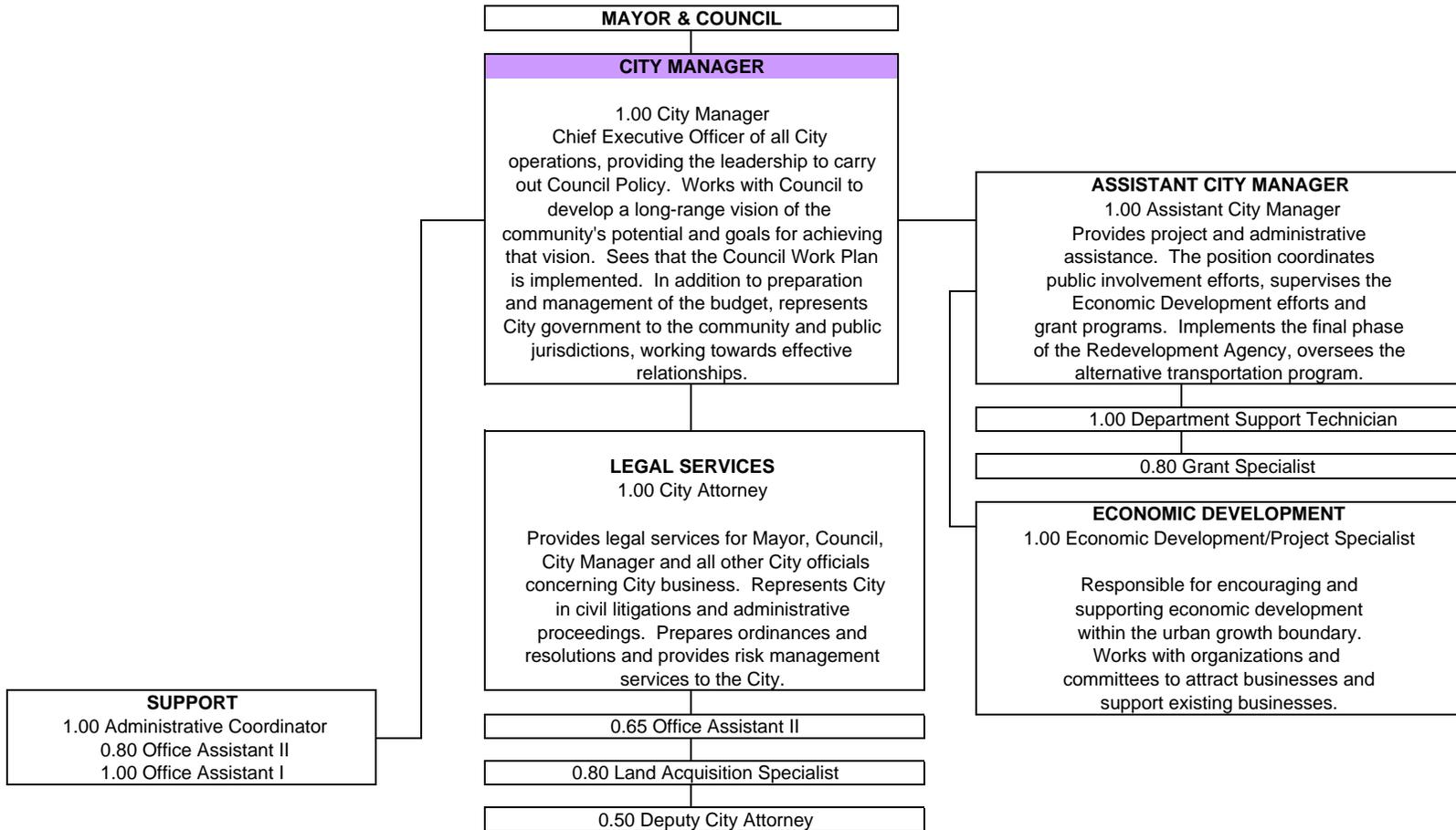


Laurel Samson
City Manager Pro Tem



David Reeves
Finance Director





Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grants Pass
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

November 9, 2009

To the Honorable Mayor and
Members of the City Council
City of Grants Pass, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Grants Pass, Josephine County, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Josephine County Solid Waste Agency (a component unit) were not audited in accordance with Government Auditing Standards. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Grants Pass, Josephine County, Oregon, at June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated November 9, 2009, on our consideration of City of Grants Pass's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis and the required supplementary information, as listed on the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grants Pass's basic financial statements. The Supplementary Information, including budgetary comparison schedules (which are required supplementary information for major special revenue funds) as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The Supplementary Information (including the Schedule of Property Tax Transactions and Balances of Taxes Uncollected) and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Pauly, Rogers and Co., P.C.".

PAULY, ROGERS AND CO., P.C.

**CITY OF GRANTS PASS, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

This section of the City of Grants Pass' annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the City's transmittal letter and the City's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined net assets were \$260,030,917 on June 30, 2009.
- The City's net assets increased by \$6,611,176 during the year.
- The general fund reported a fund balance this year of \$7,736,946.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental fund* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others having ownership of the resources at issue.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall fiscal health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, planning, building and safety, streets and storm drainage, solid waste, economic development, parks and recreation, and interest on long-term debt. Most of these activities are financed by property taxes, franchise taxes, permits and fees, and intergovernmental revenues.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds* - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following types of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Internal service funds* - These are used to report activities that provide supplies and services for the City's other programs and activities.
- *Fiduciary funds* - The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, due to a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The City's combined net assets were \$260,030,917 on June 30, 2009.

Statement of Net Assets at June 30, 2009 (In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
ASSETS:						
Current and Other Assets	\$ 39,136	\$ 39,168	\$ 12,529	\$ 12,022	\$ 51,665	\$ 51,190
Capital Assets	143,364	137,411	94,986	94,493	238,350	231,904
Total Assets	<u>\$ 182,500</u>	<u>\$ 176,579</u>	<u>\$ 107,515</u>	<u>\$ 106,515</u>	<u>\$ 290,015</u>	<u>\$ 283,094</u>
LIABILITIES:						
Current and Other Liabilities	\$ 5,736	\$ 2,759	\$ 1,915	\$ 708	\$ 7,651	\$ 3,467
Long-Term Liabilities	12,517	14,484	9,816	11,723	22,333	26,207
Total Liabilities	<u>18,253</u>	<u>17,243</u>	<u>11,731</u>	<u>12,431</u>	<u>29,984</u>	<u>29,674</u>
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	133,844	129,196	84,255	82,828	218,099	212,024
Restricted	1,525	3,707	-	-	1,525	3,707
Unrestricted	28,878	26,433	11,529	11,256	40,407	37,689
Total Net Assets	<u>\$ 164,247</u>	<u>\$ 159,336</u>	<u>\$ 95,784</u>	<u>\$ 94,084</u>	<u>\$ 260,031</u>	<u>\$ 253,420</u>

Governmental Activities

The major reason for the 3.1% increase, or approximately \$4.9M in net assets was the City's capital and infrastructure improvement projects. While the GAAP fund balance for the General Fund stayed nearly the same for the year, the Transportation Capital Projects Fund, the Land and Buildings Capital Projects Fund, and the General Fund together added approximately \$7.4M of new capital assets (net of asset retirements and disposals).

Capital Asset activity primarily consisted of transportation infrastructure projects and nearly completing the two new public safety stations that were funded by the general obligation bond. During FY'09, \$3M in progress payments were made on the construction of the new police/fire stations and related equipment for the new stations. Right-of-Way totaling approximately 47,000 square feet and valued at \$321,721 was added to the system in addition to \$115,793 for storm drains, catch basins and manholes, \$72,885 in curb and gutter work along with \$608,100 in concrete sidewalks. Other Transportation enhancements included improvements underway on Redwood Avenue for approximately \$240,000 for the year and Rogue River Highway work for approximately \$840,000 during the year. Other capital projects undertaken in FY'09 include the Tussing Park expansion, Debo Park development, phase two developments at Redwood Park, and the new River Vista property at Reinhart Park, all reported in Land & Building Capital Projects Fund. Annual debt service payments contributed to the decline in long-term liabilities.

Business-type Activities

Operating revenues for the Water and Sewer Funds in total remained approximately the same as the previous year, excluding system development charge (SDC) revenues. SDC revenues, generally influenced by the decline in development and growth, accounted for nearly all of the reductions in total Water and Sewer Fund revenues. Long-term liabilities were reduced by annual debt service payments of

\$340,000 in the Water Fund, \$284,989 in the Sewer Fund, and \$310,160 in the Redwood Sanitary Sewer Service District.

\$1.6M of capital asset value was added to the Water Fund through the installation of 9,371 linear feet of various size water lines and installation of 33 hydrants and associated valves. The Sewer Fund increased capital assets \$0.5M through the addition of 2,491 linear feet of line, 100 manholes and 10 cleanouts. Major projects included the 2nd Street sewer replacement and the Williams Highway waterline project.

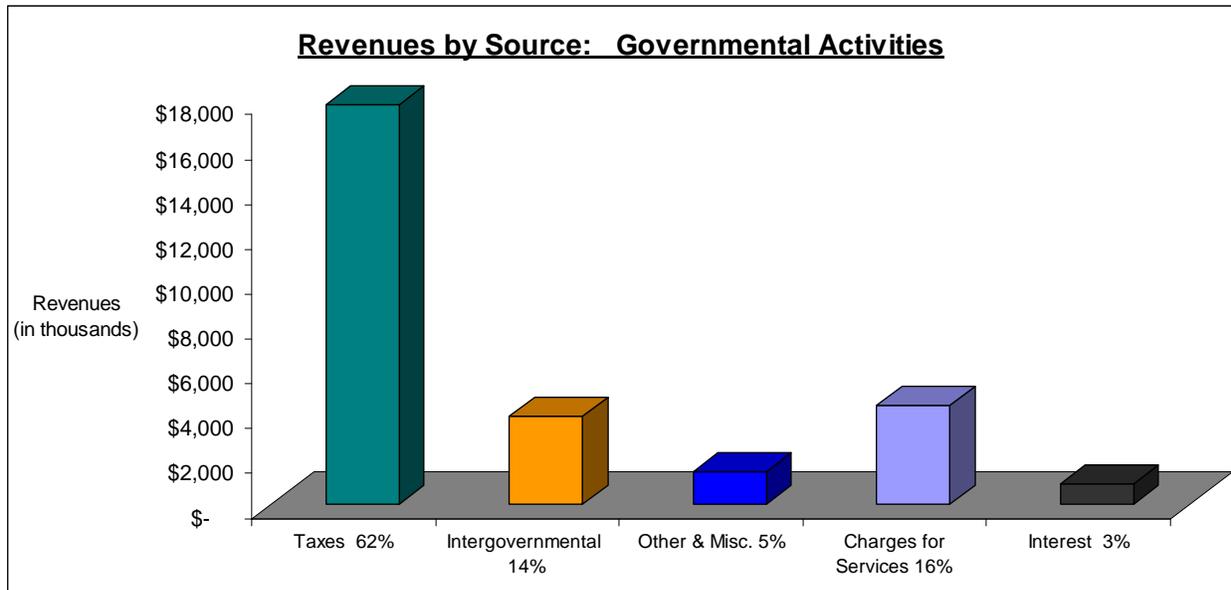
Statement of Activities for the Year Ended June 30, 2009

While the City dedicates the receipts from all property taxes exclusively to the Public Safety program, Government Accounting Standards Board (GASB) 34 guidelines dictate that those revenues not be shown as an activity generated resource but rather appear under the heading of general revenues.

Taxable assessed values for FY'09 increased 5.1% from the previous year. This value increase of \$111.5M was due to small increases from residential and commercial assessments and increases from light residential and commercial growth. In March, 2005 the voters approved a four-year Local Option Levy of \$1.49/\$1,000 assessed value in support of Public Safety services. The combination of these factors generated an additional property tax levy of \$3.5M for Public Safety (above the permanent rate) of which approximately 95.7% was collected. Union operating divisions realized increases in personnel rates in accord with approved labor contracts. Recognizing that the City is not immune to challenging economic conditions, GPEA employees and supervisors (all non-union employees) decided not to take COLA salary rate increases that typically happen in January of each year. Most of the major divisions experienced an increase in total allocated expenses in FY'09 as compared to FY'08.

CITY OF GRANTS PASS - CHANGES IN NET ASSETS						
<i>(In thousands of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
REVENUES:						
Program Revenues:						
Charges for Services	\$ 4,435	\$ 6,642	\$ 9,645	\$ 10,402	\$ 14,080	\$ 17,044
Operating Grants & Contributions	256	184	909	1,010	1,165	1,194
General Revenues:						
Taxes	17,809	18,241	-	-	17,809	18,241
Intergovernmental	3,929	5,072	328	257	4,257	5,329
Other	2,099	4,084	866	827	2,965	4,911
Total Revenues	<u>28,528</u>	<u>34,223</u>	<u>11,748</u>	<u>12,496</u>	<u>40,276</u>	<u>46,719</u>
EXPENSES:						
Public Safety	15,716	12,104	-	-	15,716	12,104
Transportation	1,720	1,430	-	-	1,720	1,430
Building	807	910	-	-	807	910
Parks	2,063	1,451	-	-	2,063	1,451
Development	2,789	3,279	-	-	2,789	3,279
General Government	229	219	-	-	229	219
Solid Waste	179	1,475	-	-	179	1,475
Water	-	-	4,172	3,019	4,172	3,019
Sewer	-	-	5,486	5,618	5,486	5,618
Interest	504	445	-	-	504	445
Total Expenses	<u>24,007</u>	<u>21,313</u>	<u>9,658</u>	<u>8,637</u>	<u>33,665</u>	<u>29,950</u>
Change in Net Assets before Transfers	4,521	12,910	2,090	3,859	6,611	16,769
Transfers	390	(347)	(390)	347	-	-
Change in Net Assets	4,911	12,563	1,700	4,206	6,611	16,769
Beginning Net Assets	159,336	146,773	94,084	89,878	253,420	236,651
Prior Period Adjustment	-	-	-	-	-	-
Ending Net Assets	<u>\$ 164,247</u>	<u>\$ 159,336</u>	<u>\$ 95,784</u>	<u>\$ 94,084</u>	<u>\$ 260,031</u>	<u>\$ 253,420</u>

The City's total revenues were \$40.3M, of which a significant portion, 44.2%, came from taxes, while 45.5% relates to charges for services, including user fees, licenses and permits, and intergovernmental revenues. The following graph defines the sources of the governmental activities' revenue.



GOVERNMENTAL ACTIVITIES

Program Revenues

Total tax revenue decreased 2.4% in FY'09 generating approximately \$433,000 less in revenues than in FY'08. All major categories of taxes experienced slight revenue decreases from the previous year. While total taxable assessed values increased 5.1% for the year, the Redevelopment Agency (which is included in governmental activities) ended its 20-year life and in August of 2008 discontinued collecting property taxes directly from the Agency. While incremental assessed values were added to the City's tax roll for the 2008 assessment, the total consolidated tax rate that formerly included the Redevelopment Agency decreased slightly. Property tax revenues for the General Fund increased approximately 11% from the previous year, while total franchise taxes declined 3%, business taxes declined 2%, and total transient room taxes declined 5% from FY'08.

As mentioned previously, the City dedicates all property tax revenue to the Public Safety program. These monies, together with program-generated revenues, such as grants or dispatch and call-taking contracts, were sufficient to cover the program costs for the fourth consecutive year. The general revenues supplement all other governmental activities except Transportation, which is dependent upon gas tax from the State and the Street Utility Fee, a fixed monthly fee assessed to all residents and commercial establishments dedicated to street, sidewalk, and bike path improvements.

The decrease in Charges for Services is largely attributed to a lower amount of building and development activity in combination with lower amounts of capital contributions from Transportation projects. Building permit revenues generated \$335,550 from the issuance of 87 structural permits, which is slightly less than half of the number of permits issued in the previous year. The number of issued structural permits dropped from 189 in the previous year to 87 in FY'09 and experienced declines in all categories. Total commercial construction units declined by 6 in number and \$7.6M in value, while total residential

construction declined by 108 units and \$14.1M in value as compared to FY'08. FY'09 was by far the lowest level of construction in both residential and commercial out of any year in the last 10 years. A total of 75 single-family residential permits were issued compared to 166 for FY'08, while the number of multi-family permits fell to 1 compared to 6 in FY'08. Commercial permits totaled 11 in the current year as compared to 17 in FY'08.

Transportation system development charge revenues went from approximately \$979,000 in FY'08 to \$682,000 in FY'09, a decrease of \$297,000, reflecting decreased volume in building permits. Parks system development charges generated \$181,000 compared to \$373,000 in FY'08 while Storm Drain system development charges decreased to \$62,000 in FY'09 from \$97,000 in FY'08.

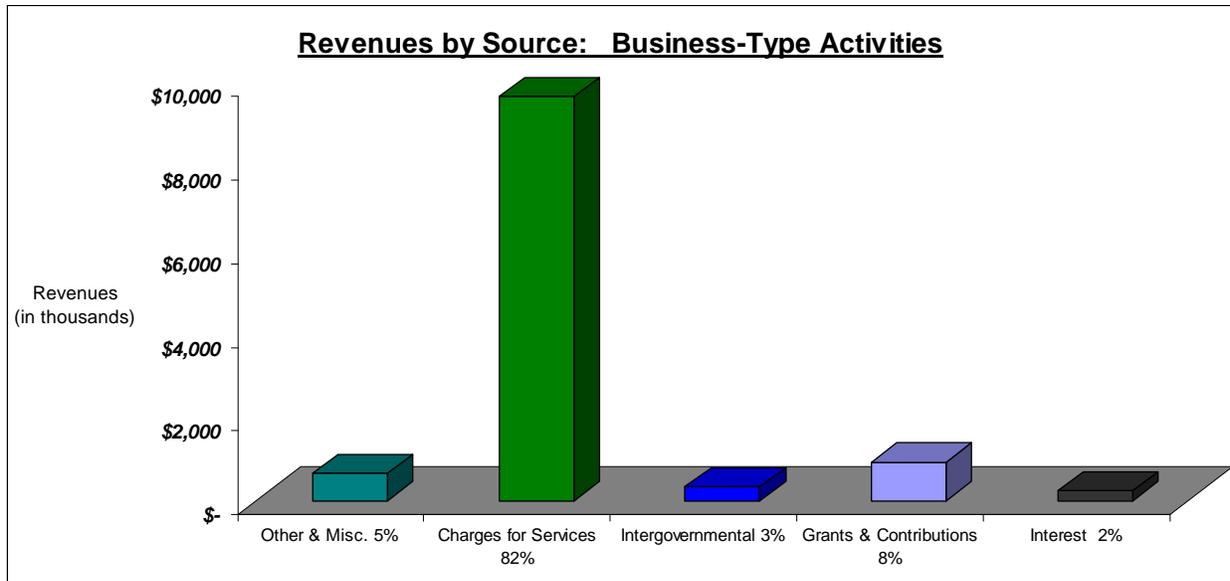
Operating Grants for Public Safety primarily reflect two awards received from the Department of Homeland Security for both Fire and Police, and the SAFER Grant for the Fire division. The Transportation program gas tax receipts declined approximately 9.5% from \$1.362M in FY'08 to \$1.233M in FY'09, a drop of \$129,000 from the previous year.

Program Expenses

The Adopted FY'09 Budget authorized five additional staff. Three of these positions were projected to be filled in Public Safety to adequately staff the two new stations slated to open in FY'09. Two positions were added in Public Works, while one position was reduced in Community Development. With the decline in revenues in the Community Development department and other areas, the City has acted proactively in choosing to leave positions "unfilled" with eleven positions that were authorized but unfunded and a number of layoffs in all areas of the Community Development departments (Planning, Building, and Engineering). Dispatch services to Josephine County, provided under contract by the City, were discontinued as of June, 2008 resulting in the layoff of four employees. The Classification and Compensation Study was completed and the results were accepted by Council in April, 2008. Council implemented the new job classifications, descriptions and new salary ranges in July, 2008.

Compensation adjustments equal to cost-of-living (COLA) or rate increases set by contract were granted to all union employees effective January 1, 2009, and the police union negotiated a new contract during fiscal 2009 that lasts until December of 2011. Both Teamsters and the Fire unions started new contract discussions early in fiscal 2010 as existing contracts will expire in December of 2009. All non-union employees and supervisors offered to forego COLA salary rate increases that typically happen in January of each year. However, non-union employees also joined the American Federation of State, County, and Municipal Employees (AFSCME) union during calendar 2009 and initial contract discussions are expected to begin in November 2009.

Total Public Safety program allocated expenses increased significantly during the year, largely the result of bringing the two new public safety stations online and capital spending consuming a larger percentage of total allocated expenditures in the previous year. In the statement of activities, certain expenses such as depreciation and non-capitalized project expenditures are allocated to all departments based on pro-rated expenditure levels. Capital asset related transactions had a higher allocation to all departments as compared to the previous year. Solid Waste allocated expenses dropped significantly from fiscal 2008 as the year over year change in the landfill liability did not significantly add to expenses like the change did in Fiscal 2008. During FY'09, total personnel and benefit costs for the General Fund and Transportation programs added approximately \$0.8M, operating supplies and materials increased by \$0.04M, and services/utilities increased by \$0.4M (exclusive of capital project funds and interfund loan transactions).



BUSINESS-TYPE ACTIVITIES

Program Revenues

Each of the City's utilities experienced a small amount of growth in the number of accounts. However, Water revenues increased due in part to slightly higher rates and unseasonably warm summer temperatures, while Sewer revenues experienced a small decrease. Water utility accounts rose 1.2% but charges for services increased 9.6% generating \$377,000 more in sales compared to FY'08. Wastewater accounts also grew modestly (+97, or 0.9%) since many properties outside the municipal boundaries have received sewer only services for a number of years. Those properties are adding water services as they are becoming more fully developed. However, total Wastewater service charge revenues declined by 0.9% compared to the previous year. The cost-of-living index of 2.54%, applied to all utility user fees effective January, 2008, impacted both Water and Wastewater revenues. However, the COLA increase implemented in January of 2009 was rolled back by Council to the 2008 levels effective March 1st of 2009.

The Redwood Sanitary Sewer Service District experienced a mere 0.6% increase, or \$6,112 in higher user charges for services while the District's number of accounts increased by 31 or 1.4%. The slight revenue increase resulted from a Cost-Of-Living adjustment applied to user fees effective January 1, 2008. While the regular annual COLA was also implemented in January of 2009, the City Council (which serves as the RSSSD Board) rolled back rates to the 2008 levels effective March 1st of 2009.

Water system development charge revenues went from \$525,000 in FY'08 to \$290,000 in FY'09, a decrease of \$235,000 and reflecting decreased volume in development activity. Sewer system development charges generated \$212,000 compared to \$577,000 in FY'08. These revenues have been reclassified from operating revenues to non-operating income for the Water and Sewer funds.

Program Expenses

Slightly higher production levels for Water service increased variable expenses and led to slightly higher expenses in most areas. Water operational expenses increased 6.0% in salaries and benefits, increased 9.6% in materials and supplies, and 3.8% in services and utilities. Sewer operational expenses also increased but much more modestly as compared to the Water Fund. Sewer operational expenses

increased 2.3% in salaries and benefits, increased 5.8% in materials and supplies, and decreased 0.6% in services and utilities.

The increase of nearly \$215,000 in depreciation expenses for the year was almost entirely due to new capital assets in the Sewer Fund, as the Sewer Fund had depreciation of \$189,000 more than the previous year. Large capital assets recently placed in service and eligible for depreciation include the completion of the intake structure at the Water Filtration Plant, sewer lines at Pine and Booth Streets, and the influent pumping system and a second mechanical bar screen in the primary wastewater treatment system. Approximately \$0.5M of Sewer lines were added to capital assets during FY'09 while nearly \$1.6M of Water lines were added to capital assets during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The General Fund balance ended the year at \$7.7 million, an increase of 3.4% or \$0.2M. While the General Fund was budgeted to have a lower fund balance at the end of the year as a result of being in the fourth year of the four-year property tax local option levy, the City recognized the challenging economic conditions and implemented a number of savings such as unfilled positions in many of the major programs. The most notable was Public Safety, coming in nearly \$850,000 under budget expenditure appropriations. The Planning and Building departments also contributed approximately \$250,000 in total budget savings as a result of layoffs and not filling open positions. While many revenue categories were slightly lower than expected due in large part to lower levels of property development during the year and general challenging economic conditions, total property tax revenues exceeded estimates by approximately \$50,000. Total expenditures for the General Fund were \$2.1M under appropriation levels (including the unused \$650,000 contingencies) and total General Fund revenues were \$1.0M under budget estimates for the year.

System development charges are regulated by state statute and provide major revenue sources for Transportation projects and Lands & Building projects. The Transportation system development charge is committed to the development of collector and major arterial roadways as specified in City ordinance. Two Parks system development charges are reported under the Lands & Building Projects Fund. One is restricted to the acquisition (not development) of future park and trail land while the second, implemented in June, 2007, is designated for development. The Parkway Redevelopment Agency derived its revenues from property taxes that were restricted for only projects identified in the Agency's approved development plan and debt service. However, this Agency just finished its 20th and last year of approved tax levies and ceased to collect property taxes during FY'09. The Agency turned over approximately \$350,000 of taxes back to the County during the year which represented the estimated excess of the remaining cash above the amounts of the final obligations for the Agency. It is expected that the wind up of all the Agency's remaining project and debt obligations will occur during fiscal 2010.

Other major governmental funds and their respective changes in fund balance are shown in the table below:

**Schedule of Other Major Governmental Fund Balances
As of June 30, 2009 and 2008**

	2009	2008	Change
Bancroft Bond Fund	\$ (1,782,901)	\$ (1,386,260)	\$ (396,641)
General Obligation Bond Fund	60,113	42,169	17,944
Transportation Projects Fund	8,124,585	5,940,096	2,184,489
Solid Waste	2,975,454	3,360,485	(385,031)
Lands & Buildings Project Fund	4,106,954	6,259,092	(2,152,138)
Parkway Redevelopment Agency	2,081,428	3,711,979	(1,630,551)
Total Fund Balances	<u>\$ 15,565,633</u>	<u>\$ 17,927,561</u>	<u>\$ (2,361,928)</u>

One large Local Improvement District (LID) was completed in early fiscal 2009, resulting in the Bancroft Bond fund providing assessment loans to citizens that didn't want to pay for their entire portion of development upon completion. A total of nearly \$1.3 million was paid back to the Transportation Capital fund for this and other small LIDs that were completed during the year. Internal loans have been used to provide resources to the Bancroft Bond Fund, because individual Local Improvement Districts have been insufficient in dollar value to warrant public borrowing. The Transportation Projects Fund balance also increased due to other sources of project funding such as the Redevelopment Agency, SDC's, and General Fund capital transfers exceeding total capital spending during the year. The general economic downturn has slowed the pace of Transportation capital project spending in the City. Major revenue sources for the Transportation Capital Projects Fund such as SDC's and contributions from the General Fund transfers are expected to decrease significantly in coming years and more of the Transportation Capital Fund balance is expected to be used in the next three fiscal years. The fund balance for the Parkway Redevelopment Agency increased for the year because a \$2.7M loan was extended to the Agency from the City of Grants Pass in order to complete the remaining capital projects identified in the Agency's voter approved plan.

Several significant FY'09 Transportation projects were funded by various sources such as the Redevelopment Agency, system development charges and street utility fees as well as monies from both the Water and Sewer funds. These projects included final work on a project on Redwood Avenue in the amount of \$0.2M, \$0.8M in additional work on Rogue River Highway, beginning work on West Park Street, and a number of small sidewalk and LID projects.

The \$2.2M decrease in the fund balance of the Land & Buildings Project Fund is largely the result of completing a majority of the total construction for the two new Public Safety stations. In June of 2007, \$9,820,000 of General Obligation Bonds, approved by voters in November, 2006, were issued for the construction of Public Safety facilities and acquisition of related equipment. The proceeds were placed in the Lands & Building Project Fund for routine progress payments as construction proceeds.

Schedule of Other Major Business-type Unrestricted Net Assets

As of June 30, 2009 and 2008

	2009	2008	Change
Water Fund	\$ 4,121,020	\$ 4,682,452	\$ (561,432)
Sewer Fund	3,245,511	2,758,675	486,836
Harbeck-Fruitdale Sewer District	(29,800)	(30,545)	745
Redwood Sanitary Sewer Service District	1,568,610	1,403,167	165,443
Total Fund Balances	\$ 8,905,341	\$ 8,813,749	\$ 91,592

Business-type Funds

The operating segment of the Water Fund ended the year with an unrestricted fund balance of \$1.3M compared to an ending balance of \$1.2M in FY'08. Expenditures excluding capital and contingencies were under budget by \$284,000 or 6.3%. Operating income for the Water Fund was \$294,000 and total net assets increased by \$620,000, however total capital assets increased by \$844,000 leading to the decrease in "unrestricted" net assets as shown above. Water revenues from operations, together with system development charges, were adequate to fund planned and appropriated projects including: structural repairs at the Water Treatment plant, upgrades to the solids handling infrastructure, work on the Hilltop pump station, and the Leonard Road and Williams Highway waterline projects.

The Sewer Fund posted an operating loss of \$9,385. This is about \$236,000 below the previous year's gain, due in part to lower charges for services and Council rolling back the annual COLA sewer charge rate increase. The Sewer operations fund ended with an unrestricted net assets balance of \$0.5M, down 5.5% from FY'08. While Sewer SDC charge revenues dropped significantly to only \$212,000 for the year, a little less than half of the \$1.2M in new Sewer Fund capital assets acquired during the year came from developer installed infrastructure, which are recorded as capital contributions. Therefore, thanks to non-operational activity the total unrestricted net assets increased for the Sewer Fund as a whole.

Among other efforts, construction work was completed on the Pine/Booth Street sewer rehabilitation project through completing the 2nd Street Sewer portion of the work. The Bridge Street pump station and a handful of other small projects added the remainder of this year's capital asset additions. Lower overall capital project activity as a portion of total expenditures resulted in the \$487,000 increase in unrestricted net assets in the Sewer Fund.

The Redwood Sanitary Sewer Service District (RSSSD) ended the year with a \$1.6M unrestricted fund balance, about \$0.2M higher than FY'08. Revenues came in nearly on budget while expenditures were approximately \$198,000 under budget (excluding contingencies). Professional services and maintenance expenses were significantly less than budgeted for the year due to a limited need for irregular maintenance work during the year.

Other Budgetary Highlights

During FY'09, events occurred that were not specifically anticipated at the time of budget hearings. The Council authorized transfers or other general appropriations to cover these occurrences, most of which were small in nature during FY'09 except a new loan from the City to the Redevelopment Agency. The Council authorized a loan of \$2.7M from the City to the Redevelopment Agency in August of 2008 in order for the Agency to complete the remaining planned capital projects before winding up the Agency. The loan was made from a combination of the General Fund in the amount of \$2,550,000 and \$150,000

from the Transportation Projects Fund. The Grants Pass Redevelopment Agency made regular annual transfers to the City's capital project funds and paid back a small portion of the loan based on the progress of various capital projects. The only other supplemental budget adjustment for the General Fund was an additional appropriation of approximately \$200,000 for the award of two different grants for the Public Safety department.

The Redevelopment Agency had a number of major budget adjustments in accordance with the terms of the new loan and requirements for winding up the Agency. The Agency had to transfer funds to its debt reserve fund and maintain debt reserves in the principal amount of the loan, and also had to budget for partial repayments of the loan during the year. The Agency also had to turn over to the County an amount of nearly \$350,000 during FY'09 which was calculated as excess funds held by the Agency above the total of the Redevelopment Agency's remaining obligations.

The City was awarded a major grant during the year in the amount of nearly \$500,000 to buy hybrid and electric vehicles. This amount for the Congestion Mitigation and Air Quality Grant increased the capital budget for the Fleet Fund.

The Bancroft Bond Fund's budget was increased by \$940,000 to allow for additional transfers to the Capital project funds for the payment of completed Local Improvement Districts. A large LID that was scheduled to be completed in FY'08 was carried over to the early part of FY'09.

The Solid Waste Fund and the Solid Waste Agency increased their debt service budgets in order to accelerate the payment schedule for the bank loan that the City borrowed on behalf of the Solid Waste Agency. An additional \$146,968 of loan principal above the scheduled amortization was paid during the year and the remainder of the loan balance of approximately \$360,000 is budgeted to be paid off in full during FY'10.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the City had invested \$238,350,567 in a broad range of capital assets, including land, equipment, buildings, and vehicles, as reflected in the following table which represents a net increase (additions, deductions and depreciation) of \$6.45 million. Please refer to Note 5 for more detailed information.

The following table reconciles the change in capital assets. Additions include assets acquired or under construction at year-end. Reductions are for the disposition of assets and depreciation.

	Change in Capital Assets (In Millions)					
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Beginning Balance	137.41	122.91	94.49	89.42	231.9	212.33
Additions	8.31	18.53	3.24	11.41	11.55	29.94
Retirement						
Other	-0.41	-2.35	-0.39	-4.20	-0.80	-6.55
Depreciation	-1.95	-1.68	-2.35	-2.14	-4.30	-3.82
Ending Balance	143.36	137.41	94.99	94.49	238.35	231.9

Major additions to Governmental Activities assets for the year were generated by Transportation projects and building the two new Public Safety stations. Progress payments on the new Public Safety stations added \$2.8M to Governmental activity capital assets, Redwood Avenue improvements added \$0.2M, and Rogue River Highway improvements added \$0.8M to capital assets. The Business Activities gained 9,371 linear feet of water lines and 2,491 linear feet of sewer lines with a total value of \$2.1M. Developer installed improvements included \$115,793 of storm drain improvements. The Pine/Booth Sewer rehabilitation, the Williams Highway waterline project and the Bridge Street pump station projects added an additional \$1.1M to capital assets during the year. Other projects in progress included West Park Street, Rogue River Highway, development of Tussing, Redwood and Debo Parks, and the River Vista at Reinhart Park.

Long-Term Debt

At year-end the City had bonds, contracts and notes outstanding that totaled \$22,536,372.

Outstanding Debt at Year End (in millions)		2009	2008
Governmental:			
General obligation	\$	8.49	\$ 9.65
Post-Closure / environmental care costs		2.60	2.56
Notes and Contract payable		.66	.93
Sub Total		11.75	13.14
Business-type Activities:			
Revenue Bonds payable	\$	1.54	\$ 1.88
Less Unamortized discount		-0.01	-0.01
Notes and Contracts Payable		9.26	10.43
Sub Total		10.79	11.72
Total	\$	22.54	\$ 24.86

No new forms of long-term debt were added during FY'09. Additional estimated costs for the landfill post-closure care and other long term property environmental future costs added close to \$30,000 to this long-term liability category. Annual debt service payments contributed to the decline in all other categories of debt.

Payment of debt service on the 1998 Water revenue bonds reduced bonds payable by \$340,000 as reflected in the Business-type activities. Notes and Contracts Payable reflect the annual debt service payment of \$284,989 to the Clean Water State Revolving Loan Fund (SRF) for the City's Wastewater capital construction project. The regular annual payment by Redwood Sanitary Sewer Service District, a component unit, on their SRF loan for construction of a pump and conveyance system completed in FY'01, was \$310,160. In addition, a \$700,000 principal payment was made on the general obligation bonds during the year. Detailed charts about the City's debt are presented in Note 7 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Council, wishing to maintain service levels in our growing community, placed before the voters a four-year replacement Public Safety levy in 2005 at a \$1.49/\$1,000 assessed value. The measure was approved by 51% of the voters with an 83% voter turn-out. It provides a dedicated resource for Public Safety for fiscal years 2006 through 2009, allowing for longer-term strategic planning of police and fire services. However, in November of 2008 Council placed a similar levy proposal in front of voters at a rate of \$1.89/\$1,000 assessed value intended to finance Public Safety from 2010 through 2013. The November 2008 proposal failed by a thin margin. Council took a second similar proposal back to the voters in May of 2009 at a rate of \$1.79/\$1,000 assessed value for two years and the measure passed by a large margin. However, the final passed measure only finances Public Safety for two years from 2010 to 2011.

Most of the City's general revenue sources started to decline in FY'09 with the exception of property tax revenues. Excluding the impact of the Redevelopment Agency ceasing to collect property taxes, total property tax revenues increased slightly and are expected to continue to increase slightly for the coming year. Average housing market values are still well above current assessed values and the Josephine County Assessor is only allowed to increase annual property tax assessments by no more than 3% per year. All other general revenue sources, such as franchise taxes and licenses and permits all experienced declines in the year as a result of challenging broad economic conditions. These factors and the Public Safety property tax levy being slightly less than originally projected caused a major revision to the General Fund's budget for FY'10. The General Fund annual \$1M contribution to capital projects was taken out of the FY'10 budget in order to keep operational service levels the same. The lack of these general funds going to capital projects in addition to SDC revenues being down substantially due to low levels of building activity will cause a strain on the funds available for capital projects in coming years.

The City has not been immune to the national construction slowdown. The number of issued structural permits dropped from 189 in the previous year to 87 in FY'09 and experienced declines in all categories. Total commercial construction units declined by 6 in number and \$7.6M in value, while total residential construction declined by 108 units and \$14.1M in value as compared to FY'08. FY'09 was by far the lowest level of construction in both residential and commercial out of any year in the last 10 years. A total of 75 single-family residential permits were issued compared to 166 for FY'08, while the number of multi-family permits fell to 1 compared to 6 in FY'08. Commercial permits totaled 11 in the current year as compared to 17 in FY'08. This significant change in the issuance of permits, together with a decline in average median price of local home sales, suggests the City continues to experience a decline from development trends of several years ago. The various departments involved in Community Development each had employee layoffs and are leaving a number of positions open but unfunded for the coming year.

Even though the health insurance premium increase for January, 2009 was only 8%, the City budgeted for a 10% increase in FY'09. Initial quotes for 2010 are for a 15% increase and the City needs to be prepared for further increases, not relying on the relatively good experience levels that had kept the premium increases modest for the last few years. An insurance committee composed of labor representatives, the City's agent of record, and management, continues to look at ways to lower these costs. The amount factored into the budget for FY'10 was an increase of 12% for insurance. The dual choice selection and use of a Health Reimbursement Arrangement (HRA) will continue to be offered to employees. This effort is deemed a long-term strategy to encourage support from employees in managing health benefits and costs. While this change cannot be forced upon labor bargaining members without benefit of negotiation, providing dual choice allows all employees to make individual selections if they choose.

Labor contracts with the Fire and Teamsters bargaining units expire December 31, 2009. The City recently opened negotiations with both units in the summer and fall of 2009, and expects to start initial contract negotiations with the new union AFSCME in late 2009. The uncertainty of the Public Safety levy vote in May of 2009 kept negotiations from beginning prior to finalizing budgets for FY'10. As

salaries for all these groups escalate, the salary margin for supervisors is becoming a larger issue. In turn, equity questions arise when comparing management salaries across the organization. All union groups received a small wage increase in 2009, while all non-union employees and supervisors decided to recognize the challenging economic conditions and did not take an annual COLA wage increase. Wages and cost sharing of benefits will continue to be issues brought to the negotiation table.

Staff, at the direction of City Council, has presented to Council a Storm Water Master Plan together with a Storm Water and drainage system development charge and associated Storm Water utility fee for implementation. The system development charge was originally designed to be adopted in the fall of 2007 with billing for the monthly utility fee slated to begin in February, 2008. Final hearings and adoption of the Utility were expected in 2009; however Council decided to focus their efforts in other areas such as existing utility fees, SDC fees, and the Public Safety levy. At this time it is uncertain when discussions on the Storm Water utility will continue.

Multiple discussions and workshops with the Council have been conducted dealing with funding mechanisms for infrastructure. Presently the City offers property owners the opportunity to pay for improvements fronting their property through the formation of a Local Improvement District (LID). Property owners gain the benefit of spreading the debt over a period of 5 to 20 years at an interest rate that is usually lower than that found in the open market. Another financing tool, used primarily by developers, is an Advanced Finance District whereby property owners, who wish to benefit from the extension of utility lines and street improvements across their frontage that were installed for access beyond their boundaries, are required to reimburse the developer for pro-rate costs at the time they develop. Both of these tools have caused concern regarding methodology of cost allocation and factors that determine the City's share of costs. As a result several major transportation projects have been put on hold because a significant portion of their funding would be generated by LIDs. However, through the assistance of new infrastructure grant programs the cost of certain major LIDs to the benefited properties have been reduced enough for the identified projects to move forward in FY'10.

In 2006 the City purchased 250 acres of agricultural land for future City uses including park development. Prior to the purchase a Phase I Environmental Site Assessment (ESA) was conducted. Three recognized environmental conditions were identified in the ESA. Of primary concern was an approximately 50 x 50 foot area where pentachlorophenol was mixed with diesel fuel and then applied as a preservative to wood poles. The purchase agreement provided a credit of \$67,280 based on the Phase I ESA. As of June, 2009 approximately \$150,000 has been spent to evaluate and manage the water and soil contamination. Final remediation and the sharing of those associated costs have not been determined. Discussions on how to develop this major piece of property will be a major focus for Council and various committees in the next couple years.

External factors that could impact the City include the fiscal health of state government and changes to the Public Employees Retirement System (PERS). State legislative changes to PERS enacted during calendar year 2003 resulted in increased rates to all governmental agencies effective July 1, 2003. The planned increases, some over 50%, caused such a financial burden to cities, school districts and counties, that PERS modified rates. While the PERS rate for Grants Pass increased from 10.69% to 11.51%, management elected to self-assess the nearly 5% rate increase, setting aside the difference in a reserve account, pending the outcome of litigation brought about by unions claiming that the adopted legislation violated contract rights of employees. The Oregon Supreme Court issued their decision in August, 2005, reaffirming PERS' obligation to credit a minimum of 8% on Tier One members' regular accounts, approved the new mortality tables initiated by PERS in July of 2003, and mandated PERS to reallocate 1999 earnings, recrediting Tier One member regular accounts at 11.33% instead of 20%. For retired members, the change in benefits are said to be in the range of a 2% to 8% reduction.

PERS now changes rates every two years based on investment performance and portfolio valuations approximately 18 months prior to the date of change. Therefore, December 2007 values were used to

calculate the rate that is in effect starting in July of 2009 (Fiscal 2010 and 2011 rates). Since current rates were calculated prior to the financial markets turning down significantly in 2008, PERS rates for FY'10-FY'11 will be slightly less than the preceding two years. However, because of the large negative performance of the markets during 2008, PERS has advised the City that the maximum rate increase of 6% can be expected in next rate change cycle. Therefore, the rates billed out to departments during fiscal 2010 will stay the same and the small excess will be set aside in the Insurance Services Fund. However, reserves that will have built up by the time the rate increase takes effect will not be sufficient to cover the increase for more than approximately one fiscal year. Based on current salaries, the cost to the City for PERS will increase approximately \$800,000 per year in total starting in fiscal 2012, and it is projected the PERS reserve will only have a little more than \$800,000 in the Fund at the time of the rate change. How to better prepare for this known ongoing expense increase in the future will be a major topic of discussion in Council and Budget Committee hearings in the spring of 2010.

The employee's share of PERS retirement is 6% and had been paid by the employees following a series of salary adjustments in the early 1990's. The City of Grants Pass was one of few municipal PERS covered employers in the state that did not pay this benefit. Potential recruitments were negatively influenced by this 6% reduction in take-home pay when considering our compensation package and the employee's out-of-pocket share of benefits. In addition this issue had been repeatedly raised for a number of years at the labor bargaining table. Effective July 1, 2007, each of the bargaining groups agreed to a 3% salary reduction in exchange for having the City pay the employee's share of PERS. It is believed that this change will assist the City in recruiting quality candidates as well as be of benefit during labor negotiations when comparing Grants Pass to other municipalities.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the City's finances. If you have any questions about this report or need any clarification of information please contact the Finance Department at the City of Grants Pass at (541) 474-6360, 101 N.W. "A" Street, Grants Pass, Oregon, 97526.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Josephine County City of Grants Pass Solid Waste Agency
ASSETS				
Assets:				
Cash and Cash Equivalents	\$ 28,040,947	\$ 6,620,679	\$ 34,661,626	\$ 1,480,354
Receivables, net	4,952,664	1,486,030	6,438,694	14,509
Prepaid Items	2,659,591	620	2,660,211	-
Internal Balances	(2,623,856)	2,623,856	-	-
Restricted Assets:				
Cash and Cash Equivalents	5,358,054	1,481,176	6,839,230	-
Receivables, net	748,508	316,376	1,064,884	-
Capital Assets not being depreciated	79,949,158	2,471,796	82,420,954	-
Capital Assets, net of Accumulated Depreciation	63,414,817	92,514,796	155,929,613	-
Total Assets	182,499,883	107,515,329	290,015,212	1,494,863
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts Payable and Other Current Liabilities	1,117,737	365,468	1,483,205	37,345
Accrued Payroll	1,099,956	478,314	1,578,270	-
Unearned Revenue	-	-	-	-
Retainage Payable	2,645,707	1,654	2,647,361	-
Customer Deposits	-	97,304	97,304	-
Noncurrent Liabilities				
Due Within One Year	873,066	972,475	1,845,541	100,000
Due in More than One Year	12,516,678	9,815,936	22,332,614	259,737
Total Liabilities	18,253,144	11,731,151	29,984,295	397,082
Net Assets:				
Invested in Capital Assets, net of related debt (1)	133,844,008	84,254,981	218,098,989	-
Restricted for Capital Purposes	1,524,619	-	1,524,619	-
Unrestricted (1)	28,878,112	11,529,197	40,407,309	1,097,781
Total Net Assets	\$ 164,246,739	\$ 95,784,178	\$ 260,030,917	\$ 1,097,781

(1) - refer to note 15 for unspent bond offering proceeds in the Land and Buildings Project Fund that affect the calculation of Unrestricted Net Assets.

The accompanying notes are an integral part of this statement.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants
Primary Government				
Governmental Activities				
Public Safety	\$ 15,715,693	\$ 386,876	\$ 246,481	\$ 239,749
Transportation	1,720,308	2,532,870	-	-
Building	806,483	335,550	-	-
Parks	2,063,311	30,809	4,000	100,000
Development	2,789,112	306,071	6,000	-
General Government	228,948	506,123	-	-
Solid Waste	178,512	337,009	-	-
Interest	504,102	-	-	-
Total Governmental Activities	<u>24,006,469</u>	<u>4,435,308</u>	<u>256,481</u>	<u>339,749</u>
Business-Type Activities				
Water	4,171,634	4,312,938	423,300	-
Sewer	5,486,284	5,332,252	485,974	-
Total Business-Type Activities	<u>9,657,918</u>	<u>9,645,190</u>	<u>909,274</u>	<u>-</u>
Total Primary Government	<u>\$ 33,664,387</u>	<u>\$ 14,080,498</u>	<u>\$ 1,165,755</u>	<u>339,749</u>
Component Unit				
Josephine County-City of Grants				
Pass Solid Waste Agency	<u>\$ 138,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

Net Revenue (Expenses) and Changes in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total	Josephine County	City of Grants
			Pass Solid	Waste Agency
\$ (14,842,587)	\$ -	\$ (14,842,587)	\$ -	-
812,562	-	812,562	-	-
(470,933)	-	(470,933)	-	-
(1,928,502)	-	(1,928,502)	-	-
(2,477,041)	-	(2,477,041)	-	-
277,175	-	277,175	-	-
158,497	-	158,497	-	-
(504,102)	-	(504,102)	-	-
<u>(18,974,931)</u>	<u>-</u>	<u>(18,974,931)</u>		<u>-</u>
-	564,604	564,604	-	-
-	331,942	331,942	-	-
-	896,546	896,546	-	-
<u>(18,974,931)</u>	<u>896,546</u>	<u>(18,078,385)</u>		<u>-</u>
-	-	-		(138,075)
General Revenues				
Taxes:				
Property	14,102,746	-	14,102,746	-
Business	313,194	-	313,194	-
Franchise	2,422,366	-	2,422,366	-
Transient Room	970,446	-	970,446	-
Intergovernmental-unrestricted	3,928,465	327,430	4,255,895	244,622
Interest	896,915	225,424	1,122,339	30,905
Trust Receipts - unrestricted	38,805	20,672	59,477	-
SDC Receipts	-	502,042	502,042	-
Industrial Payments	24,446	-	24,446	-
Miscellaneous	799,012	117,598	916,610	146,968
Transfers	389,574	(389,574)	-	-
Total General Revenues and Transfers	<u>23,885,969</u>	<u>803,592</u>	<u>24,689,561</u>	<u>422,495</u>
Change in Net Assets	4,911,038	1,700,138	6,611,176	284,420
Beginning Net Assets	<u>159,335,701</u>	<u>94,084,040</u>	<u>253,419,741</u>	<u>813,361</u>
Ending Net Assets	<u>\$ 164,246,739</u>	<u>\$ 95,784,178</u>	<u>\$ 260,030,917</u>	<u>\$ 1,097,781</u>

The accompanying notes are an integral part of this statement.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>SPECIAL REVENUE</u>		<u>DEBT SERVICE</u>	
	<u>GENERAL</u>	<u>SOLID WASTE</u>	<u>GEN OBLIGATION BOND</u>	<u>BANCROFT BOND</u>
ASSETS:				
Assets:				
Cash and Investments	\$ 3,300,329	\$ 1,411,992	\$ 49,479	\$ (285,762)
Receivables:				
Taxes	1,180,802	-	68,372	-
Intergovernmental	104,021	-	-	-
Accounts, net	136,242	20,920	-	-
Accrued Interest	20,194	-	6	43,593
Notes and Contracts	190,773	381,367	-	-
Grants	296,199	-	-	-
Assessment Liens	-	-	-	1,230,175
Due from Other Funds	4,180,000	1,540,000	-	-
Prepaid Items	-	-	-	-
Restricted Assets				
Cash and Cash Equivalents	-	-	-	-
Notes and Taxes Receivable	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Total Assets	<u>\$ 9,408,560</u>	<u>\$ 3,354,279</u>	<u>\$ 117,857</u>	<u>\$ 988,006</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	369,838	18,841	-	-
Salaries, Withholdings and Taxes Payable	287,406	247	-	-
Accrued Interest Payable	-	-	-	731
Due to Other Funds	-	-	-	1,540,000
Deferred Revenue	823,804	359,737	57,744	1,230,176
Assessment Trust Payable	-	-	-	-
Note Payable	190,566	-	-	-
Retainage Payable	-	-	-	-
Total Liabilities	<u>1,671,614</u>	<u>378,825</u>	<u>57,744</u>	<u>2,770,907</u>
Fund Balances:				
Reserved for Debt Service	-	-	60,113	-
Reserved for Capital Purposes	-	-	-	-
Unreserved Reported in:				
General Fund	7,736,946	-	-	-
Special Revenue Funds	-	2,975,454	-	-
Debt Service Funds	-	-	-	(1,782,901)
Capital Projects Funds	-	-	-	-
Total Fund Balances	<u>7,736,946</u>	<u>2,975,454</u>	<u>60,113</u>	<u>(1,782,901)</u>
Total Liabilities and Fund Balances	<u>\$ 9,408,560</u>	<u>\$ 3,354,279</u>	<u>\$ 117,857</u>	<u>\$ 988,006</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS

TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	PARKWAY REDEVELOPMENT	TOTAL NON-MAJOR	TOTAL GOVERNMENTAL
\$ 8,056,262	\$ 5,932,428	\$ (570,252)	\$ 2,642,911	\$ 20,537,387
-	-	-	-	1,249,174
-	-	-	105,858	209,879
7,861	-	-	89,202	254,225
2,978	-	11,644	609	79,024
62,225	-	699,562	189,618	1,523,545
-	-	-	-	296,199
-	-	-	-	1,230,175
91,000	-	-	-	5,811,000
-	-	2,641,000	-	2,641,000
2,591,623	68,928	2,641,000	56,503	5,358,054
583,107	85,356	-	37,481	705,944
27,959	10,389	-	4,216	42,564
<u>\$ 11,423,015</u>	<u>\$ 6,097,101</u>	<u>\$ 5,422,954</u>	<u>\$ 3,126,398</u>	<u>\$ 39,938,170</u>
12,045	270,084	964	46,116	717,888
54	-	-	14,089	301,796
-	-	-	-	731
-	1,630,000	2,641,000	146,205	5,957,205
645,331	85,356	699,562	227,099	4,128,809
-	-	-	-	-
-	-	-	-	190,566
2,641,000	4,707	-	-	2,645,707
<u>3,298,430</u>	<u>1,990,147</u>	<u>3,341,526</u>	<u>433,509</u>	<u>13,942,702</u>
-	-	-	-	60,113
-	1,524,619	-	-	1,524,619
-	-	-	-	7,736,946
-	-	-	2,692,889	5,668,343
-	-	-	-	(1,782,901)
8,124,585	2,582,335	2,081,428	-	12,788,348
<u>8,124,585</u>	<u>4,106,954</u>	<u>2,081,428</u>	<u>2,692,889</u>	<u>25,995,468</u>
<u>\$ 11,423,015</u>	<u>\$ 6,097,101</u>	<u>\$ 5,422,954</u>	<u>\$ 3,126,398</u>	<u>\$ 39,938,170</u>

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
JUNE 30, 2009**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

Fund Balances		\$	25,995,468
<p>The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.</p>			
Net Capital Assets			141,364,551
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.</p>			
General Obligation Bonds	\$	(8,490,000)	
Post Closure Costs		(2,345,158)	
Environmental Liability		(250,000)	
Notes and Contracts Payable		(466,745)	
Net Adjustment			(11,551,903)
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>			
Accrued Vacation and Sick Leave			(1,402,404)
GASB45-OPEB			(244,872)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>			
Deferred Revenue			4,128,809
<p>Internal service funds are used by the City to account for the fleet operations, support services, administrative service and insurance services that are provided to the other departments and agencies on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.</p>			
Internal Service Fund Net Assets			<u>5,957,090</u>
Total Net Assets			<u>\$ 164,246,739</u>

The accompanying notes are an integral part of this statement.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009**

	<u>SPECIAL REVENUE</u>		<u>DEBT SERVICE</u>	
	<u>GENERAL</u>	<u>SOLID WASTE</u>	<u>GEN OBLIGATION BOND</u>	<u>BANCROFT BOND</u>
REVENUES:				
Taxes	\$ 15,375,446	\$ -	\$ 1,103,999	\$ -
Licenses and Permits	271,067	2,790	-	-
Intergovernmental	1,771,890	279,277	-	-
Charges for Services	794,051	334,219	-	-
Fines and Forfeitures	237,776	-	-	-
Special Assessments	-	-	-	795,947
Interest on Investments	169,226	65,357	945	11,025
Interest on Assessments	-	-	-	100,629
Trust Receipts	-	-	-	-
Contributions	-	-	-	-
Industrial and Other Loans	-	-	-	-
Miscellaneous Revenues	76,437	15,600	-	-
Total Revenues	18,695,893	697,243	1,104,944	907,601
EXPENDITURES:				
Current:				
Public Safety	14,008,746	-	-	-
Transportation	-	-	-	-
Building	716,102	-	-	-
Parks	1,615,733	-	-	-
Development	1,588,620	-	-	-
General Government	192,489	-	-	10,000
Solid Waste	-	352,704	-	-
Capital Outlay	-	443,849	-	-
Tax Turnover	-	-	-	-
Debt Service	15,280	261,721	1,087,000	32,106
Total Expenditures	18,136,970	1,058,274	1,087,000	42,106
Excess of Revenues Over, (Under) Expenditures	558,923	(361,031)	17,944	865,495
Other Financing Sources, (Uses)				
Sale of Assets	-	-	-	-
Loan Proceeds	-	-	-	-
Transfers In	871,263	-	-	-
Transfer Out	(1,134,000)	(24,000)	-	(1,262,136)
Total Other Financing Sources, (Uses)	(262,737)	(24,000)	-	(1,262,136)
Net Change in Fund Balance	296,186	(385,031)	17,944	(396,641)
Beginning Fund Balance	7,440,760	3,360,485	42,169	(1,386,260)
Ending Fund Balance	\$ 7,736,946	\$ 2,975,454	\$ 60,113	\$ (1,782,901)

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS

<u>TRANSPORTATION PROJECTS</u>	<u>LAND AND BUILDING PROJECTS</u>	<u>PARKWAY REDEVELOPMENT</u>	<u>TOTAL NON-MAJOR</u>	<u>TOTAL GOVERNMENTAL</u>
\$ -	\$ -	\$ -	\$ 970,562	\$ 17,450,007
-	-	-	12,588	286,445
472,864	475,000	-	1,313,269	4,312,300
682,117	194,209	-	823,176	2,827,772
-	-	-	-	237,776
-	-	-	-	795,947
128,298	151,763	107,293	60,369	694,276
-	-	-	-	100,629
23,749	-	15,056	-	38,805
-	51,000	-	-	51,000
-	-	-	24,446	24,446
1,900	11,915	5,936	3,201	114,989
<u>1,308,928</u>	<u>883,887</u>	<u>128,285</u>	<u>3,207,611</u>	<u>26,934,392</u>
-	-	-	-	14,008,746
-	-	-	1,526,810	1,526,810
-	-	-	-	716,102
-	-	-	-	1,615,733
-	-	879,287	18,968	2,486,875
-	-	-	-	202,489
-	-	-	-	352,704
1,692,345	4,341,816	-	196,200	6,674,210
-	-	346,590	-	346,590
-	-	532,959	-	1,929,066
<u>1,692,345</u>	<u>4,341,816</u>	<u>1,758,836</u>	<u>1,741,978</u>	<u>29,859,325</u>
<u>(383,417)</u>	<u>(3,457,929)</u>	<u>(1,630,551)</u>	<u>1,465,633</u>	<u>(2,924,933)</u>
-	910,239	-	-	910,239
-	-	-	-	-
2,567,906	420,552	4,129,862	313,000	8,302,583
-	(25,000)	(4,129,862)	(1,418,173)	(7,993,171)
<u>2,567,906</u>	<u>1,305,791</u>	<u>-</u>	<u>(1,105,173)</u>	<u>1,219,651</u>
2,184,489	(2,152,138)	(1,630,551)	360,460	(1,705,282)
5,940,096	6,259,092	3,711,979	2,332,429	27,700,750
<u>\$ 8,124,585</u>	<u>\$ 4,106,954</u>	<u>\$ 2,081,428</u>	<u>\$ 2,692,889</u>	<u>\$ 25,995,468</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - TO
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009**

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

Excess of Revenues over Expenditures \$ (1,705,282)

Governmental funds report capital outlays 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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capitalized Expenditures	\$	6,358,055	
Capital Contributions		1,043,595	
Depreciation Expense		<u>(1,543,533)</u>	
Net Adjustment			5,858,117

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances.

Compensated Absences	\$	(58,044)	
GASB45-OPEB		(244,872)	
General Obligation Bond Payments		1,155,000	
Post Closure Costs		216,517	
Environmental Liability		(250,000)	
Loan Proceeds		(59,000)	
Notes and Contracts Payable		<u>328,964</u>	
Net Adjustment			1,088,565

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	\$	358,745	
Special Assessments		(787,036)	
Notes and Contracts		<u>(314,591)</u>	
Net Adjustment			(742,882)

Internal service funds are used by the City to account for the fleet operations, support services, administrative service and insurance services that are provided to the other departments and agencies on a cost reimbursement basis. The revenues and expenses of the internal service funds are included in governmental activities in the statement of activities.

Internal Service Fund Change in Net Assets			<u>412,520</u>
Change in Net Assets			<u>\$ 4,911,038</u>

The accompanying notes are an integral part of this statement.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009**

	WATER FUND	SEWER FUND	HARBECK- FRUITDALE SEWER SERVICE
ASSETS:			
Current Assets			
Cash and Investments	\$ 3,281,425	\$ 2,365,332	\$ 2,091
Prepaid Items	410	210	-
Receivables			
Taxes	-	-	-
Accounts, net	631,593	522,378	-
Notes	39,037	75,831	24,732
Grants	-	-	-
Accrued Interest	1,469	1,486	178
Due From Other Funds	-	-	-
Restricted Assets			
Cash and Investments	497,026	527,679	-
Accrued Interest and Accounts Receivable	18,335	17,948	-
Notes	148,463	131,630	-
Total Current Assets	4,617,758	3,642,494	27,001
Capital Assets			
Capital Assets, Net	51,118,059	34,495,571	65,805
Total Capital Assets	51,118,059	34,495,571	65,805
Total assets	\$ 55,735,817	\$ 38,138,065	\$ 92,806
LIABILITIES AND NET ASSETS:			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 50,039	\$ 55,521	\$ 1
Salaries, Withholdings and Taxes Payable	208,569	255,502	-
Accrued Interest Payable	5,760	67,636	-
Bonds, Notes Payable Within One Year	355,000	294,848	-
Due To Other Funds	-	-	-
Deferred Revenue	-	-	-
Liabilities Payable from Restricted Assets			
Accounts Payable	125,803	11,690	-
Salaries, withholdings and taxes payable	7,609	6,634	-
Customer Deposits	97,304	-	-
Deferred Revenue	-	-	-
Contractor Retainage	1,654	-	-
Total Current Liabilities	851,738	691,831	1
Long-Term Liabilities			
Notes Payable		5,620,857	56,800
General Obligation Revenue Bonds Payable	1,175,242	-	-
Total Long-Term Liabilities	1,175,242	5,620,857	56,800
Total Liabilities	2,026,980	6,312,688	56,801
NET ASSETS			
Invested in Capital Assets, net of related debt	49,587,817	28,579,866	65,805
Unrestricted	4,121,020	3,245,511	(29,800)
Total Net Assets	53,708,837	31,825,377	36,005
Total Liabilities and Net Assets	\$ 55,735,817	\$ 38,138,065	\$ 92,806

The accompanying notes are an integral part of this statement.

REDWOOD SANITARY SEWER SERVICE	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 971,831	\$ 6,620,679	\$ 7,503,560
-	620	18,591
806	806	-
107,462	1,261,433	110,443
80,540	220,140	-
-	-	-
518	3,651	-
-	-	146,205
456,471	1,481,176	-
-	36,283	-
-	280,093	-
1,617,628	9,904,881	7,778,799
9,307,157	94,986,592	1,999,424
9,307,157	94,986,592	1,999,424
<u>\$ 10,924,785</u>	<u>\$ 104,891,473</u>	<u>\$ 9,778,223</u>
\$ 5,429	\$ 110,990	\$ 399,118
-	464,071	798,159
43,589	116,985	-
322,627	972,475	-
-	-	-
-	-	-
-	137,493	-
-	14,243	-
-	97,304	-
-	-	-
-	1,654	-
371,645	1,915,215	1,197,277
2,963,037	8,640,694	-
2,963,037	1,175,242	-
3,334,682	9,815,936	-
3,334,682	11,731,151	1,197,277
6,021,493	84,254,981	1,999,424
1,568,610	8,905,341	6,581,522
7,590,103	93,160,322	8,580,946
<u>\$ 10,924,785</u>	<u>\$ 104,891,473</u>	<u>\$ 9,778,223</u>

Reconciliation of Net Assets to page 19	
Net Assets p. 29	\$ 93,160,322
Internal Service Fund Net Assets	2,623,856
Total Net Assets p. 19	<u>\$ 95,784,178</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	WATER FUND	SEWER FUND	HARBECK- FRUITDALE SEWER DISTRICT
OPERATING REVENUES			
Charges for Services	\$ 4,312,938	\$ 4,321,273	\$ -
Special assessments	-	-	1,167
Trust receipts	16,077	4,595	-
Miscellaneous	42,921	37,981	-
Total Operating Revenue	<u>4,371,936</u>	<u>4,363,849</u>	<u>1,167</u>
OPERATING EXPENSES			
Salaries, Wages, and Benefits	1,225,718	1,277,171	-
Operating Supplies	375,383	335,639	-
Repairs and Maintenance	80,417	71,942	-
Utilities	273,106	367,961	-
Professional Services	376,126	285,504	330
General, Administrative and Engineering	807,942	844,350	-
Depreciation and Amortization	939,057	1,190,667	3,210
Total Operating Expenses	<u>4,077,749</u>	<u>4,373,234</u>	<u>3,540</u>
Total Operating Income (Loss)	<u>294,187</u>	<u>(9,385)</u>	<u>(2,373)</u>
NONOPERATING INCOME (LOSS)			
Gain (loss) on disposal of capital assets	5,494	-	-
SDC Receipts	289,923	212,119	-
Intergovernmental	-	233,878	-
Taxes	2	-	-
Interest Income	98,847	54,368	-
Interest Expense	(82,836)	(207,003)	(1,192)
Total Nonoperating Income (Expense)	<u>311,430</u>	<u>293,362</u>	<u>(1,192)</u>
Capital Contribution	423,300	485,974	-
Income (Loss) Before Transfers	<u>1,028,917</u>	<u>769,951</u>	<u>(3,565)</u>
TRANSFERS			
Transfers In	314,557	880,949	-
Transfers Out	(723,725)	(896,664)	-
Total Transfers	<u>(409,168)</u>	<u>(15,715)</u>	<u>-</u>
Change in Net Assets	619,749	754,236	(3,565)
Beginning Net Assets	<u>53,089,088</u>	<u>31,072,241</u>	<u>38,470</u>
Prior Period Adjustment	-	(1,100)	1,100
Ending Net Assets	<u>\$ 53,708,837</u>	<u>\$ 31,825,377</u>	<u>\$ 36,005</u>

The accompanying notes are an integral part of this statement.

REDWOOD SANITARY SEWER SERVICE DISTRICT	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 1,010,979	\$ 9,645,190	\$ 10,238,514
-	1,167	-
-	20,672	-
-	80,902	98,216
<u>1,010,979</u>	<u>9,747,931</u>	<u>10,336,730</u>
-	2,502,889	4,490,661
36,132	747,154	383,328
55,733	208,092	186,337
23,871	664,938	115,902
19,669	681,629	428,427
400,947	2,053,239	4,390,795
217,943	2,350,877	315,420
<u>754,295</u>	<u>9,208,818</u>	<u>10,310,870</u>
<u>256,684</u>	<u>539,113</u>	<u>25,860</u>
-	5,494	-
-	502,042	-
-	233,878	305,948
-	2	-
27,277	180,492	146,942
(135,943)	(426,974)	-
<u>(108,666)</u>	<u>494,934</u>	<u>452,890</u>
-	909,274	-
<u>148,018</u>	<u>1,943,321</u>	<u>478,750</u>
10,000	1,205,506	138,000
(10,000)	(1,630,389)	(22,530)
-	(424,883)	115,470
<u>148,018</u>	<u>1,518,438</u>	<u>594,220</u>
<u>7,442,085</u>	<u>91,641,884</u>	<u>7,986,726</u>
-	-	-
<u>\$ 7,590,103</u>	<u>\$ 93,160,322</u>	<u>\$ 8,580,946</u>
Change in Net Assets		\$ 1,518,438
Internal Service Fund Change in Net Assets		<u>181,700</u>
Total Business Type Change in Net Assets		<u>\$ 1,700,138</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	WATER FUND	SEWER FUND	HARBECK- FRUITDALE SEWER DISTRICT
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 4,441,584	\$ 4,478,516	\$ 1,165
Cash Paid to Suppliers	(1,720,718)	(1,971,057)	(330)
Cash Paid to Employees	(1,170,486)	(1,222,128)	-
Net cash provided (used) by operating activities	<u>1,550,380</u>	<u>1,285,331</u>	<u>835</u>
Cash Flows From Noncapital Financing Activities			
Transfers In	314,557	880,949	-
Transfers Out	(723,725)	(896,664)	-
Intergovernmental and Taxes	2	233,878	-
SDC Receipts	289,923	212,119	-
Decrease (Increase) in Notes Receivable	(39,469)	(2,050)	3,430
Net cash provided (used) by noncapital financing activities	<u>(158,712)</u>	<u>428,232</u>	<u>3,430</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from Issuance of Debt	-	-	-
Principal Payments on Notes	-	(284,989)	(1,000)
Principal Payments on Revenue Bonds	(340,000)	-	-
Interest Paid on Bonds and Contracts	(82,836)	(207,003)	(1,192)
Acquisition and Construction of Capital Assets	(1,356,938)	(686,004)	-
Disposition of Property	5,494	-	-
Net cash provided (used) by capital financing activities	<u>(1,774,280)</u>	<u>(1,177,996)</u>	<u>(2,192)</u>
Cash flows from investing activities			
Interest on Investments	98,847	54,368	-
Net increase (decrease) in cash and investments	(283,765)	589,935	2,073
Cash and investments, beginning of year	\$ 4,062,216	\$ 2,303,076	\$ 18
Cash and investments, end of year	<u>\$ 3,778,451</u>	<u>\$ 2,893,011</u>	<u>\$ 2,091</u>
Composition of cash and investments, end of year			
Current cash and investments	\$ 3,281,425	\$ 2,365,332	\$ 2,091
Restricted cash and investments	497,026	527,679	-
Total cash and investments	<u>\$ 3,778,451</u>	<u>\$ 2,893,011</u>	<u>\$ 2,091</u>
Noncash Capital Transactions			
Developer Installed Public Utility Improvements	\$ 423,300	\$ 485,974	\$ -
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income	\$ 294,187	\$ (9,385)	\$ (2,373)
Depreciation and Amortization	939,057	1,190,667	3,210
(Increase) Decrease in Receivables/Prepays	69,238	114,667	(2)
Increase (Decrease) in Payables	192,666	(65,661)	-
Increase (Decrease) in Deferred Revenue	-	-	-
Increase (Decrease) in Payroll Liabilities	55,232	55,043	-
Net Cash Provided by Operating Activities	<u>\$ 1,550,380</u>	<u>\$ 1,285,331</u>	<u>\$ 835</u>

The accompanying notes are an integral part of this statement.

REDWOOD SANITARY SEWER SERVICE	TOTAL	INTERNAL SERVICE FUNDS
\$ 1,082,861	\$ 10,004,126	\$ 10,298,832
(538,442)	(4,230,547)	(5,500,976)
-	(2,392,614)	(4,304,629)
<u>544,419</u>	<u>3,380,965</u>	<u>493,227</u>
10,000	1,205,506	138,000
(10,000)	(1,630,389)	(22,530)
-	-	305,948
-	502,042	-
(77,960)	(116,049)	(91,205)
<u>(77,960)</u>	<u>(38,890)</u>	<u>330,213</u>
-	-	-
(310,160)	(596,149)	-
-	(340,000)	-
(135,943)	(426,974)	-
-	(2,042,942)	(410,076)
109,640	115,134	-
<u>(336,463)</u>	<u>(3,290,931)</u>	<u>(410,076)</u>
27,277	180,492	146,942
157,273	465,516	560,306
\$ 1,271,029	\$ 7,636,339	\$ 6,943,254
<u>\$ 1,428,302</u>	<u>\$ 8,101,855</u>	<u>\$ 7,503,560</u>
\$ 971,831	\$ 6,620,679	\$ 7,503,560
456,471	1,481,176	-
<u>\$ 1,428,302</u>	<u>\$ 8,101,855</u>	<u>\$ 7,503,560</u>
\$ -	\$ 909,274	\$ -
\$ 256,684	\$ 539,113	\$ 25,860
217,943	2,350,877	315,420
71,882	255,785	(37,898)
(2,090)	124,915	3,813
-	-	-
-	110,275	186,032
<u>\$ 544,419</u>	<u>\$ 3,380,965</u>	<u>\$ 493,227</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

AGENCY FUND

ASSETS:

Cash and Investments	\$	3,369,109
Receivables:		
Accounts, net		<u>-</u>
Total assets	\$	<u>3,369,109</u>

LIABILITIES

Liabilities:		
Accounts payable	\$	15,206
Building Permit Suspense		31,438
Contractor Escrow Payable		7,000
Miscellaneous Trust Liabilities		3,305,315
Water Deposits		2,250
Deposit Suspense		<u>7,900</u>
Total liabilities	\$	<u>3,369,109</u>

The accompanying notes are an integral part of this statement.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grants Pass, Oregon, have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

THE FINANCIAL REPORTING ENTITY

The City of Grants Pass is a municipal corporation governed by an elected mayor and eight-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, as defined under GASB Statement 39. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. As of June 30, 2009, the City had three blended component units requiring disclosure. The blended component units have a June 30 year end. There is one discretely presented component unit.

The City reports the following blended component units:

Parkway Redevelopment Agency ("The Agency") – The Agency is governed by a board comprised of the City Council and the Mayor of Grants Pass.

Harbeck-Fruitdale Sewer District ("The District") – The District is governed by a board comprised of the City Council and the Mayor of Grants Pass.

Redwood Sanitary Sewer Service District ("The Service District") – The Service District is governed by a board comprised of the City Council and the Mayor of Grants Pass.

The City reports the following discretely presented component unit:

Josephine County-City of Grants Pass Solid Waste Agency ("The Solid Waste Agency") – The Solid Waste Agency is governed by a board comprised of representatives of each government, not more than one of which shall be an elected member of each governing board. The City appoints 3 of the 6 board members and the City has managerial responsibilities. By agreement, the City has managing jurisdiction and shall report the Agency as a component unit for audit and budgetary purposes.

Complete financial statements for each of these component units may be obtained at the City's Administrative offices located at the following address:

City of Grants Pass
101 N.W. "A" Street
Grants Pass, Oregon 97526

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrue as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government reports the following major governmental funds:

General Fund - This fund accounts for all financial resources and expenditures of the City, except those required to be accounted for in another fund. The principal revenue source is property taxes.

Solid Waste Fund – This fund accounts for the municipal portions of franchise management for the two solid waste franchises in the City. The principal revenue is charges for services.

Bancroft Bond Fund – This fund accounts for funds received from property owners to satisfy assessments against their property.

Transportation Projects Fund – This fund accounts for well-maintained street and drainage systems in addition to new street and sidewalk construction and major maintenance such as street overlays and seals. The principal revenue sources are utility fees, gas tax, and system development charges.

Land and Building Projects Fund – This fund accounts for the purchase of property, construction of buildings and major repair and replacement projects for the City’s park land and facilities. The principal revenue sources are intergovernmental revenue, general obligation bonds and system development charges.

Parkway Redevelopment Agency Fund – This fund accounts for the general administration of the Agency and for the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas. The primary funding source is property tax revenue and proceeds from the issuance of bonds.

The government reports the following major proprietary funds:

Sewer Fund – This fund accounts for the operations of the Sewer Fund which is financed primarily through user charges to the general public.

Water Fund - This fund accounts for the revenues and expenses of the City’s water utility. The primary revenue source is fees for service.

Harbeck-Fruitdale Sewer District - This fund accounts for sanitation services to properties within the boundaries of the District. The principal revenue source is assessments.

Redwood Sanitary Sewer Service District - This fund accounts for sanitation infrastructure to properties within the boundaries of the District. The principal revenue source is user charges.

Additionally, the government reports the following funds:

Internal Service Funds - The internal service funds account for the fleet operations, support services, administrative services and insurance services that are provided to the other departments and agencies on a cost reimbursement basis.

Fiduciary Fund (Agency Fund) – This fund accounts for the City’s monies held for others and the City’s role is purely custodial. This includes pass-through grants, deposits, donations for organizations and funds collected for other governments.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's enterprise funds, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for the same purpose, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

BUDGETS

The City, the Agency, the District, the Service District and the Solid Waste Agency budget all funds as required by Oregon State Budget Law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Levels of control established by the resolution for the General, Capital Projects, Proprietary and Internal Service Funds are by department, function or program. The levels of control established by the resolution for the Solid Waste Fund are field operations, general program operations, capital projects and other expenditures. Expenditure budgets are appropriated at the following object levels for each of the remaining funds, personal services, materials and services, capital outlay, interfund transactions, debt service and operating contingency.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. Original and supplemental budgets require hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passing a Council resolution or ordinance authorizing the transfer. All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes, Chapters 294.305 through 294.565 (Oregon Budget Law). Supplemental appropriations, permitted by Oregon Budget Law, were authorized by the City Council during the fiscal year.

Budget amounts presented herein are as originally adopted or as amended by the City Council. There were three supplemental budgets and several transfers of appropriations. Budget appropriations lapse at year end.

The City, the Agency, the District, the Service District and the Solid Waste Agency budgets are on the modified accrual basis of accounting. Budgeted intergovernmental revenues between the Agency, the District and the City are accounted for as transfers on a GAAP basis.

The City also utilized encumbrances as a method of controlling budgeted appropriations and line item budget control. Encumbrances, which are purchase commitments to acquire goods or services yet to be received, are recognized as charges against budgeted appropriations during the year. At year end, any outstanding encumbrances are canceled and the charges against budgeted appropriations for these encumbrances are reversed. Encumbrances are not recognized as expenditures for budgetary or generally accepted accounting principles purposes in these basic financial statements.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2009.

ESTIMATES

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

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and investments."

Receivables and Payables

Activity between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to \ from other funds." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available financial resources.

Property taxes are levied as of July 1 on property assessed as of January 1st. The tax levy is due November 15, with an optional payment method of 1/3 due November 15, 1/3 due January 15, and 1/3 due March 15. Taxes paid in full before November 15 are provided a 3 percent discount. The billings are considered delinquent after the appropriate due date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Notes and contracts receivable are recorded at par. Interest assessed is recorded as revenue when the payment becomes due.

Receivables for federal and state grants, and state, county and local shared revenue are recorded as revenue in all funds as earned. The receivables for state, county and local shared revenue are recorded in accounts receivable.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as earned on investments.

Restricted Assets

Certain assets in various governmental funds are classified as restricted assets because their use is completely restricted for the repayment of outstanding bonds, system expansion, construction projects or other legal requirements.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized when projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is calculated using the straight line method. The estimated useful lives of capital assets are as follows:

Buildings	20-50 years
Supply and distribution systems, including utility plant	20-75 years
Equipment	5-20 years

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capitalized Interest

Interest is capitalized on capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the year ended June 30, 2009, no interest was capitalized on capital assets.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net assets.

Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City has a policy to pay a percentage of unpaid sick leave upon retirement or termination of employment in good standing, only after 10 years of continuous service by the employee. All vacation and sick pay is accrued when incurred in the government-wide, and proprietary financial statements. A liability for these amounts is not reported in governmental funds in accordance with Governmental Accounting Standards Board Statement No. 16 Accounting for Compensated Absences, unless the compensated absences have matured (due to resignation or retirement).

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Workers' Compensation Insurance

The City is self-insured for workers' compensation. Premiums are paid to the Insurance Service Fund from operating divisions and are available to pay claims, claims reserves and administrative costs of the program. Estimated claims of \$75,823 have been accrued as a liability of the fund and are included in accounts payable.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund equity/Net assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories.

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consists of all other net assets that are not included in the other categories previously mentioned.

Reservations of Net Assets and Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund types deposit monies into a common cash and investment pool of the City. The funds use this pool as a demand deposit account and, accordingly, all amounts in the pool are considered cash and cash equivalents. Cash and cash equivalents include investments with an original maturity date of three months or less at date of purchase. In addition, all unrestricted cash and cash equivalents and restricted cash and cash equivalents are grouped together for purposes of the statement of cash flows.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

Cash and Investments at June 30, 2009 (recorded at fair value) consisted of:

Deposits with Financial Institutions:

Petty Cash	\$	1,200
Demand Deposits		30,230,410
Investments		16,118,709
Total	\$	46,350,319
Unrestricted	\$	34,661,626
Restricted		6,839,230
Fiduciary Fund		3,369,109
Component Unit		1,480,354
Total	\$	46,350,319

INVESTMENTS

No more than the stated percentage of the overall portfolio will be invested in each of the following categories of securities:

U.S. Treasury Obligations	75%
Local Government Investment Pool	75%
Certificates of Deposit (CD)	75%
Bankers' Acceptances (BA's)	50%
TCD's Savings and Loans	35%
Repurchase Transactions	25%
US Agency Notes	50%
P-1 Rated Commercial Paper	25%

There were no known violations of legal or contractual provisions for investments.

As of June 30, 2009, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
US Government Securities	\$ 9,108,594	2,020,000	7,088,594	-
State Treasurer's Investment Pool	7,010,115	7,010,115	-	-
Total	\$ 16,118,709	9,030,115	7,088,594	-

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

Investments are valued at fair value as required by GASB 31. Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. As of June 30, 2009 the fair value of the position in the LGIP is 99.11% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State’s short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The State’s investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds entrusted to the Office of the State Treasurer.

Interest Rate Risk

In general, the City’s portfolio shall be managed by purchasing securities and holding them until their specified maturity date. However, under certain market conditions, when it becomes advantageous, the Investment Officer may sell securities prior to their maturity date and reinvest the proceeds in higher yielding instruments.

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the Oregon Short-Term Fund Board (OSFTB). The City’s policy is that 100% of all operating funds shall mature within 18 months.

The City limits investment maturities as follows for operating funds:

Under 30 days	10% minimum
Under 90 days	50% minimum
Under 180 days	80% minimum
Under 360 days	90% minimum

100% of all operating funds shall mature within 18 months, and only those funds reserved for capital projects and assessment proceeds may be invested at maturities greater than 18 months.

Credit Risk

Neither the Oregon Revised Statutes nor the City’s investment policy limits investments as to credit rating for securities purchased from U.S. Government Agencies. The City’s investments in U.S. Government Agencies were rated AAA by Standard & Poor’s and Aaa by Moody’s Investor Service. The State Pool is unrated.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

Oregon Revised Statutes require bankers' acceptances to be guaranteed by and carried on the books of, a qualified financial institution, eligible for discount by Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

Deposits consist of bank demand deposits. The carrying amount of deposits is \$30,230,410. The total bank balance per the bank statements is \$30,297,502. Of these deposits, \$15,171,885 is covered by federal depository insurance and the remainder is collateralized the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and District policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

Concentration of Credit Risk

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the City's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2009 the City was in compliance with all percentage restrictions.

Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized.

3. ASSESSMENTS RECEIVABLE

Assessments receivable represent the uncollected amounts levied against benefited properties for the costs of local improvements. Since the assessments are liens against the properties, an allowance for uncollectible amounts is not deemed necessary. Assessments are generally payable over a period of ten to twenty years and bear interest at 7% to 10.64%. At June 30, 2009, the City's delinquent assessments receivable totaled \$81,839.

4. NOTES AND CONTRACTS RECEIVABLE

Notes and Contracts Receivable consisted of the following at June 30, 2009:

CDBG - HUD Loans Receivable	\$ 181,576
Josephine County Solid Waste Note Receivable	381,367
Other Notes Receivable	1,180,742
	<u>\$ 1,743,685</u>

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2009 are as follows:

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
	June 30, 2008	Additions	Disposals	June 30, 2009
Capital Assets, not being depreciated				
Land	\$ 61,509,412	\$ 1,430,323	\$ 185,459	\$ 62,754,276
Construction in Progress	12,645,952	4,769,566	220,634	17,194,884
Total, not being depreciated	74,155,364	6,199,889	406,093	79,949,160
Buildings	4,582,759			4,582,759
Improvements	7,404,624	48,090	-	7,452,714
Machinery & Equipment	5,161,219	741,462	89,120	5,813,561
Infrastructure	67,468,777	1,317,495		68,786,272
Total, being depreciated	84,617,379	2,107,047	89,120	86,635,306
Less Accumulated Depreciation				
Buildings	2,244,746	106,229	-	2,350,975
Improvements	2,968,177	276,627	-	3,244,804
Machinery & Equipment	3,309,914	426,622	88,488	3,648,048
Infrastructure	12,838,663	1,138,001	-	13,976,664
Total Accumulated Depreciation	21,361,500	1,947,479	88,488	23,220,491
Total Capital Assets being Depreciated, net	63,255,879	159,568	632	63,414,815
Governmental Activities Capital Assets, net	\$ 137,411,243	\$ 6,359,457	\$ 406,725	\$ 143,363,975

Depreciation expense was charged to functions/programs of the primary government as follows:

	Governmental Funds
Transportation	\$ 142,205
Parks	150,487
Public Safety	1,304,756
General Government	18,860
Development	231,624
Building	66,697
Solid Waste	32,850
	\$ 1,947,479

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

	BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS			
	June 30, 2008	Additions	Disposals	June 30, 2009
Capital Assets, not being depreciated				
Land	\$ 853,812	\$ -	\$ -	\$ 853,812
Construction in Progress	877,658	969,232	228,906	1,617,984
Total, not being depreciated	1,731,470	969,232	228,906	2,471,796
Buildings	6,486,852	-	-	6,486,852
Improvements	1,798,082	-	-	1,798,082
Machinery & Equipment	12,879,350	66,669	-	12,946,019
Infrastructure	102,193,869	2,200,044	164,460	104,229,453
Total, being depreciated	123,358,153	2,266,713	164,460	125,460,406
Less Accumulated Depreciation				
Buildings	1,915,554	167,123	-	2,082,677
Improvements	730,996	80,621	-	811,617
Machinery & Equipment	3,012,946	548,431	-	3,561,377
Infrastructure	24,937,672	1,555,552	3,285	26,489,939
Total Accumulated Depreciation	30,597,168	2,351,727	3,285	32,945,610
Total Capital Assets being Depreciated, net	92,760,985	(85,014)	161,175	92,514,796
Business-Type Activities Capital Assets, net	\$ 94,492,455	\$ 884,218	\$ 390,081	\$ 94,986,592

6. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS

The composition of interfund balances as of June 30, 2009, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 4,180,000	\$ -
Solid Waste Fund	1,540,000	-
Transportation Capital Projects	91,000	-
Bancroft Bond Fund	-	1,540,000
Sewer Fund	-	-
Land and Building Projects	-	1,630,000
Parkway Redevelopment	-	2,641,000
Nonmajor governmental Funds	-	146,205
Internal Service Funds	146,205	-
Total Funds	\$ 5,957,205	\$ 5,957,205

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS

In FY'07, the City used an interfund loan from the General fund to purchase property for future park use. This loan is to be paid back through the sale of City owned property held in the Lands and Building Fund, of which \$870,000 was paid back during FY'08 after a property sale. The Bancroft Bond Fund has made internal borrowings totaling \$1,540,000 from the Solid Waste Capital Projects Fund for local improvement projects. The variation in the individual project costs subject to bonding together with timing elements made internal borrowing more cost effective than public financing. The repayment of the Bancroft Bond Fund borrowing will depend on the amounts and timing of payments made on assessment loans owed to the Fund. During FY'09, the Parkway Redevelopment Agency borrowed \$2,700,000 from a combination of the General Fund and the Transportation Capital Project Fund in order to complete the remaining projects in the Agency's 20-year voter approved plan. This loan is expected to be paid back to the City based on the progress of the Agency's remaining capital projects and will be fully paid back no later than three years from the date of the loan.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 871,264	1,134,000
Solid Waste Fund	-	24,000
Bancroft Bond Fund	-	1,262,136
Transportation Capital Projects	2,567,906	-
Lands & Buildings Capital Projects	420,552	25,000
Parkway Redevelopment	4,129,862	4,129,862
Water Fund	314,557	723,725
Sewer Fund	880,949	896,664
Redwood Sanitary Sewer Fund	10,000	10,000
Nonmajor governmental Funds	313,000	1,418,173
Internal Service Funds	138,000	22,530
Total Funds	<u>\$ 9,646,090</u>	<u>\$ 9,646,090</u>

The allocation of Transient Room Tax receipts, a special revenue fund, to general governmental operating activities accounts for most of the monies transferred into the General Fund. The largest segments of General Fund transfers out represent funding of \$254,500 appropriated for Lands & Building Capital Projects, \$432,500 appropriated for Transportation Projects, and \$313,000 appropriated for Storm Drain Capital Projects. Transportation Projects also received \$438,388 from Street Utility fees and the State Gas Tax Fund, \$1,247,851 from the Bancroft Bond Fund for completion of LID projects, and \$410,000 from the Water Fund. In addition to the transfer indicated above from the General Fund, Lands & Building Capital Projects received \$148,522 from Transient Room Tax and \$17,530 from the Support Services Fund, all appropriated as resources to a variety of projects. Equipment Replacement, an Internal Service Fund, received \$93,000 from Public Safety and \$30,000 from the Sewer Fund, among other small transfers in for future vehicle purchases. The Parkway Redevelopment transfers in and out were all within the Redevelopment Agency's funds and were transfers to and from the debt service, debt reserve, and operational funds in order to accommodate the debt terms of the new loan from the City of Grants Pass and the new debt reserve requirements.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Bonds outstanding consist of Public Safety General Obligation Bonds and Water Revenue Bonds. The Public Safety Bonds were issued June 20, 2007, at the original amount of \$9,820,000. The Water Revenue bonds were issued August 1, 1998 at the original amount of \$4,080,000, payable from the net revenues of the water system. Future maturities of bond principal and interest at June 30, 2009, are as follows:

GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2008-2009				
2009-2010	\$ 560,000	\$ 359,000	355,000	69,122
2010-2011	630,000	336,600	375,000	53,325
2011-2012	685,000	311,400	395,000	36,450
2012-2013	740,000	284,000	415,000	18,675
2013-2014	800,000	254,400		
2014-2019	5,075,000	689,300	-	-
2019-2023	-	-	-	-
Less: Discount			(9,758)	
	\$ 8,490,000	\$ 2,234,700	\$ 1,530,242	\$ 177,572

Purpose	Interest Rates	Amount
Governmental General Obligation Bonds	3.9-5%	8,490,000
Business-Type Revenue Bonds	3.9-4.5%	1,540,000

Unbonded Long-Term Debt

Contracts payable in the Governmental and Business-Type funds consist of installment contracts related to property purchased by the City. The contracts mature at various dates through 2029. Notes payable in the Business-Type funds consist of two loans from the Oregon State Revolving Loan Program, a loan from the Department of Environmental Quality originally dated in June of 2001, a loan from the Department of Environmental Quality originally recorded in August of 1995, and an Intergovernmental note payable from the Harbeck-Fruitdale Sewer District to the City.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Notes and contracts payable consist of the following:

Purpose	Interest Rates	Amount
Governmental Contracts Payable	4.99-6%	\$ 303,066
Governmental Loans Payable	3.9%	359,737
Business Type Notes Payable	3.98%	3,285,664
Business Type Notes Payable	3.43%	5,915,705
Business Type Notes Payable	0%	20,000
Business Type Notes Payable	3%	36,800
		\$ 9,920,972

Future maturities of principal and interest on notes and contracts payable are as follows:

<u>NOTES & CONTRACTS PAYABLE</u>					
<u>GOVERNMENTAL ACTIVITIES</u>			<u>BUSINESS-TYPE ACTIVITIES</u>		
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2009-2010	\$ 313,066	\$ 25,956	2009-2010	\$ 617,475	\$ 327,993
2010-2011	127,500	12,228	2010-2011	640,642	304,824
2011-2012	132,500	7,023	2011-2012	664,684	280,782
2012-2013	67,237	2,993	2012-2013	689,633	255,833
2013-2014	22,500	1,109	2013-2014	715,525	229,941
2014-2019	-		2014-2019	3,410,179	735,556
2019-2024	-		2019-2024	2,256,566	256,474
2024-20289	-		2024-20289	263,465	4,176
2029-2034	-	-	2029-2034	-	-
	\$ 662,803	\$ 49,309		\$ 9,258,169	\$ 2,395,579

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Long-Term Debt activity for the year ended June 30, 2009, is as follows:

CHANGES IN LONG-TERM DEBT					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 9,645,000	\$ -	\$ 1,155,000	\$ 8,490,000	\$ 560,000
Post-Closure/Environmental Care Costs	2,561,675	250,000	216,517	2,595,158	-
Notes and Contracts Payable	932,768	-	269,965	662,803	313,066
Governmental activities					
Long-Term Debt	\$ 13,375,100	\$ 250,000	\$ 1,641,482	\$ 11,747,961	\$ 873,066
Business-type Activities:					
Revenue Bonds Payable	\$ 1,880,000	\$ -	\$ 340,000	\$ 1,540,000	\$ 355,000
Less Unamortized Discount	(12,198)	-	(2,440)	(9,758)	-
Notes and Contracts Payable	9,856,518	-	598,349	9,258,169	617,475
Business-type Activities					
Long-Term Debt	\$ 12,613,578	\$ -	\$ 935,909	\$ 10,788,411	\$ 972,475

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for general, auto and property liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The Insurance Services Fund is responsible for collecting interfund premiums from other City funds and departments, paying claim settlements and purchasing other specified insurance policies. Interfund premiums are based on the insured funds' claims experiences and exposure (number of staff/payroll).

The City is self-insured for workers' compensation claims. The activities of the workers' compensation program are accounted for in the Insurance Services Fund. The City carries stop-loss coverage for amounts over \$400,000, to a maximum of \$1,000,000. The City estimates losses based on actual claims and accident history. The claims liability of \$75,823 reported in the Insurance Services Fund at June 30, 2009 is 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 that loss can be reasonably estimated. The \$75,823 is considered to be due within the next year and is classified as such on the Statement of Net Assets.

Year Ending June 30,	Beginning of Year	Changes in Estimates	Payments of Claims	End of year
2009	116,841	9,358	50,376	75,823
2008	56,715	118,173	58,047	116,841
2007	33,246	79,509	56,040	56,715

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

Plan Description – Substantially all City employees are participants in the State of Oregon Public Employees Retirement System (OPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for government units in the State of Oregon. Benefits generally vest after five years of continuous service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Compulsory retirement age is 70. Retirement benefits are payable in lump sum or monthly amounts using several payment options. OPERS also provides death and disability benefits. These benefit provisions and other requirements are established by Oregon Revised Statutes, Chapter 238. OPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The stand-alone report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Funding Policy – Plan members are required to contribute 6% of their annual covered salary. The City is required by ORS 238.225 to contribute at an actuarially determined rate; the rate effective July 1, 2007 is 13.25% of salary covered under the plan for Tier 1 and Tier 2 employees and 8.04% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The employee's share of PERS retirement is 6% and had been paid by the employees following a series of salary adjustments in the early 1990's. However, effective July 1, 2007, each of the bargaining groups agreed to a 3% salary reduction in exchange for having the City pay the employee's share of PERS. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by an act of the Oregon legislature.

Annual Pension Cost – For the fiscal years ending June 30, 2009, 2008, and 2007, the City's annual pension cost of \$1,819,235, \$1,644,586 and \$1,522,986, respectively, was equal to the City's required and actual contributions. The required contributions and liabilities were determined as part of the December 31, 2007 actuarial valuation using the entry age actuarial cost method. Because all OPERS employers are required by law to submit the contributions adopted by the Retirement Board, and the employer contributions are calculated in conformance with the standards of Statement No. 27, there is no net pension obligation. The contributions actually made are equivalent to the annual pension cost. Significant actuarial assumptions used in the valuation include (a) a rate of return of 8.0% per year, net of investment and administrative expenses (assumed earnings rate for purposes of Tier One guaranteed interest credit); (b) wage growth of 4.25% per year, excluding merit or longevity increases; (c) projected post-retirement benefit increases of 2.0% per year; (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of OPERS; (e) consumer price inflation of 3.5% per year; and (f) future interest credits of 8.5% for Tier One and 8.0% for Tier Two. Unfunded actuarial liability is amortized as a level percentage of covered payroll over a thirty-year period on an open basis.

GASB Statement No. 27 disclosures are based on the actuarial assumptions and methods contained in the December 31, 2007 Actuarial Valuation of the PERS plan. The Actuarial Value of Assets is equal to Market Value. Liabilities and contributions are calculated using the Entry Age Actuarial Cost Method. The Unfunded Actuarial Liability is amortized as a level percentage of covered payroll over an open thirty year period.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

Valuation Date	Schedule of Funding Progress					
	AVA	AAL	UAAL	Funded Percent	Covered Payroll	UAAL/ Payroll
12/31/2003	36,466,351	43,526,425	(7,060,074)	84%	8,157,797	87%
12/31/2005	44,007,862	50,076,056	(6,068,194)	88%	9,637,834	63%
12/31/2007	52,711,473	54,238,486	(1,527,013)	97%	11,433,157	13%

10. DEFERRED COMPENSATION

The City offers its employees optional deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of participants and their beneficiaries. Monies accumulated by the City under its deferred compensation plans have been deposited with various financial institutions. The City has adopted GASB Statement 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The City has little administrative involvement and does not perform the investing functions for this plan, therefore, this plan is not shown in the City's financial statements.

11. OTHER POSTRETIREMENT BENEFITS

Plan Description

Explicit Employer Benefits - The City provides postretirement health care benefits, as per labor contracts and the Personnel Rules and Regulations, for retirees. The benefit varies depending upon date of employment. The City pays 100 percent of the medical insurance premium for four years following the retirement of an employee, or until the employee dies, reaches age 65, or enters employment where insurance is provided. The employee must be eligible and receiving Oregon Public Employees Retirement Systems (OPERS) benefits. Employees hired after January 1, 2001 and covered under the Grants Pass Police Association labor contract and the Teamsters Local Union #223 are eligible for 50% City paid medical insurance benefits for only six months following retirement. Likewise members of the International Association of Firefighters, Local 3564 hired after October 5, 2002 have the same reduced benefit. Under Oregon law, retirees retain the right to continue their health insurance benefits under the City's group plan, with no distinction made for costs or services available. Thus once the City's financial obligation ends, a retiree may elect to continue the group benefit coverage at his own expense. The City finances these expenses as they are incurred in the respective fund where the retiree had worked. The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

11. OTHER POSTRETIREMENT BENEFITS

Implicit Employer Benefits - The City operates a single-employer retiree benefit plan that provides postemployment health, dental vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements. The City's post-retirement healthcare plan established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy – The benefits from this program are paid either by the employer as described above or by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Annual Pension Cost and Net Pension Obligation - The District's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within the parameter of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

	2009
Annual required contribution	\$ 563,664
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	563,664
Contributions made	(159,539)
Increase in net pension obligation	404,125
NPO (Asset) at beginning of year	-
NPO (Asset) at end of year	\$ 404,125

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the July 1, 2007 actuarial valuation using the projected unit credit method. The objective of this method is to fund each participant's benefits under the plans as they accrue. The unfunded accrued liability is amortized over an open period of 30 years as a percentage of payroll. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 4.5% compounded annually and a payroll growth rate of 3.75%, (b) a 30% assumption of participants who elect self-pay retiree medical coverage and a 80% assumption of participants who elect coverage upon retirement are also assumed to elect spouse coverage until the spouse reaches 65; (c) medical costs would increase at 10 percent inflation for the current year, grading down .5% a year to annual rate of 5 percent. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

11. OTHER POSTRETIREMENT BENEFITS

Funding Status and Funding Progress – As of July 1, 2008, the plan was 0% funded. The actuarial accrued liability for benefits was \$4,571,871, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,571,871. The covered payroll (annual payroll of active employees covered by the plan) was \$12,392,685, and the ratio of the UAAL to the covered payroll was 36.9%. The schedule of funding progress shows an ARC of \$159,539 for 2008-09, three year trend is not presented since this is the first year of the required actuarial valuation.

12. FUND BALANCE DEFICITS AND OVEREXPENDITURES

The Bancroft Bond Fund has a deficit fund balance of \$1,782,901. The City anticipates that the deficit balances will be liquidated by transfers from other funds and future revenues. The City over spent the following budget levels: General Fund, Mayor and Council by \$313, General Fund, Street Lighting by \$16,184, General Fund Tourism by \$658, Solid Waste Fund, Environmental Waste Fees by \$6,622, Parkway Redevelopment Fund, Materials and Services by \$21,087, Harbeck Fruitdale Fund, Debt Service by \$57, and Redwood Sanitary Fund, Customer Services by \$116.

13. LANDFILL/CLOSURE AND POSTCLOSURE CARE COSTS

The Merlin Landfill is a municipal solid waste landfill regulated by Federal regulations, 40 CFR 258, Subpart F and the State of Oregon statutes contained in ORS 340-094. The Landfill is maintained under the specific terms of an Oregon Solid Waste Disposal Site Closure Permit No. 159, with an expiration date of April 30, 2008. In July 2001, the City purchased insurance for closure and post-closure costs. State laws and regulations required the City to place a final cover on its Merlin landfill site after it stopped accepting trash in December 2000. This cap was completed during the fiscal year ended June 30, 2002. The Remedial Investigation and Risk Assessment reports have been completed and approved by the Oregon Department of Environmental Quality (DEQ). The City received a Record of Decision (ROD) from the DEQ on January 3, 2006 that guides the City in the remedial actions necessary to mitigate the risk due to the groundwater contamination. The current value of post closure care costs is \$2,345,158. This is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

14. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional limit reduces the amount of operating property tax revenues available to the City. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2009, the City had entered into several capital construction projects with various vendors. The outstanding commitments for these projects at June 30, 2009 are \$487,090.

At June 30, 2009 there was \$1,524,619 of unspent bond proceeds in the Land and Buildings Project Fund for the two new Public Safety Stations. This amount affects the Net Asset calculation on the Statement of Net Assets, because this cash is restricted for capital purposes.

16. COMPENSATED ABSENCES

Changes in governmental compensated absences are as follows:

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>	<u>Amount Due within one year</u>
Vacation and Sick Leave Payable	\$ 1,263,883	\$ 755,103	\$ 616,582	\$ 1,402,404	\$ 300,000

All operating funds pay for compensated absences as they occur or as employees terminate employment.

17. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments for the financial statements included a change of \$1,100 for a principal payment difference in the interfund loan from the City Sewer Fund to the Harbeck-Fruitdale Sewer District.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Individual Major Governmental Fund Statements

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Taxes	\$ 15,375,313	\$ 15,375,313	\$ 15,375,446	\$ 133
Licenses and Permits	442,400	442,400	271,067	(171,333)
Intergovernmental	1,704,385	1,900,317	1,771,890	(128,427)
Charges for Services	868,197	868,197	794,051	(74,146)
Fines and Forfeitures	276,500	276,500	237,776	(38,724)
Interest on Investments	169,900	169,900	169,226	(674)
Miscellaneous	688,971	688,971	76,437	(612,534)
Total Revenues	<u>19,525,666</u>	<u>19,721,598</u>	<u>18,695,893</u>	<u>(1,025,705)</u>
EXPENDITURES:				
Mayor and Council	190,937	190,937 (1)	191,250	(313)
Public Safety Field Services	10,628,008	10,815,940 (1)	10,285,220	530,720
Public Safety Support Services	3,529,808	3,537,808 (1)	3,219,026	318,782
Crisis Support Services	39,848	39,848 (1)	39,578	270
Street Lighting	250,500	250,500 (1)	266,684	(16,184)
Code Enforcement	245,299	245,299 (1)	198,238	47,061
Park Maintenance Services	1,517,848	1,517,848 (1)	1,392,615	125,233
Aquatic Services	124,633	124,633 (1)	92,312	32,321
Recreation Services	152,571	152,571 (1)	130,806	21,765
Planning Services	898,072	898,072 (1)	822,060	76,012
Building and Safety Services	889,064	889,064 (1)	716,102	172,962
Economic Development	171,474	171,474 (1)	159,500	11,974
Downtown Development	324,712	324,712 (1)	297,867	26,845
Tourism Promotion	308,535	308,535 (1)	309,193	(658)
General Program Operations	81,000	2,631,000 (1)	2,551,239	79,761
Debt Service	15,281	15,281 (1)	15,280	1
Contingency	650,000	650,000 (1)	-	650,000
Total Expenditures	<u>20,017,590</u>	<u>22,763,522</u>	<u>20,686,970</u>	<u>2,076,552</u>
Excess of Revenues Over (Under) Expenditures	<u>(491,924)</u>	<u>(3,041,924)</u>	<u>(1,991,077)</u>	<u>1,050,847</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	927,153	927,153	871,263	(55,890)
Sale of Assets	-	-	-	-
Interfund Loans	-	-	-	-
Transfers Out	(1,134,000)	(1,134,000) (1)	(1,134,000)	-
Total other financing uses	<u>(206,847)</u>	<u>(206,847)</u>	<u>(262,737)</u>	<u>(55,890)</u>
Net Change in Fund Balance	(698,771)	(3,248,771)	(2,253,814)	994,957
Beginning Fund Balance	<u>3,217,274</u>	<u>5,767,274</u>	<u>5,810,760</u>	<u>43,486</u>
Ending Fund Balance	<u>\$ 2,518,503</u>	<u>\$ 2,518,503</u>	<u>\$ 3,556,946</u>	<u>\$ 1,038,443</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			4,180,000	
Total GAAP Fund Balance			<u>\$ 7,736,946</u>	

(1) Appropriation Level

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009**

<u>SOLID WASTE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Licenses and Permits	\$ 2,000	\$ 2,000	\$ 2,790	\$ 790
Intergovernmental	196,001	342,969	279,277	(63,692)
Charges for Services	354,803	354,803	334,219	(20,584)
Interest on Investments	121,950	121,950	65,357	(56,593)
Miscellaneous Revenue	12,000	12,000	15,600	3,600
Total Revenues	686,754	833,722	697,243	(136,479)
EXPENDITURES:				
Environmental Waste Fees	238,000	238,000 (1)	244,622	(6,622)
Field Operations	37,104	37,104 (1)	17,400	19,704
Post-closure	106,634	106,634 (1)	83,708	22,926
General Program Operations	23,675	23,675 (1)	6,974	16,701
Capital Outlay	3,458,661	3,458,661 (1)	443,849	3,014,812
Debt Service	123,177	270,145 (1)	261,721	8,424
Contingency	13,169	13,169 (1)	-	13,169
Total Expenditures	4,000,420	4,147,388	1,058,274	3,089,114
Excess of Revenues Over (Under) Expenditures	(3,313,666)	(3,313,666)	(361,031)	2,952,635
OTHER FINANCING SOURCES (USES)				
Transfers In	38,000	38,000	-	(38,000)
Loan Proceeds	-	-	-	-
Transfers Out	(62,000)	(62,000)	(24,000)	38,000
Total Other Financing Sources (Uses)	(24,000)	(24,000)	(24,000)	-
Net Change in Fund Balance	(3,337,666)	(3,337,666)	(385,031)	2,952,635
Beginning Fund Balance	3,485,097	3,485,097	3,360,485	(124,612)
Prior Year Adjustment			(1,540,000)	
Ending Fund Balance	<u>\$ 147,431</u>	<u>\$ 147,431</u>	<u>\$ 1,435,454</u>	<u>\$ 1,288,023</u>
Reconciliation to GAAP Equity				
Interfund Loan			<u>\$ 1,540,000</u>	
GAAP Equity			<u>\$ 2,975,454</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budgetary basis for required supplementary information is the same as GAAP, except for interfund loans which are accounted for as "other financing sources" for budgetary purposes and is considered loans for GAAP.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

Combining, Individual Fund, and
Other Financial Schedules

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

	<u>GENERAL OBLIGATION BOND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 1,108,961	\$ 1,108,961	\$ 1,103,999	\$ (4,962)
Interest on Investments	2,000	2,000	945	(1,055)
Total Revenues	<u>1,110,961</u>	<u>1,110,961</u>	<u>1,104,944</u>	<u>(6,017)</u>
EXPENDITURES:				
Materials and Services	-	- (1)	-	-
Debt Service	1,087,000	1,087,000 (1)	1,087,000	-
Contingency	-	- (1)	-	-
Total Expenditures	<u>1,087,000</u>	<u>1,087,000</u>	<u>1,087,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>23,961</u>	<u>23,961</u>	<u>17,944</u>	<u>(6,017)</u>
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	-	-	-	-
Transfers Out	-	- (1)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	23,961	23,961	17,944	(6,017)
Beginning Fund Balance	14,033	14,033	42,169	28,136
Ending Fund Balance	<u>\$ 37,994</u>	<u>\$ 37,994</u>	<u>\$ 60,113</u>	<u>\$ 22,119</u>

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

	<u>BANCROFT BOND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Special Assessments	\$ 140,000	\$ 140,000	\$ 795,947	\$ 655,947
Interest on Assessments	33,000	33,000	100,629	67,629
Interest on Investments	-	-	11,025	11,025
Total Revenues	173,000	173,000	907,601	734,601
EXPENDITURES:				
Materials and Services	53,000	53,000 (1)	10,000	43,000
Debt Service	120,000	120,000 (1)	32,106	87,894
Contingency	-	- (1)	-	-
Total Expenditures	173,000	173,000	42,106	130,894
Excess of Revenues Over (Under) Expenditures	-	-	865,495	865,495
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	375,000	1,315,000	-	(1,315,000)
Transfers Out	(375,000)	(1,315,000) (1)	(1,262,136)	52,864
Total Other Financing Sources (Uses)	-	-	(1,262,136)	(1,262,136)
Net Change in Fund Balance	-	-	(396,641)	(396,641)
Beginning Fund Balance	-	-	153,740	153,740
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (242,901)</u>	<u>\$ (242,901)</u>
Reconciliation to GAAP Equity				
Interfund Loan			<u>\$ (1,540,000)</u>	
GAAP Equity			<u>\$ (1,782,901)</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

<u>TRANSPORTATION PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ 1,950,000	\$ 1,950,000	\$ 472,864	\$ (1,477,136)
Charges for Services	1,320,000	1,320,000	682,117	(637,883)
Interest on Investments	13,814	13,814	128,298	114,484
Trust Receipts	-	-	23,749	23,749
Contributions	15,000	15,000	-	(15,000)
Miscellaneous Revenues	-	-	60,900	60,900
Total Revenues	3,298,814	3,298,814	1,367,928	(1,930,886)
EXPENDITURES:				
Contingency	-	-	-	-
Capital Outlay	11,368,183	11,518,183 (1)	1,842,345	9,675,838
Total Expenditures	11,368,183	11,518,183	1,842,345	9,675,838
Excess of Revenues Over (Under) Expenditures	(8,069,369)	(8,219,369)	(474,417)	7,744,952
OTHER FINANCING SOURCES (USES)				
Transfers In	1,757,406	1,757,406	2,567,906	810,500
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	1,757,406	1,757,406	2,567,906	810,500
Net Change in Fund Balance	(6,311,963)	(6,461,963)	2,093,489	8,555,452
Beginning Fund Balance	6,311,963	6,461,963	5,940,096	(521,867)
Ending Fund Balance	\$ -	\$ -	\$ 8,033,585	\$ 8,033,585
Reconciliation to GAAP Equity				
Interfund Loan			\$ 91,000	
GAAP Equity			\$ 8,124,585	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

<u>LAND AND BUILDING PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ 505,000	\$ 505,000	\$ 475,000	\$ (30,000)
Charges for Services	528,000	528,000	194,209	(333,791)
Interest on Investments	71,000	71,000	151,763	80,763
Contributions	-	-	51,000	51,000
Miscellaneous	412,000	412,000	11,915	(400,085)
Total Revenues	<u>1,516,000</u>	<u>1,516,000</u>	<u>883,887</u>	<u>(632,113)</u>
EXPENDITURES:				
Capital Outlay	7,572,502	7,572,502 (1)	4,341,816	3,230,686
Total expenditures	<u>7,572,502</u>	<u>7,572,502</u>	<u>4,341,816</u>	<u>3,230,686</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,056,502)</u>	<u>(6,056,502)</u>	<u>(3,457,929)</u>	<u>2,598,573</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	-	
Transfers In	1,162,001	1,162,001	420,552	(741,449)
Sale of Assets	925,000	925,000	910,239	(14,761)
Transfers Out	(35,000)	(35,000) (1)	(25,000)	10,000
Total Other Financing Sources (Uses)	<u>2,052,001</u>	<u>2,052,001</u>	<u>1,305,791</u>	<u>(746,210)</u>
Net Change in Fund Balance	(4,004,501)	(4,004,501)	(2,152,138)	1,852,363
Beginning Fund Balance	4,004,501	4,004,501	7,889,092	3,884,591
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,736,954</u>	<u>\$ 5,736,954</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			(1,630,000)	
Total GAAP Fund Balance			<u>\$ 4,106,954</u>	

(1) Appropriation Level

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009**

PARKWAY REDEVELOPMENT AGENCY

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	\$ 47,245	\$ 47,245	\$ -	\$ (47,245)
Intergovernmental	-	-	-	-
Interest on Investments	91,250	91,250	107,293	16,043
Trust Receipts	30,000	30,000	15,056	(14,944)
Miscellaneous	10,000	15,000	5,936	(9,064)
Total revenues	178,495	183,495	128,285	(55,210)
EXPENDITURES:				
Materials and Services	18,200	18,200	(1) 39,287	(21,087)
Capital Outlay	1,088,680	1,053,680	(1) 840,000	213,680
Tax Turnover	-	346,591	(1) 346,590	1
Debt Service				
Principal	960,497	1,429,497	(1) 519,496	910,001
Interest	38,159	119,159	(1) 72,463	46,696
Contingency	63,605	63,605	(1) -	63,605
Total Expenditures	2,169,141	3,030,732	1,817,836	1,212,896
Excess of Revenues Over (Under) Expenditures	(1,990,646)	(2,847,237)	(1,689,551)	(1,268,106)
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	2,700,000	2,700,000	
Transfers In	670,862	5,120,862	4,129,862	(991,000)
Sale of Assets	-	-	-	-
Transfers Out	(670,862)	(5,120,862)	(1) (4,129,862)	991,000
Total Other Financing Sources (Uses)	-	2,700,000	2,700,000	-
Net Change in Fund Balance	(1,990,646)	(147,237)	1,010,449	1,157,686
Beginning Fund Balance	5,059,757	5,219,757	3,711,979	(1,507,778)
Ending Fund Balance	\$ 3,069,111	\$ 5,072,520	\$ 4,722,428	\$ (350,092)
Reconciliation to GAAP Fund Balance				
Interfund Loans			(2,641,000)	
Total GAAP Fund Balance			\$ 2,081,428	

(1) Appropriation Level

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	SPECIAL REVENUE FUNDS		
	TRANSIENT ROOM TAX FUND	STREET UTILITY FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND
ASSETS:			
Cash and Investments	\$ 2,965	\$ 183,378	\$ 904,193
Receivables			
Intergovernmental	-	105,858	-
Accounts, net	-	89,202	-
Notes	-	-	185,576
Grants	-	-	-
Accrued Interest	-	-	-
Restricted Assets			
Cash and Cash Equivalents	-	-	-
Notes and Taxes Receivable	-	-	-
Accrued Interest Receivable	-	-	-
Total Assets	\$ 2,965	\$ 378,438	\$ 1,089,769
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 2,965	\$ 43,151	\$ -
Salaries, withholdings and taxes payable	-	14,089	-
Due To Other Funds	-	-	-
Deferred Revenue	-	-	185,576
Total Liabilities	2,965	57,240	185,576
Fund Balances:			
Unreserved	-	321,198	904,193
Total fund balances	-	321,198	904,193
Total liabilities and fund balances	\$ 2,965	\$ 378,438	\$ 1,089,769

SPECIAL REVENUE FUNDS

<u>HOUSING & ECONOMIC DEVELOPMENT FUND</u>	<u>STORM WATER & OPEN SPACE FUND</u>	<u>TOTAL</u>
\$ 995,186	\$ 557,189	\$ 2,642,911
-	-	105,858
-	-	89,202
4,042	-	189,618
-	-	-
609	-	609
-	56,503	56,503
-	37,481	37,481
-	4,216	4,216
<u>\$ 999,837</u>	<u>\$ 655,389</u>	<u>\$ 3,126,398</u>
\$ -	\$ -	\$ 46,116
-	-	14,089
-	146,205	146,205
<u>4,042</u>	<u>37,481</u>	<u>227,099</u>
<u>4,042</u>	<u>183,686</u>	<u>433,509</u>
<u>995,795</u>	<u>471,703</u>	<u>2,692,889</u>
<u>995,795</u>	<u>471,703</u>	<u>2,692,889</u>
<u>\$ 999,837</u>	<u>\$ 655,389</u>	<u>\$ 3,126,398</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	SPECIAL REVENUE FUNDS		
	TRANSIENT ROOM TAX FUND	STREET UTILITY FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND
REVENUES:			
Taxes	\$ 970,562	\$ -	\$ -
Licenses and Permits	-	12,588	-
Intergovernmental	-	1,313,269	-
Charges for Services	-	761,017	100
Interest on Investments	-	3,075	24,033
Industrial and Other Loans	-	-	21,678
Miscellaneous Revenues	-	2,799	-
Total Revenues	<u>970,562</u>	<u>2,092,748</u>	<u>45,811</u>
EXPENDITURES:			
Development	15,777	-	3,191
Field Operations	-	1,526,810	-
Debt Service	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>15,777</u>	<u>1,526,810</u>	<u>3,191</u>
Excess of Revenues Over, (Under) Expenditures	<u>954,785</u>	<u>565,938</u>	<u>42,620</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Interfund Loan Proceeds	-	-	-
Transfers Out	(954,785)	(443,388)	-
Total Other Financing Sources (Uses)	<u>(954,785)</u>	<u>(443,388)</u>	<u>-</u>
Net Change in Fund Balance	-	122,550	42,620
Beginning Fund Balance	<u>-</u>	<u>198,648</u>	<u>861,573</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 321,198</u>	<u>\$ 904,193</u>

SPECIAL REVENUE FUNDS

<u>HOUSING & ECONOMIC DEVELOPMENT FUND</u>	<u>STORM WATER & OPEN SPACE FUND</u>	<u>TOTAL</u>
\$ -	\$ -	\$ 970,562
-	-	12,588
-	-	1,313,269
-	62,059	823,176
19,929	13,332	60,369
2,768	-	24,446
402	-	3,201
<u>23,099</u>	<u>75,391</u>	<u>3,207,611</u>
-	-	18,968
-	-	1,526,810
-	-	-
-	196,200	196,200
-	196,200	1,741,978
<u>23,099</u>	<u>(120,809)</u>	<u>1,465,633</u>
-	313,000	313,000
-	-	-
<u>(5,000)</u>	<u>(15,000)</u>	<u>(1,418,173)</u>
<u>(5,000)</u>	<u>298,000</u>	<u>(1,105,173)</u>
18,099	177,191	360,460
<u>977,696</u>	<u>294,512</u>	<u>2,332,429</u>
<u>\$ 995,795</u>	<u>\$ 471,703</u>	<u>\$ 2,692,889</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

TRANSIENT ROOM TAX FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	\$ 1,036,560	\$ 1,036,560	\$ 970,562	\$ (65,998)
Total Revenues	<u>1,036,560</u>	<u>1,036,560</u>	<u>970,562</u>	<u>(65,998)</u>
EXPENDITURES:				
Materials and Services	<u>15,777</u>	<u>15,777 (1)</u>	<u>15,777</u>	<u>-</u>
Total Expenditures	<u>15,777</u>	<u>15,777</u>	<u>15,777</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>1,020,783</u>	<u>1,020,783</u>	<u>954,785</u>	<u>(65,998)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,020,783)</u>	<u>(1,020,783)</u>	<u>(954,785)</u>	<u>65,998</u>
Total Other Financing Sources (Uses)	<u>(1,020,783)</u>	<u>(1,020,783)</u>	<u>(954,785)</u>	<u>65,998</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

<u>STREET UTILITY FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 12,588	\$ (7,412)
Intergovernmental	1,468,970	1,468,970	1,313,269	(155,701)
Charges for services	767,032	767,032	761,017	(6,015)
Interest on investments	5,000	5,000	3,075	(1,925)
Trust Receipts	-	-	-	-
Miscellaneous	5,000	5,000	2,799	(2,201)
Total Revenues	<u>2,266,002</u>	<u>2,266,002</u>	<u>2,092,748</u>	<u>(173,254)</u>
EXPENDITURES:				
Street and drainage services	1,206,060	1,206,060 (1)	1,033,940	172,120
Support services	106,064	106,064 (1)	104,945	1,119
General operations	425,730	425,730 (1)	387,925	37,805
Contingency	65,392	65,392 (1)	-	65,392
Total Expenditures	<u>1,803,246</u>	<u>1,803,246</u>	<u>1,526,810</u>	<u>276,436</u>
Excess of Revenues Over (Under) Expenditures	<u>462,756</u>	<u>462,756</u>	<u>565,938</u>	<u>103,182</u>
OTHER FINANCING SOURCES (USES)				
Sale of Asset	-	-	-	-
Transfers Out	(501,406)	(501,406) (1)	(443,388)	58,018
Total Other Financing Sources (Uses)	<u>(501,406)</u>	<u>(501,406)</u>	<u>(443,388)</u>	<u>58,018</u>
Net Change in Fund Balance	(38,650)	(38,650)	122,550	161,200
Beginning Fund Balance	38,650	38,650	198,648	159,998
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,198</u>	<u>\$ 321,198</u>

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	200	200	100	(100)
Interest on Investments	25,700	25,700	24,033	(1,667)
Loan Repayments	13,308	13,308	21,678	8,370
Contributions	-	-	-	-
	<u>39,208</u>	<u>39,208</u>	<u>45,811</u>	<u>6,603</u>
EXPENDITURES:				
Materials and Services	98,150	98,150 (1)	3,191	94,959
Capital Outlay	-	-	-	-
Contingencies	200,000	200,000 (1)	-	200,000
	<u>298,150</u>	<u>298,150</u>	<u>3,191</u>	<u>294,959</u>
Net Change in Fund Balance	(258,942)	(258,942)	42,620	301,562
Beginning Fund Balance	<u>855,112</u>	<u>855,112</u>	<u>861,573</u>	<u>6,461</u>
Ending Fund Balance	<u>\$ 596,170</u>	<u>\$ 596,170</u>	<u>\$ 904,193</u>	<u>\$ 308,023</u>

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

HOUSING AND ECONOMIC DEVELOPMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest on Investments	45,000	45,000	19,929	(25,071)
Industrial and Other Loan Payments	13,250	13,250	2,768	(10,482)
Miscellaneous Revenues	450	450	402	(48)
Total Revenues	58,700	58,700	23,099	(35,601)
EXPENDITURES:				
Materials and Services	200,000	200,000 (1)	-	200,000
Contingencies	100,000	100,000 (1)	-	100,000
Total Expenditures	300,000	300,000	-	300,000
Excess of Revenues Over (Under) Expenditures	(241,300)	(241,300)	23,099	264,399
OTHER FINANCING USES:				
Transfers Out	(5,000)	(5,000) (1)	(5,000)	-
Total Other Financing Uses	(5,000)	(5,000)	(5,000)	-
Net Change in Fund Balance	(246,300)	(246,300)	18,099	264,399
Beginning Fund Balance	910,582	910,582	977,696	67,114
Ending Fund Balance	<u>\$ 664,282</u>	<u>\$ 664,282</u>	<u>\$ 995,795</u>	<u>\$ 331,513</u>

(1) Appropriation Level

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009**

<u>STORM WATER AND OPEN SPACE</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 90,000	\$ 90,000	\$ 62,059	\$ (27,941)
Interest on Investments	1,000	1,000	13,332	
Miscellaneous	-	-	-	-
Total Revenues	<u>91,000</u>	<u>91,000</u>	<u>75,391</u>	<u>(15,609)</u>
EXPENDITURES:				
Stormwater Maintenance	-	-	-	-
Customer Services	-	-	-	-
General Program Operations	-	-	-	-
Capital Outlay	590,644	590,644 (1)	196,200	394,444
Debt Service	-	-	-	-
Contingency	-	-	-	-
Total Expenditures	<u>590,644</u>	<u>590,644</u>	<u>196,200</u>	<u>394,444</u>
Excess of Revenues Over (Under) Expenditures	<u>(499,644)</u>	<u>(499,644)</u>	<u>(120,809)</u>	<u>378,835</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	187,500	187,500	313,000	125,500
Interfund Loan Proceeds	-	-	91,205	91,205
Transfers Out	<u>(25,000)</u>	<u>(25,000) (1)</u>	<u>(15,000)</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>162,500</u>	<u>162,500</u>	<u>389,205</u>	<u>226,705</u>
Net Change in Fund Balance	(337,144)	(337,144)	268,396	605,540
Beginning Fund Balance	<u>337,144</u>	<u>337,144</u>	<u>349,512</u>	<u>12,368</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617,908</u>	<u>\$ 617,908</u>
Reconciliation to GAAP Equity				
Interfund Loans			<u>\$ (146,205)</u>	
GAAP Equity			<u>\$ 471,703</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

	<u>WATER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 4,330,920	\$ 4,330,920	\$ 4,273,048	\$ (57,872)
SDC Receipts	714,500	714,500	289,923	(424,577)
Taxes	-	-	2	2
Interest on Investments	16,500	16,500	98,847	82,347
Trust Receipts	-	-	16,077	16,077
Miscellaneous Revenues	59,000	59,000	42,921	(16,079)
Total Revenues	<u>5,120,920</u>	<u>5,120,920</u>	<u>4,720,818</u>	<u>(400,102)</u>
EXPENDITURES:				
Treatment Services	1,452,529	1,452,529 (1)	1,326,618	125,911
Distribution Services	1,165,319	1,165,319 (1)	1,068,228	97,091
Customer Services	382,569	382,569 (1)	362,969	19,600
General Operations	322,461	322,461 (1)	282,264	40,197
Debt Service				
Principal	340,000	340,000 (1)	340,000	-
Interest	84,083	84,083 (1)	82,836	1,247
Capital Outlay	3,706,071	3,706,071 (1)	1,455,551	2,250,520
Contingency	252,822	252,822 (1)	-	252,822
Total Expenditures	<u>7,705,854</u>	<u>7,705,854</u>	<u>4,918,466</u>	<u>2,787,388</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,584,934)</u>	<u>(2,584,934)</u>	<u>(197,648)</u>	<u>2,387,286</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	115,500	115,500	5,494	(110,006)
Transfers In	192,557	192,557	314,557	122,000
Transfers Out	(728,557)	(728,557) (1)	(723,725)	4,832
Total Other Financing Sources (Uses)	<u>(420,500)</u>	<u>(420,500)</u>	<u>(403,674)</u>	<u>16,826</u>
Net Change in Fund Balance	(3,005,434)	(3,005,434)	(601,322)	2,404,112
Beginning Fund Balance	<u>4,179,988</u>	<u>4,179,988</u>	<u>4,534,982</u>	<u>354,994</u>
Ending Fund Balance	<u>\$ 1,174,554</u>	<u>\$ 1,174,554</u>	<u>\$ 3,933,660</u>	<u>\$ 2,759,106</u>
Reconciliation to Net Assets				
Capital Assets, net			51,118,059	
General Obligation Bonds Payable			(1,530,303)	
Deferred Revenue			187,421	
Total Net Assets			<u>\$ 53,708,837</u>	
(1) Appropriation Level				

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

	<u>SEWER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 4,580,720	\$ 4,580,720	\$ 4,318,225	\$ (262,495)
SDC Receipts	624,345	624,345	212,119	(412,226)
Intergovernmental	248,000	248,000	233,878	(14,122)
Interest on Investments	57,200	57,200	54,368	(2,832)
Trust Receipts	5,000	5,000	4,595	(405)
Miscellaneous	28,175	28,175	38,981	10,806
Total Revenues	<u>5,543,440</u>	<u>5,543,440</u>	<u>4,862,166</u>	<u>(681,274)</u>
EXPENDITURES:				
Treatment Services	1,555,776	1,555,776 (1)	1,414,713	141,063
Jo-Gro	563,828	563,828 (1)	539,576	24,252
Collection Services	617,594	617,594 (1)	560,290	57,304
Customer Services	269,688	269,688 (1)	259,713	9,975
General Operations	375,659	375,659 (1)	327,095	48,564
Debt service:				
Principal	284,989	284,989 (1)	284,989	-
Interest	210,261	210,261 (1)	207,003	3,258
Capital Outlay	3,045,002	3,045,002 (1)	767,184	2,277,818
Contingency	305,058	305,058 (1)	-	305,058
Total Expenditures	<u>7,227,855</u>	<u>7,227,855</u>	<u>4,360,563</u>	<u>2,867,292</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,684,415)</u>	<u>(1,684,415)</u>	<u>501,603</u>	<u>2,186,018</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	901,644	901,644	880,949	(20,695)
Transfers Out	(1,056,644)	(1,056,644) (1)	(896,664)	159,980
Total Other Financing Sources (Uses)	<u>(155,000)</u>	<u>(155,000)</u>	<u>(15,715)</u>	<u>139,285</u>
Net Change in Fund Balance	(1,839,415)	(1,839,415)	485,888	2,325,303
Beginning Fund Balance	<u>2,392,405</u>	<u>2,392,405</u>	<u>2,611,064</u>	<u>218,659</u>
Prior Period Adjustment			(58,900)	
Ending Fund Balance	<u>\$ 552,990</u>	<u>\$ 552,990</u>	<u>\$ 3,038,052</u>	<u>\$ 2,485,062</u>
Reconciliation to Net Assets				
Capital Assets, net			34,495,571	
Deferred Revenue			150,659	
Interfund Loans			56,800	
Notes Payable			<u>(5,915,705)</u>	
Total Net Assets			<u>\$ 31,825,377</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

HARBECK-FRUITDALE SEWER DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Special Assessments	\$ 2,450	\$ 2,450	\$ 4,597	\$ 2,147
Interest	50	50	-	(50)
Miscellaneous	-	-	-	-
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>4,597</u>	<u>2,097</u>
EXPENDITURES:				
General program operations	600	600 (1)	330	270
Debt Service	2,135	2,135 (1)	2,192	(57)
Contingency	214	214 (1)	-	214
Total Expenditures	<u>2,949</u>	<u>2,949</u>	<u>2,522</u>	<u>427</u>
Excess of Revenues Over (Under) Expenditures	(449)	(449)	2,075	2,524
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(449)	(449)	2,075	2,524
Beginning Fund Balance	<u>449</u>	<u>449</u>	<u>194</u>	<u>0</u> <u>(255)</u>
Prior Year Adjustment			-	
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,269</u>	<u>\$ 2,269</u>
Reconciliation to Net Assets				
Capital Assets, net			65,805	
Deferred Revenue			24,731	
Notes Payable			<u>(56,800)</u>	
Net Assets			<u>\$ 36,005</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

REDWOOD SANITARY SEWER DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Charges for Services	\$ 997,100	\$ 997,100	\$ 1,011,796	\$ 14,696
Interest on Investments	55,000	55,000	27,277	(27,723)
Total Revenues	1,052,100	1,052,100	1,039,073	(13,027)
EXPENDITURES:				
Collection	95,929	95,929 (1)	68,473	27,456
Pump and Conveyance System	296,800	296,800 (1)	240,670	56,130
Customer Services	40,799	40,799 (1)	40,915	(116)
General Program Operations	176,799	176,799 (1)	76,652	100,147
Capital Outlay	10,200	10,200 (1)	-	10,200
Debt service:				
Principal	310,160	310,160 (1)	310,160	-
Interest	140,058	140,058 (1)	135,943	4,115
Contingency	266,947	266,947 (1)	-	266,947
Total Expenditures	1,337,692	1,337,692	872,813	464,879
Excess of Revenues Over (Under) Expenditures				
OTHER FINANCING SOURCES				
Transfers In	10,000	10,000	10,000	-
Transfers Out	(10,000)	(10,000)	(10,000)	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	(285,592)	(285,592)	166,260	451,852
Beginning Fund Balance	1,304,057	1,304,057	1,321,810	17,753
Ending Fund Balance	<u>\$ 1,018,465</u>	<u>\$ 1,018,465</u>	<u>\$ 1,488,070</u>	<u>\$ 469,605</u>
Reconciliation to Net Assets				
Capital Assets, net			\$ 9,307,157	
Deferred Revenue			80,540	
Notes Payable			(3,285,664)	
Total Net Assets			<u>\$ 7,590,103</u>	

(1) Appropriation Level

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2009**

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
ASSETS:					
Current assets					
Cash and Investments	\$ 3,247,720	\$ 817,020	\$ 1,031,972	\$ 2,406,848	\$ 7,503,560
Prepaid Items	-	6,450	1,631	10,510	18,591
Receivables					
Accounts, net	29,297	39,663	244	41,239	110,443
Accrued interest	-	-	-	-	-
Due from other funds	-	-	-	146,205	146,205
Total current assets	<u>3,277,017</u>	<u>863,133</u>	<u>1,033,847</u>	<u>2,604,802</u>	<u>7,778,799</u>
Capital assets, net	<u>1,584,148</u>	<u>415,276</u>	<u>-</u>	<u>-</u>	<u>1,999,424</u>
Total assets	<u>\$ 4,861,165</u>	<u>\$ 1,278,409</u>	<u>\$ 1,033,847</u>	<u>\$ 2,604,802</u>	<u>\$ 9,778,223</u>
LIABILITIES AND NET ASSETS:					
LIABILITIES:					
Current Liabilities					
Accounts Payable	\$ 11,157	\$ 79,361	\$ 56,302	\$ 176,475	\$ 323,295
Salaries, withholdings and taxes payable	57,432	372,936	364,275	3,516	798,159
Pending Claims	-	-	-	75,823	75,823
Due to other funds	-	-	-	-	-
Total Current Liabilities	<u>68,589</u>	<u>452,297</u>	<u>420,577</u>	<u>255,814</u>	<u>1,197,277</u>
Total Liabilities	<u>68,589</u>	<u>452,297</u>	<u>420,577</u>	<u>255,814</u>	<u>1,197,277</u>
NET ASSETS					
Invested in Capital Assets, net of related debt	1,584,148	415,276	-	-	1,999,424
Unrestricted	<u>3,208,428</u>	<u>410,836</u>	<u>613,270</u>	<u>2,348,988</u>	<u>6,581,522</u>
Total Net Assets	<u>4,792,576</u>	<u>826,112</u>	<u>613,270</u>	<u>2,348,988</u>	<u>8,580,946</u>
Total Liabilities and Net Assets	<u>\$ 4,861,165</u>	<u>\$ 1,278,409</u>	<u>\$ 1,033,847</u>	<u>\$ 2,604,802</u>	<u>\$ 9,778,223</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2009

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
OPERATING REVENUES:					
Charges for Services	\$ 1,332,982	\$ 2,681,277	\$ 2,801,419	\$ 3,422,836	\$ 10,238,514
Miscellaneous	4,825	16,865	549	75,977	98,216
Total Operating Revenues	<u>1,337,807</u>	<u>2,698,142</u>	<u>2,801,968</u>	<u>3,498,813</u>	<u>10,336,730</u>
OPERATING EXPENSES:					
Salaries, Wages, and Benefits	301,870	1,846,940	2,263,629	78,222	4,490,661
Operating Supplies	292,317	43,944	44,248	2,819	383,328
Repairs and Maintenance	28,675	156,022	1,640	-	186,337
Utilities	326	105,602	9,974	-	115,902
Professional Services	1,279	37,819	338,246	51,083	428,427
General, Administrative and Engineering	313,120	548,728	338,724	3,190,223	4,390,795
Depreciation	267,885	36,756	10,779	-	315,420
Total Operating Expenses	<u>1,205,472</u>	<u>2,775,811</u>	<u>3,007,240</u>	<u>3,322,347</u>	<u>10,310,870</u>
Total Operating Income (Loss)	132,335	(77,669)	(205,272)	176,466	25,860
NONOPERATING INCOME (LOSS)					
Gain (Loss) on the Sale of Assets	-	-	-	-	-
Intergovernmental	291,528	1,461	12,959	-	305,948
Interest Income	61,013	16,917	22,630	46,382	146,942
Total nonoperating income (expense)	<u>352,541</u>	<u>18,378</u>	<u>35,589</u>	<u>46,382</u>	<u>452,890</u>
Income, (Loss) Before Operating Transfers	484,876	(59,291)	(169,683)	222,848	478,750
TRANSFERS					
Transfers In	138,000	-	-	-	138,000
Transfers Out	(1,659)	(20,871)	-	-	(22,530)
Total Transfers	<u>136,341</u>	<u>(20,871)</u>	<u>-</u>	<u>-</u>	<u>115,470</u>
Change in Net Assets	621,217	(80,162)	(169,683)	222,848	594,220
Beginning Net Assets	<u>4,171,359</u>	<u>906,274</u>	<u>782,953</u>	<u>2,126,140</u>	<u>7,986,726</u>
Ending Net Assets	<u>\$ 4,792,576</u>	<u>\$ 826,112</u>	<u>\$ 613,270</u>	<u>\$ 2,348,988</u>	<u>\$ 8,580,946</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2009

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 1,308,510	\$ 2,692,984
Cash Paid to Suppliers	(649,235)	(895,796)
Cash Paid to Employees	(288,481)	(1,777,923)
Net cash provided (used) by operating activities	<u>370,794</u>	<u>19,265</u>
Cash Flows From Noncapital Financing Activities		
Intergovernmental Revenue	291,528	1,461
Gain (Loss) on the Sale of Assets	-	-
Interfund Loan	-	-
Transfers In	138,000	-
Transfers Out	(1,659)	(20,871)
Net cash provided (used) by noncapital financing activities	<u>427,869</u>	<u>(19,410)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(403,827)	(6,249)
Net cash provided (used) by capital financing activities	<u>(403,827)</u>	<u>(6,249)</u>
Cash flows from investing activities		
Interest on Investments	61,013	16,917
Net increase (decrease) in cash and investments	455,849	10,523
Cash and investments, beginning of year	2,791,871	806,497
Cash and investments, end of year	<u>\$ 3,247,720</u>	<u>\$ 817,020</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 132,335	\$ (77,669)
Depreciation and Amortization	267,885	36,756
(Increase) Decrease in Receivables	(29,297)	(5,158)
Increase (Decrease) in Payables	(13,518)	(3,681)
Increase (Decrease) in Payroll Liabilities	13,389	69,017
Net Cash Provided by Operating Activities	<u>\$ 370,794</u>	<u>\$ 19,265</u>

ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
\$ 2,800,372	\$ 3,496,966	\$ 10,298,832
(721,314)	(3,234,631)	(5,500,976)
(2,158,758)	(79,467)	(4,304,629)
<u>(79,700)</u>	<u>182,868</u>	<u>493,227</u>
12,959	-	305,948
-	-	-
-	(91,205)	(91,205)
-	-	138,000
-	-	(22,530)
<u>12,959</u>	<u>(91,205)</u>	<u>330,213</u>
-	-	(410,076)
-	-	(410,076)
22,630	46,382	146,942
(44,111)	138,045	560,306
<u>1,076,083</u>	<u>2,268,803</u>	<u>6,943,254</u>
<u>\$ 1,031,972</u>	<u>\$ 2,406,848</u>	<u>\$ 7,503,560</u>
\$ (205,272)	\$ 176,466	\$ 25,860
10,779	-	315,420
(1,596)	(1,847)	(37,898)
11,518	9,494	3,813
<u>104,871</u>	<u>(1,245)</u>	<u>186,032</u>
<u>\$ (79,700)</u>	<u>\$ 182,868</u>	<u>\$ 493,227</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

<u>FLEET OPERATIONS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ -	\$ 498,035	\$ 291,528	\$ (206,507)
Charges for Services	1,379,678	1,379,678	1,332,982	(46,696)
Interest on Investments	82,700	82,700	61,013	(21,687)
Miscellaneous	10,000	10,000	4,825	(5,175)
Total Revenues	<u>1,472,378</u>	<u>1,970,413</u>	<u>1,690,348</u>	<u>(280,065)</u>
EXPENDITURES:				
Garage Operations	771,554	771,554 (1)	719,371	52,183
Equipment Replacement Operations	835,121	1,333,156 (1)	622,044	711,112
Contingency	374,724	374,724 (1)	-	374,724
Total Expenditures	<u>1,981,399</u>	<u>2,479,434</u>	<u>1,341,415</u>	<u>1,138,019</u>
Excess of Revenues Over (Under) Expenditures	<u>(509,021)</u>	<u>(509,021)</u>	<u>348,933</u>	<u>857,954</u>
OTHER FINANCING SOURCES:				
Transfers In	298,000	298,000	138,000	(160,000)
Sale of Assets	-	-	-	-
Transfers Out	(500,000)	(500,000)	(1,659)	498,341
Total Other Financing Sources	<u>(202,000)</u>	<u>(202,000)</u>	<u>136,341</u>	<u>338,341</u>
Net Change in Fund Balance	(711,021)	(711,021)	485,274	1,196,295
Beginning Fund Balance	<u>2,719,857</u>	<u>2,719,857</u>	<u>2,723,154</u>	<u>3,297</u>
Ending Fund Balance	<u>\$ 2,008,836</u>	<u>\$ 2,008,836</u>	<u>\$ 3,208,428</u>	<u>\$ 1,199,592</u>
Reconciliation to Net Assets				
Capital Assets, net			<u>1,584,148</u>	
Total Net Assets			<u>\$ 4,792,576</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

<u>SUPPORT SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,461	\$ 1,461
Charges for Services	2,906,271	2,906,271	2,681,277	(224,994)
Interest on Investments	17,900	17,900	16,917	(983)
Miscellaneous Revenues	31,370	31,370	16,865	(14,505)
Total Revenues	2,955,541	2,955,541	2,716,520	(239,021)
EXPENDITURES:				
Property Management	555,097	555,097 (1)	527,651	27,446
Engineering Services	1,256,613	1,256,613 (1)	1,111,988	144,625
Community Development Management	649,899	649,899 (1)	600,130	49,769
Information Technology	581,495	581,495	505,534	75,961
Debt Service	-	- (1)	-	-
Contingency	246,797	246,797 (1)	-	246,797
Total expenditures	3,289,901	3,289,901	2,745,303	544,598
Excess of Revenues Over (Under) Expenditures	(334,360)	(334,360)	(28,783)	305,577
OTHER FINANCING SOURCE (USES)				
Transfer In	-	-	-	-
Interfund Loans	-	-	-	-
Transfers Out	(20,871)	(20,871) (1)	(20,871)	-
Total Other Financing Sources (Uses)	(20,871)	(20,871)	(20,871)	-
Net Change in Fund Balance	(355,231)	(355,231)	(49,654)	305,577
Beginning Fund Balance	355,231	355,231	460,490	105,259
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,836</u>	<u>\$ 410,836</u>
Reconciliation to Net Assets				
Interfund Loans			-	
Capital Assets, net			415,276	
Total Net Assets			<u>\$ 826,112</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

ADMINISTRATIVE SERVICES FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ 14,250	\$ 14,250	\$ 12,959	\$ (1,291)
Charges for Services	3,104,603	3,104,603	2,801,419	(303,184)
Interest on Investments	20,550	20,550	22,630	2,080
Miscellaneous Revenues	100	100	549	449
Total Revenues	3,139,503	3,139,503	2,837,557	(301,946)
EXPENDITURES:				
Management Services	789,036	789,036 (1)	772,141	16,895
Legal Services	381,276	381,276 (1)	331,500	49,776
Finance Services	1,431,256	1,431,256 (1)	1,326,131	105,125
General Program Operations	289,108	289,108 (1)	217,224	71,884
Human Resources	418,877	418,877 (1)	349,464	69,413
Contingency	454,738	454,738 (1)	-	454,738
Total expenditures	3,764,291	3,764,291	2,996,460	767,831
Net Change in Fund Balance	(624,788)	(624,788)	(158,903)	465,885
Beginning Fund Balance	624,788	624,788	772,173	147,385
Ending Fund Balance	\$ -	\$ -	\$ 613,270	\$ 613,270
Reconciliation to Net Assets				
Capital Assets, net			-	
Total Net Assets			\$ 613,270	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2009

<u>INSURANCE SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	3,808,458	3,808,458	3,422,836	(385,622)
Interest on Investments	65,401	65,401	46,382	(19,019)
Miscellaneous	134,200	134,200	75,977	(58,223)
Total Revenues	4,008,059	4,008,059	3,545,195	(462,864)
EXPENDITURES:				
General Insurance Services	483,322	483,322 (1)	361,514	121,808
Benefits Administration	3,059,550	3,059,550 (1)	2,726,030	333,520
Workers' Compensation Insurance	381,406	381,406 (1)	234,803	146,603
Contingency	525,000	525,000 (1)	-	525,000
Total expenditures	4,449,278	4,449,278	3,322,347	1,126,931
Excess of Revenues Over (Under) Expenditures	(441,219)	(441,219)	222,848	664,067
OTHER FINANCING SOURCE (USES)				
Interfund Loans	-	-	(91,205)	(91,205)
Transfer In	-	-	-	-
Transfers Out	-	-	(1)	-
Total Other Financing Sources (Uses)	-	-	(91,205)	(91,205)
Net Change in Fund Balance	(441,219)	(441,219)	131,643	572,862
Beginning Fund Balance	1,868,465	1,868,465	1,946,140	77,675
Prior Period Adjustment			125,000	
Ending Fund Balance	<u>\$ 1,427,246</u>	<u>\$ 1,427,246</u>	<u>\$ 2,202,783</u>	<u>\$ 775,537</u>
Reconciliation to Net Assets				
Interfund Loans			146,205	
Total Net Assets			<u>\$ 2,348,988</u>	

(1) Appropriation Level

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
For the Fiscal Year Ended June 30, 2009**

	Balance at June 30, 2008	Additions	Deductions	Balance at June 30, 2009
Assets				
Cash and Investments	\$ 3,582,922	\$ 3,369,109	\$ 3,582,922	\$ 3,369,109
Accounts Receivable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,582,922</u>	<u>\$ 3,369,109</u>	<u>\$ 3,582,922</u>	<u>\$ 3,369,109</u>
Liabilities				
Due to Others	<u>\$ 3,589,992</u>	<u>\$ 3,369,109</u>	<u>\$ 3,589,992</u>	<u>\$ 3,369,109</u>

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Fiscal Year Ended June 30, 2009**

GENERAL AND WATER FUNDS

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/1/08	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/09
Current:						
2008-09	\$ 14,204,620	\$ 317,738	\$ 0	\$ 6,209	\$ 13,285,125	\$ 607,966
Prior Years:						
2007-08	448,895	0	(34,879)	10,517	213,279	211,254
2006-07	137,666	0	(4,487)	6,428	59,704	79,903
2005-06	46,871	0	5,308	6,982	41,801	17,360
2004-05	11,595	0	(4,850)	1,110	5,918	1,937
2003-04	1,980	0	(682)	135	437	996
Prior	3,454	0	3,422	137	439	6,574
Total Prior	650,461	0	(36,168)	25,309	321,578	318,024
Total All Funds	\$ 14,855,081	\$ 317,738	\$ (36,168)	\$ 31,518	\$ 13,606,703	\$ 925,990

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 13,606,703
Accrual of Receivables:	
June 30, 2008	(156,102)
June 30, 2009	152,461
Miscellaneous Taxes	5,834
Total Revenue	\$ 13,608,896

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
US DEPARTMENT OF JUSTICE		
Edward Byrne Memorial Justice Assistance via Oregon State Police	16.738	\$ 35,966
US DEPARTMENT OF TRANSPORTATION		
Federal Highway Administration through ODOT		
Congestion Mitigation and Air Quality Impvment (CMAQ) - Hybrid Cars	20.205	291,528
Speed Enforcement Overtime 2009	20.600 through 20.605	636
ICOP	20.600 through 20.605	2,350
Public Safety Overtime	20.600 through 20.605	1,484
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed thru OECDD		
Community Development Block Grant Microenterprise Assist.	14.225	1,299
US DEPARTMENT OF HOMELAND SECURITY / FEMA		
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	178,532 (1)
Assistance to Firefighters Grant (AFG) Program	97.044	104,371
Dept. of Homeland Security Pass-through to Oregon Military Dept Law Enforcement Terrorism Prevention Program	97.074	135,378
NATIONAL HIGHWAY TRANSPORTATION SAFETY ADMINISTRATION AND FEDERAL HIGHWAY ADMINISTRATION		
Pass-through to OR Assoc. Chiefs of Police		
DUII Traffic Enforcement	20.600 through 20.605	3,380
Safety Belt/Three Flag Traffic Enforcement	20.600 through 20.605	3,740
Child Safety Seats	20.600 through 20.605	3,000
Pass-through ODOT to the Bicycle Transportation Alliance		
Pedestrian Safety Enforcement	20.600 through 20.605	3,262
Pass-through to ACTS Oregon		
Bicylce Safety Mini-grant	20.600 through 20.605	<u>2,378</u>
 TOTAL FEDERAL EXPENDITURES		 <u>\$ 767,304</u>

(1) Major Program

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

STATISTICAL SECTION

This part of the City of Grants Pass' comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	92
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	99
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	106
Demographic and Economic Information	
<i>These schedules offer demographics and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	115
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	120

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

NET ASSETS BY COMPONENT

	For the last seven fiscal years* (Unaudited)						
	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities							
Invested in Capital Assets, net of related debt	\$ 61,446,389	70,817,161	41,109,766	94,714,953	109,719,868	129,195,607	133,844,008
Restricted for Capital Purposes	-	-	-	-	-	3,706,534	1,524,619
Unrestricted	<u>15,919,809</u>	<u>18,056,168</u>	<u>57,569,142</u>	<u>20,457,257</u>	<u>37,053,641</u>	<u>26,433,560</u>	<u>28,878,112</u>
Total governmental activities net assets	<u>\$ 77,366,198</u>	<u>88,873,329</u>	<u>98,678,908</u>	<u>115,172,210</u>	<u>146,773,509</u>	<u>159,335,701</u>	<u>164,246,739</u>
Business-Type Activities							
Invested in Capital Assets, net of related debt	\$ 61,220,836	62,607,143	66,870,761	71,185,429	76,870,093	82,828,074	84,254,981
Restricted	-	-	-	-	-	-	-
Unrestricted	<u>7,128,214</u>	<u>8,969,442</u>	<u>11,226,231</u>	<u>11,829,156</u>	<u>13,009,932</u>	<u>11,255,966</u>	<u>11,529,197</u>
Total business-type activities net assets	<u>\$ 68,349,050</u>	<u>71,576,585</u>	<u>78,096,992</u>	<u>83,014,585</u>	<u>89,880,025</u>	<u>94,084,040</u>	<u>95,784,178</u>
Primary government							
Invested in Capital Assets, net of related debt	\$ 122,667,225	133,424,304	107,980,527	165,900,382	186,589,961	212,023,742	218,098,989
Restricted for Capital Purposes	-	-	-	-	-	3,706,534	1,524,619
Unrestricted	<u>23,048,023</u>	<u>27,025,610</u>	<u>68,795,373</u>	<u>32,286,413</u>	<u>50,063,573</u>	<u>37,689,465</u>	<u>40,407,309</u>
Total primary government net assets	<u>\$ 145,715,248</u>	<u>160,449,914</u>	<u>176,775,900</u>	<u>198,186,795</u>	<u>236,653,534</u>	<u>253,419,741</u>	<u>260,030,917</u>

*The reporting of these statistics began after GASB 34 implementation, therefore only seven years are reported.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

CHANGES IN NET ASSETS

Expenses	For the last seven fiscal years (unaudited)						
	2003	2004	2005	Fiscal Year 2006	2007	2008	2009
Governmental Activities							
Public Safety	\$ 6,861,932	\$ 8,967,348	\$ 11,308,389	\$ 8,505,477	\$ 13,897,740	\$ 12,104,326	\$ 15,715,693
Transportation	1,511,761	1,672,361	1,357,134	1,007,261	1,662,747	1,430,601	1,720,308
Building	644,421	862,341	1,110,231	765,541	1,178,647	910,259	806,483
Parks	1,139,412	361,174	1,518,671	1,135,134	1,666,934	1,450,608	2,063,311
Development	2,639,705	2,493,017	2,392,553	2,815,350	2,099,393	3,278,657	2,789,112
General Government	246,978	245,936	143,923	193,264	226,893	218,905	228,948
Solid Waste	325,399	378,738	2,050,240	(139,183)	787,168	1,474,560	178,512
Interest	149,460	364,393	173,982	339,344	212,221	445,088	504,102
Total Governmental Activities Expenses	13,519,068	15,345,308	20,055,123	14,622,188	21,731,743	21,313,004	24,006,469
Business- Type Activities							
Water	2,643,028	2,908,859	3,397,559	3,660,103	3,795,099	3,019,237	4,171,634
Sewer	3,394,601	3,606,999	5,015,385	4,544,046	4,673,214	5,617,811	5,486,284
Interest	416,330	547,767	***				
Total Business-Type Activities Expenses	6,453,959	7,063,625	8,412,944	8,204,149	8,468,313	8,637,048	9,657,918
Total Primary Government Expenses	\$ 19,973,027	\$ 22,408,933	\$ 28,468,067	\$ 22,826,337	\$ 30,200,056	\$ 29,950,052	\$ 33,664,387
Program Revenues							
Governmental Activities							
Charges for Service:	\$ 3,097,391	\$ 4,786,614	\$ 6,946,869	\$ 9,180,248	\$ -	\$ -	\$ -
Transportation	-	-	-	-	23,214,300	3,541,708	2,532,870
General Government	-	-	-	-	5,281,710	1,161,947	506,123
Other	-	-	-	-	2,127,083	1,938,835	1,396,315
Operating Grants and Contributions	59,361	274,952	377,726	2,239,659	142,581	184,284	256,481
Capital Grants					398,285		339,749
Dedicated Property Taxes	7,435,680	*	*	*	*	*	*
Total Governmental Activities Revenues	10,592,432	5,061,566	7,324,595	11,419,907	31,163,959	6,826,774	5,031,538
Business-Type Activities							
Charges for Service:	7,579,395	8,364,037	8,781,698	10,341,297	-	-	-
Water					5,052,827	4,461,350	4,312,938
Sewer					6,281,328	5,940,872	5,332,252
Operating Grants and Contributions	-	-	-	1,761,536	2,873,646	1,010,140	909,274
Total Business-Type Activities Revenues	7,579,395	8,364,037	8,781,698	12,102,833	14,207,801	11,412,362	10,554,464
Total Primary Government Revenues	\$ 18,171,827	\$ 13,425,603	\$ 16,106,293	\$ 23,522,740	\$ 45,371,760	\$ 18,239,136	\$ 15,586,002
Net (Expense)/Revenue							
Governmental Activities	\$ (2,926,636)	\$ (10,283,742)	(12,730,528)	(3,202,281)	9,432,217	(14,486,230)	(18,974,931)
Business-Type Activities	1,125,436	1,300,412	368,754	3,898,684	5,739,488	2,775,314	896,546
Total Primary Government Net Expense	\$ (1,801,200)	\$ (8,983,330)	\$ (12,361,774)	\$ 696,403	\$ 15,171,704	\$ (11,710,916)	\$ (18,078,385)

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

CHANGES IN NET ASSETS (continued)

	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental Activities							
Taxes	\$ 2,936,236	\$ 11,035,419	\$ 11,922,037	\$ 14,003,723	\$ 16,153,726	\$ 18,241,381	\$ 17,808,752
Licenses and Permits	58,381	**	**	**	**	**	**
Intergovernmental	4,264,905	3,636,796	3,805,599	3,727,927	3,551,395	5,071,345	3,928,465
Fines and Forfeitures	156,635	**	**	**	**	**	**
Special Assessments	893,573	**	**	**	**	**	**
Interest	421,389	307,318	535,698	914,546	1,459,814	1,856,733	896,915
Interest on Assessments	187,030	50,633	****	****	****	****	****
Trust Receipts	7,723	153,920	222,376	204,401	77,560	233,637	38,805
Contributions	6,450	6,168,301	5,520,142	*****	*****	*****	*****
Industrial Payments	68,572	100,441	36,716	29,835	69,068	7,151	24,446
Sale of Assets	460,857	171,194	****	****	****	****	****
Miscellaneous	395,065	76,351	51,624	749,580	735,071	1,985,656	799,012
Transfers	623,055	377,096	441,915	65,571	122,447	(347,481)	389,574
Total Governmental Activities	\$ 10,479,871	\$ 22,077,469	\$ 22,536,107	\$ 19,695,583	\$ 22,169,081	\$ 27,048,422	\$ 23,885,969
Business-Type Activities							
Taxes	\$ 867	\$ 380	\$ 146	\$ -	\$ -	\$ -	\$ -
Intergovernmental	171,211	212,002	240,625	260,966	275,843	257,045	327,430
Special Assessments	12,252	**	**	**	**	**	**
Interest	132,832	107,273	168,727	361,315	559,754	407,972	225,424
Trust Receipts	39,559	113,339	91,044	176,422	100,445	67,968	522,714
Contributions	1,888,150	1,553,530	5,831,783	*****	*****	*****	*****
Sale of Assets	39,291	(70,560)	****	****	****	****	****
Miscellaneous	165,437	388,255	261,243	285,777	312,358	350,236	117,598
Transfers	(623,055)	(377,096)	(441,915)	(65,571)	(122,447)	347,481	(389,574)
Total Business-Type Activities	\$ 1,826,544	\$ 1,927,123	\$ 6,151,653	\$ 1,018,909	\$ 1,125,953	\$ 1,430,702	\$ 803,592
Total Primary Government	\$ 12,306,415	\$ 24,004,592	\$ 28,687,760	\$ 20,714,492	\$ 23,295,034	\$ 28,479,124	\$ 24,689,561
Change in Net Assets							
Governmental Activities	\$ 7,553,235	\$ 11,793,727	\$ 9,805,579	\$ 16,493,302	\$ 31,601,298	\$ 12,562,192	\$ 4,911,038
Business-Type Activities	2,951,980	3,227,535	6,520,407	4,917,593	6,865,441	4,206,016	1,700,138
Total Primary Government	\$ 10,505,215	\$ 15,021,262	\$ 16,325,986	\$ 21,410,895	\$ 38,466,739	\$ 16,768,208	\$ 6,611,176

* Dedicated property taxes are reported in General Revenue under Taxes in 2004.
 ** From 2004 forward this revenue is reported as Charges for Services in Program Revenues.
 *** From 2005 forward the interest expense is recorded in the activity in which it was expensed.
 **** From 2005 forward the interest and interest on assessments is combined and the sale of assets is in miscellaneous.
 *****From 2006 forward this revenue is reported as Charges for Services in Program Revenues.

NOTE: The reporting of these statistics began after GASB 34 implementation, therefore only seven years are reported.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

PROGRAM REVENUE BY FUNCTION

For the last seven fiscal years
(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Program Revenues							
Governmental Activities							
Public Safety *	\$ 6,335,774	\$ 792,525	\$ 529,560	\$ 484,070	\$ 343,114	\$ 488,697	\$ 873,106
Transportation	1,442,317	2,063,175	3,182,643	6,353,654	23,224,198	3,541,968	2,532,870
Building	909,784	1,155,723	1,394,747	1,241,980	903,800	835,566	335,550
Parks	15,814	36,387	19,550	827,167	4,750	452,763	134,809
Development	1,564,195	655,463	1,311,569	290,772	1,061,950	20,758	312,071
General Government	6,556	10,745	552,682	1,876,329	5,281,710	1,161,947	506,123
Solid Waste	317,992	347,548	333,844	345,935	344,437	325,075	337,009
Subtotal Governmental activities	<u>10,592,432</u>	<u>5,061,566</u>	<u>7,324,595</u>	<u>11,419,907</u>	<u>31,163,959</u>	<u>6,826,774</u>	<u>5,031,538</u>
Business-Type Activities							
Water	3,615,418	4,000,671	4,114,400	5,854,617	7,029,744	5,204,874	4,736,238
Sewer	3,963,977	4,363,366	4,667,298	6,248,216	7,178,057	6,207,488	5,818,226
Subtotal Business-Type Activities	<u>7,579,395</u>	<u>8,364,037</u>	<u>8,781,698</u>	<u>12,102,833</u>	<u>14,207,801</u>	<u>11,412,362</u>	<u>10,554,464</u>
Total Primary Government	<u>\$ 18,171,827</u>	<u>\$ 13,425,603</u>	<u>\$ 16,106,293</u>	<u>\$ 23,522,740</u>	<u>\$ 45,371,760</u>	<u>\$ 18,239,136</u>	<u>\$ 15,586,002</u>

* In FY'03 Public Safety program revenue included Dedicated Property Taxes.
From FY'04 forward Property Taxes are recorded in the General Revenues section
of the Statement of Activities.

NOTE: The reporting of these statistics began after GASB 34 implementation, therefore only seven years are reported.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

FUND BALANCES, GOVERNMENTAL FUNDS

For the last seven fiscal years
(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>2,727,493</u>	<u>2,423,670</u>	<u>3,019,923</u>	<u>4,438,485</u>	<u>5,581,614</u>	<u>7,482,929</u>	<u>7,736,946</u>
Total General Fund	<u>\$ 2,727,493</u>	<u>\$ 2,423,670</u>	<u>\$ 3,019,923</u>	<u>\$ 4,438,485</u>	<u>\$ 5,581,614</u>	<u>\$ 7,482,929</u>	<u>\$ 7,736,946</u>
All Other Governmental Funds							
Reserved	\$ 945,262	(1,381,330)	(1,493,576)	(2,391,514)	(1,500,626)	\$ 3,706,534	\$ 1,584,732
Unreserved, reported in:							
Special Revenue Funds	5,240,358	5,637,517	5,767,543	5,645,630	5,728,115	5,692,914	5,668,343
Capital Projects Funds	5,160,440	7,573,454	8,942,175	7,810,238	20,735,290	12,204,633	12,788,348
Debt Service Funds	<u>(1,916,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,386,260)</u>	<u>(1,782,901)</u>
Total All Governmental Funds	<u>\$ 9,429,846</u>	<u>\$ 14,253,311</u>	<u>\$ 16,236,065</u>	<u>\$ 15,502,839</u>	<u>\$ 30,544,393</u>	<u>\$ 27,700,750</u>	<u>\$ 25,995,468</u>

NOTE: The reporting of these statistics began after GASB 34 implementation, therefore only seven years are reported.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS ⁽⁴⁾

For the last ten fiscal years
(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues ⁽¹⁾											
Taxes	7,154,545	7,511,590	7,898,609	8,441,907	10,380,444	11,093,602	11,854,212	14,006,903	16,118,499	18,143,991	17,450,007
Licenses and Permits	330,956	453,874	606,322	585,282	734,950	898,559	1,076,622	1,020,253	711,524	492,375	286,445
Intergovernmental	1,438,470	1,481,763	2,458,884	2,386,793	4,256,934	3,844,673	4,128,652	5,387,371	4,045,054	5,225,029	4,312,300
Charges for Services	3,143,862	3,574,603	2,133,777	1,200,539	2,287,356	3,299,013	4,970,440	5,002,020	3,889,361	3,505,815	2,827,772
Fines and Forfeitures	147,058	141,004	160,455	183,753	156,635	164,852	163,055	200,322	233,887	253,766	237,776
Special Assessments	166,803	80,439	102,060	222,021	521,448	517,331	428,056	591,532	1,051,627	202,536	795,947
Interest					544,835	311,951	443,858	779,618	1,275,934	1,672,282	794,905
Other Revenues ⁽²⁾	823,858	897,881	1,247,145	470,661	376,610	369,895	473,826	561,775	277,830	1,299,891	229,240
Total Revenues	13,205,552	14,141,154	14,607,252	13,490,953	19,259,212	20,499,876	23,538,721	27,549,794	27,603,716	30,795,685	26,934,392
Expenditures ⁽¹⁾											
General Governmental	81,890	93,826	270,208	177,193	160,190	110,938	113,413	238,166	190,691	237,401	549,079
Public Safety	5,402,335	5,704,682	6,527,609	7,117,745	7,629,926	8,536,933	9,129,171	10,350,614	11,826,804	12,596,250	14,008,746
Field Operations	2,895,074	2,887,022	2,612,715	2,453,511	0	-	-	-	-	-	-
Community Development	1,120,811	1,210,034	1,488,285	1,599,375	3,037,279	2,428,001	1,934,013	3,439,641	1,786,695	3,393,756	2,486,875
Debt Service ⁽³⁾	208,870	317,665	91,882	93,305							
Principal					403,861	481,496	462,466	669,499	714,972	1,328,521	1,466,960
Interest					165,631	152,928	173,982	149,304	225,289	467,588	462,106
Solid Waste				6,842,294	377,602	1,884,141	392,357	399,179	376,302	369,431	352,704
Capital Outlay	723,088	299,287	713,738	382,517	5,414,335	4,786,154	9,132,159	9,499,093	3,703,899	11,752,279	6,674,210
Transportation					949,597	996,651	1,084,732	1,240,225	1,405,089	1,529,698	1,526,810
Building					697,950	792,896	893,389	938,973	999,912	961,444	716,102
Parks					1,076,203	1,115,138	1,225,688	1,389,164	1,417,736	1,512,891	1,615,733
Total Expenditures	10,432,068	10,512,516	11,704,437	18,665,940	19,912,574	21,285,276	24,541,370	28,313,858	22,647,389	34,149,259	29,859,325

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED) ⁽⁴⁾

	For the last ten fiscal years (Unaudited)										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other Financing Sources (Uses)											
Loan Proceeds						1500000			9,998,031	-	-
Sale of Assets					470471	966,789	2,624,201	4,842	1,195	878,942	910,239
Operating Transfer In					4325468	3,064,292	3,801,142	4,109,259	3,331,276	2,760,935	8,302,583
Operating Transfers Out					-3803419	(2,649,709)	(3,451,142)	(4,083,259)	(3,245,276)	(3,129,937)	(7,993,171)
Total Other Financing Sources (Uses)					992520	2,881,372	2,974,201	30,842	10,085,226	509,940	1,219,651
Net Change in Fund Balances					207120.08	1,878,723	2,210,137	4,987,169	15,041,553	(2,843,634)	(1,705,282)
Debt Service as a percentage of noncapital expenditures					4.00%	4.31%	4.55%	5.22%	5.22%	8.72%	9.08%

(1) Includes General, Special Revenue and Debt Service Funds in years 1996-2002, from 2003 on, includes all governmental funds.

(2) 1995 - 2002 Includes net miscellaneous revenue, primarily interest.

(3) Principal and Interest component of Debt Service shown separately beginning with fiscal year 2003.

(4) This statistical page was reformatted for Fiscal Year 2004 and newly required information begins with Fiscal Year 2003.

Source: Annual financial statements of the City of Grants Pass

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS⁽¹⁾

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Property	Business	Franchise	Transient Room Tax	Total
2000	5,124,525	263,524	1,498,060	625,480	7,511,590
2001	5,375,396	245,783	1,590,649	686,781	7,898,609
2002	5,689,844	264,897	1,708,606	778,561	8,441,907
2003	7,438,564	257,322	1,761,362	923,195	10,380,443
2004	8,047,184	265,026	1,869,265	912,507	11,093,982
2005	8,705,901	289,165	1,931,515	927,631	11,854,212
2006	10,556,145	307,492	2,140,490	1,002,776	14,006,903
2007	12,450,442	305,103	2,351,245	1,046,936	16,153,726
2008	14,411,920	320,413	2,484,617	1,024,431	18,241,381
2009	14,102,746	313,194	2,422,366	970,446	17,808,752

(1) Includes General, Special Revenue and Debt Service Funds in years 1994-2002, from 2003 on, includes all governmental funds.

Source: Annual financial statements and internal accounting reports of the City of Grants Pass

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

PROPERTY TAX LEVIES AND COLLECTIONS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied by Assessor	Current Tax Collections	Current Tax Collections as a		Total Tax Collections	Total Collections as a		Uncollected Delinquent Taxes	Uncollected Taxes as a Percentage of Current Levy
			Percentage of Current Levy	Delinquent Taxes Collected		Percentage of Current Levy	Uncollected Taxes		
2000	5,548,281	5,125,870	92%	362,303	5,488,173	99%	472,721	9%	
2001	5,475,944	5,069,343	93%	319,633	5,388,976	98%	435,506	8%	
2002	5,816,331	5,415,158	93%	297,333	5,712,491	98%	414,740	7%	
2003	6,252,061	5,851,379	94%	288,342	6,139,722	98%	404,297	6%	
2004	6,804,725	6,386,298	94%	275,413	6,661,711	98%	377,548	6%	
2005	7,427,728	6,943,714	93%	274,297	7,218,011	97%	399,011	5%	
2006	9,171,224	8,639,674	94%	259,400	8,899,074	97%	409,395	4%	
2007	11,019,070	10,326,444	94%	239,558	10,566,002	96%	525,089	5%	
2008	12,892,015	12,159,160	94%	270,092	12,429,252	96%	650,461	5%	
2009	14,204,620	13,285,125	94%	321,578	13,606,703	96%	925,990	7%	

Source: Annual financial statements and internal accounting reports of the City of Grants Pass

*does not include the Parkway Redevelopment Fund

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

CONSOLIDATED TAX RATES
(Per \$1,000 of Assessed Value)

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Total	General Fund	Debt Service Fund	Water Fund	Parkway Redevelopment Fund
2000	5.28	4.99	-	0.29	-
2001	4.98	4.98	-	-	-
2002	4.98	4.98	-	-	-
2003	4.98	4.98	-	-	-
2004	5.02	5.02	-	-	-
2005	5.02	5.02	-	-	-
2006	5.62	5.62	-	-	-
2007	5.62	5.62	-	-	-
2008	6.13	6.13	-	-	-
2009	6.12	6.12	-	-	-

Source: Annual financial statements and internal accounting reports of the City of Grants Pass

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

CONSOLIDATED TAX LEVIES

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Total	General Fund	Bond Debt/Service Fund	Water Fund	Parkway Redevelopment Fund
2000	6,684,935	5,238,282	-	310,000	1,136,653
2001	6,674,921	5,475,944	-	-	1,198,977
2002	7,003,863	5,816,331	-	-	1,187,532
2003	7,585,739	6,252,061	-	-	1,333,678
2004	8,188,825	6,804,725	-	-	1,384,100
2005	8,997,490	7,427,728	-	-	1,569,762
2006	10,852,219	9,171,224	-	-	1,680,995
2007	12,824,629	11,019,070	-	-	1,805,559
2008	14,851,145	11,767,092	1,124,923	-	1,959,130
2009	14,204,620	13,044,673	1,159,947	-	-

Source: Josephine County

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For the last ten fiscal years (Unaudited)

Fiscal Year Ended June 30,	Total Direct Tax Rate	Assessed Value					Real Market Value	Ratio AV/MV
		Real	Manufactured Structures	Personal	Utilities	Total		
2000	\$ 5.28	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 1,129,100,398	\$ N/A	N/A
2001	4.98	N/A	N/A	N/A	N/A	1,180,905,168	N/A	N/A
2002	4.98	N/A	N/A	N/A	N/A	1,253,169,191	N/A	N/A
2003	4.98	1,248,663,492	8,847,293	54,853,501	36,910,015	1,349,274,301	1,551,801,287	87%
2004	5.02	1,339,676,064	9,073,729	61,591,847	35,872,823	1,446,214,463	1,770,587,377	82%
2005	5.02	1,462,610,024	10,415,063	64,628,666	41,658,105	1,579,311,858	2,173,784,655	73%
2006	5.62	1,619,998,222	11,063,590	66,854,676	31,005,555	1,728,922,043	2,689,529,405	64%
2007	5.62	1,938,382,246	22,362,100	72,828,353	31,735,000	2,065,307,699	3,690,578,756	56%
2008	6.13	2,074,687,531	22,939,620	76,015,525	33,386,700	2,207,029,376	3,940,725,214	56%
2009	6.12	2,181,783,170	22,901,740	79,434,508	34,380,420	2,318,499,838	3,817,384,012	61%

Source: Josephine County

N/A - Not Available

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Value)

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	General Fund	Debt Service Fund	Parkway Redevelopment Fund	Water Fund	Total (4)	Josephine County	School District No.7	Rogue Community College	Education Service District	4H Extension	Total	Measure 5 Total (2)
2000	4.99	-	-	0.29	5.28	1.15	7.82 (3)	0.51	0.35	0.05	15.16 (2)	14.77
2001	4.98	-	-	-	4.98	1.52	7.63 (3)	0.51	0.35	0.05	15.04 (2)	14.65
2002	4.98	-	-	-	4.98	0.96	7.54 (3)	0.51	0.35	0.05	14.39 (2)	13.99
2003	4.98	-	-	-	4.98	0.93	7.46 (3)	0.51	0.35	0.05	14.28 (2)	13.88
2004	5.02	-	-	-	5.02	0.88	6.83 (3)	0.51	0.35	0.05	13.64 (2)	13.24
2005	5.02	-	-	-	5.02	0.85	7.16 (3)	0.51	0.35	0.05	13.94 (2)	13.54
2006	5.62	-	-	-	5.62	0.83	6.67 (3)	0.51	0.35	0.05	14.03 (2)	13.63
2007	5.62	-	-	-	5.62	0.81	6.48 (3)	0.51	0.35	0.05	13.82 (2)	13.42
2008	6.13	-	-	-	6.13	0.80	6.41 (3)	0.51	0.35	0.05	14.25 (2)	13.85
2009	6.12	-	-	-	6.12	0.79	6.21 (3)	0.51	0.35	0.05	14.02 (2)	13.62

(1) Excludes Urban Renewal Agencies

(2) Rate limited due to effect of Measure 5

(3) Ballot Measure 50 approved by voters on May, 1997, recalculated taxing districts' levies into permanent tax rates.

Districts may levy local option levies or bond repayment levies in addition to the permanent rates with voter approval.

(4) While Josephine County assesses personal property tax, the City's property tax base is entirely real property and does not include personal property.

Source: Josephine County

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

SPECIAL ASSESSMENT COLLECTIONS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Assessments Outstanding Beginning of Year	Additional Assessments Made During Year	Assessments Collected During Year	Adjustments During Year	Assessments Outstanding End of Year	Ratio Collections to Outstanding Assessments During Year
2000	354,165	12,419	94,495	15,826	287,915	29.4%
2001	287,915	199,203	82,807	(7,329)	396,982	24.2%
2002	396,982	677,646	155,975	(4,783)	913,870	23.8%
2003	913,870	863,628	532,230	2,760	1,248,028	49.2%
2004	1,248,028	101,418	517,741	(82,271)	749,434	51.8%
2005*	749,434	566,527	457,152	12,609	871,418	52.5%
2006	871,418	1,563,448	561,900	0	1,872,966	30.0%
2007*	1,872,966	11,692	963,791	0	920,867	104.7%
2008	920,867	1,260,672	162,020	(2,895)	2,016,624	8.0%
2009	2,016,624	43,362	818,310	(11,500)	1,230,176	66.5%

Source: Internal accounting reports of the City of Grants Pass

* Correction made to ending balance in 2005 and 2007. Additions by ordinance not included in Additional Assessments total.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

RATIO OF OUTSTANDING DEBT BY TYPE

For the last ten fiscal years
(Unaudited)

Fiscal year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Urban Renewal Refunding Bonds	Bancroft Bonds	General Obligation Bonds	Solid Waste Agency Loan	Water Bonds	SRF Loans			
2000	3,245,000	250,000	-	-	4,080,000	2,125,541	9,700,541	1.95%	362
2001	3,070,000	175,000	-	-	3,845,000	5,746,346	12,836,346	2.43%	306
2002	2,735,000	90,000	-	-	3,600,000	6,007,072	12,432,072	2.31%	271
2003	2,425,000	-	-	-	3,345,000	5,769,771	11,539,771	2.07%	482
2004	2,070,000	-	-	1,500,000	3,080,000	5,523,312	12,173,312	2.06%	491
2005	1,695,000	-	-	1,419,991	2,800,000	12,142,747	18,057,738	2.78%	710
2006	1,300,000	-	-	1,154,991	2,505,000	10,923,053	15,883,044	1.93%	519
2007	885,000	-	9,820,000	864,991	2,200,000	10,428,215	24,198,206	2.75%	774
2008	455,000	-	9,190,000	601,705	1,880,000	9,796,518	21,923,223	2.34%	679
2009	-	-	8,490,000	359,737	1,540,000	9,201,369	19,591,106	1.96%	590

N/A - information not available

Source: Internal accounting reports of the City of Grants Pass

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA**

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Population	Assessed Value (In \$1,000)	Gross Bonded Debt (1)	Less Debt Payable from Enterprise Revenue (2)	Less Debt Payable from Nonenterprise Revenue (3)	Gross Bonded Debt Payable from General Revenue	Less Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt per Dollar Assessed Value	Net Bonded Debt per Capita
2000	20,935	1,129,100	7,325,000	4,080,000	3,245,000	-	-	-	0.00%	-
2001	23,170	1,180,905	6,915,000	3,845,000	3,070,000	-	-	-	0.00%	-
2002	23,670	1,253,169	6,335,000	3,600,000	2,735,000	-	-	-	0.00%	-
2003	23,870	1,349,274	5,770,000	3,345,000	2,425,000	-	-	-	0.00%	-
2004	24,470	1,446,214	5,150,000	3,080,000	2,070,000	-	-	-	0.00%	-
2005	25,423	1,579,312	4,495,000	2,800,000	1,695,000	-	-	-	0.00%	-
2006	30,930	1,728,922	3,805,000	2,505,000	1,300,000	-	-	-	0.00%	-
2007	31,740	2,065,308	3,085,000	2,200,000	885,000	9,820,000	-	9,820,000	0.47%	\$309
2008	32,290	2,207,029	2,335,000	1,880,000	455,000	9,190,000	-	9,190,000	0.42%	\$285
2009	33,225	2,318,500	1,540,000	1,540,000	-	8,490,000	-	8,490,000	0.37%	\$256

(1) Excludes General Obligation improvement bonds

(2) These amounts are being repaid by Enterprise revenue

(3) These amounts are being repaid by tax increment revenue

Source: Internal accounting reports of the City of Grants Pass

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

LEGAL DEBT MARGIN INFORMATION

For the last ten fiscal years
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2009	
Total Real Market Value as of June 30, 2009	\$ 3,817,384,012
Less Non-Profit Housing	-2,416,800
	<u>\$ 3,814,967,212</u>
Debt limit, 3% of total assessed value - ORS 287.004	\$ 114,449,016
Amount of debt applicable to debt limit	
Total bonded debt, including special assessment bonds and public safety general obligation bonds	\$ 10,030,000
Less	
Other deductions allowed by law	
Special assessment and revenue bonds	<u>1,540,000</u>
Total deductions	<u>1,540,000</u>
Total amount of debt applicable to debt limit	<u>8,490,000</u>
Legal debt margin	<u><u>\$ 105,959,016</u></u>

*Total Real Market Value as defined in ORS 308.207

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	33,873,012	35,427,155	37,595,076	40,521,044	43,386,434	47,379,356	90,246,736	110,642,556	114,449,016	114,449,016
Total net debt applicable to limit	<u>3,245,000</u>	<u>3,070,000</u>	<u>2,735,000</u>	<u>2,425,000</u>	<u>2,070,000</u>	<u>1,695,000</u>	<u>1,300,000</u>	<u>10,705,000</u>	<u>9,645,000</u>	<u>8,490,000</u>
Legal debt margin	<u><u>30,628,012</u></u>	<u><u>32,357,155</u></u>	<u><u>34,860,076</u></u>	<u><u>38,096,044</u></u>	<u><u>41,316,434</u></u>	<u><u>45,684,356</u></u>	<u><u>88,946,735</u></u>	<u><u>99,937,556</u></u>	<u><u>104,804,016</u></u>	<u><u>105,959,016</u></u>
Total net debt applicable to the limit as a percentage of debt limit	9.58%	8.67%	7.27%	5.98%	4.77%	3.58%	1.44%	9.68%	8.43%	7.42%

Sources: Josephine County and annual financial statements of the City of Grants Pass

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

As of June 30, 2009

<u>Jurisdiction</u>	<u>Gross Property-Tax Backed Debt</u>	<u>Percentage Applicable to City of Grants Pass</u>	<u>Amount Applicable to City of Grants Pass</u>
Overlapping:			
Counties:			
Josephine	27,019,036	37.15%	10,037,275
School Districts:			
Grants Pass School District No. 7	14,575,000	82.15%	11,974,062
Three Rivers School District	46,220,000	5.72%	2,646,049
Community Colleges:			
Rogue Community College	42,805,000	9.70%	4,151,571
	<i>Sub-total Overlapping Debt</i>		28,808,957
Direct:			
City of Grants Pass			8,490,000
Total			\$ 37,298,957

Source: State of Oregon - Office of the Treasurer Debt Management Information System

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**RATIO OF ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE
EXPENDITURES TO GENERAL EXPENDITURES**

For the last ten fiscal years
(Unaudited)

Year of Maturity	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Debt Service as a Percentage of General Expenditures
2000	-	-	-	10,512,516	N/A
2001	-	-	-	11,704,437	N/A
2002	-	-	-	18,665,940	N/A
2003	-	-	-	19,892,574	N/A
2004	-	-	-	21,285,276	N/A
2005	-	-	-	24,541,370	N/A
2006	-	-	-	28,313,858	N/A
2007	-	-	-	22,647,389	N/A
2008	630,000	390,445	1,020,445	34,149,259	2.99%
2009	700,000	387,000	1,087,000	29,918,325	3.63%

(1) Includes General, Special Revenue and Debt Service Funds in 2000-2002, from 2003 on it includes all governmental funds.

Source: Annual financial statements of the City of Grants Pass

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**SCHEDULE OF REVENUE BOND COVERAGE
WATER BONDS**

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Gross Revenue (1)	Direct Operation Expenditures (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000 (3)	3,879,416	1,242,621	2,636,795	1,280,000	251,045	1,531,045	1.72
2001 (3)	3,549,285	1,617,606	1,931,679	235,000	176,165	411,165	4.70
2002 (3)	3,619,296	1,822,033	1,797,263	245,000	169,614	414,614	4.33
2003 (3)	3,730,443	1,809,437	1,921,006	255,000	157,200	412,200	4.66
2004 (3)	4,219,848	2,891,158	1,328,690	265,000	147,473	412,473	3.22
2005 (3)	4,385,147	3,376,904	1,008,243	280,000	134,895	414,895	2.43
2006 (3)	5,070,651	3,669,862	1,400,789	295,000	123,058	418,058	3.35
2007 (3)	5,412,155	3,777,173	1,634,982	305,000	111,430	416,430	3.93
2008 (3)	4,948,172	3,080,175	1,867,997	320,000	96,989	416,989	4.48
2009 (3)	4,760,706	4,160,585	600,121	340,000	82,836	422,836	1.42

- (1) Includes total operating revenue, interest income and taxes on a budgetary basis
- (2) Includes total operating expenses, except for depreciation
- (3) Includes revenues and expenses from Water Fund only

Source: Annual financial statements of the City of Grants Pass

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

SCHEDULE OF BONDS AND BOND INTEREST TRANSACTIONS

For the year ended June 30, 2009

	Interest Rates	Date of Issue	Bond Transactions						Outstanding June 30, 2009
			Original Issue	Outstanding June 30, 2008	Issued	Called	Matured	Paid	
General Obligation Bonds									
Supported Bonds									
1992 A Water Refunding	3.10-5.85%	4/01/92	\$ 6,165,000	\$ -	\$ -	\$ -	\$ -	\$ -	
2007 Public Safety	4%	6/20/2007	\$ 9,820,000	9,190,000	-	-	700,000	-	
Revenue Bonds									
1998 Water Revenue	3.9-4.5%	08/01/98	\$ 4,080,000	1,880,000	-	-	340,000	340,000	
Bancroft Improvement Bonds									
Series of 1982	9.75-15.00%	6/01/82	\$ 532,584	-	-	-	-	-	
Series of 1990	7.00-15.00%	11/1/90	\$ 930,000	-	-	-	-	-	
Urban Renewal Bonds									
Urban Renewal Refunding Bonds, 2001	5%	11/13/01	\$ 4,270,000	455,000	-	-	455,000	455,000	
Total Bonds				\$ 11,525,000	\$ -	\$ -	\$ 1,495,000	\$ 795,000	\$ 10,030,000

	Interest Rates	Date of Issue	Interest Coupons			
			Outstanding June 30, 2008	Matured	Paid	Outstanding June 30, 2009
General Obligation Bonds						
Supported Bonds						
1992 A Water Refunding	3.10-5.85%	4/01/92	\$ 4,616	\$ -	\$ -	\$ 4,616
2007 Public Safety	4%	6/20/07	-	387,000	387,000	-
Revenue Bonds						
1998 Water Revenue	3.9-4.5%	08/01/98	-	84,083	84,083	-
Bancroft Improvement Bonds						
Series of 1982	9.75-15.00%	6/01/82	731	-	-	731
Series of 1990	7.00-15.00%	11/1/90	3,617	-	-	3,617
Urban Renewal Bonds						
Urban Renewal Refunding Bonds, 2001	5%	11/13/01	-	11,375	11,375	-
Total Bonds			\$ 8,964	\$ 482,458	\$ 482,458	\$ 8,964

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

SCHEDULE OF FUTURE DEBT SERVICE

For the Year Ended June 30, 2009
Governmental Activities

Year of Maturity	General Obligation Bond Public Safety Facilities		General Revenue Revenue Supported Bonds Total Requirements		OECD Special Public Works Fund (Loan for Fire Mt. Gems Project TR4445)		Interagency Loan to Josephine County/City of Grants Pass Solid Waste Agency	
	General Fund		General Fund		General Fund		General Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009-2010	560,000	359,000	355,000	69,123	190,566	8,717	100,000	12,080
2010-2011	630,000	336,600	375,000	53,325			105,000	8,082
2011-2012	685,000	311,400	395,000	36,450			110,000	3,889
2012-2013	740,000	284,000	415,000	18,675			44,737	872
2013-2014	800,000	254,400						
2014-2015	865,000	222,400						
2015-2016	930,000	187,800						
2016-2017	1,010,000	141,300						
2017-2018	1,095,000	90,800						
2018-2019	1,175,000	47,000						
2019-2020								
2020-2021								
2021-2022								
2022-2023								
2023-2024								
2024-2025								
2025-2026								
2026-2027								
2027-2028								
2028-2030								
	<u>8,490,000</u>	<u>\$2,234,700</u>	<u>\$1,540,000</u>	<u>\$177,573</u>	<u>\$190,566</u>	<u>\$8,717</u>	<u>\$359,737</u>	<u>\$24,923</u>

Business-Type Activities

Interagency Loan to Parkway Redevelopment Agency		Department of Environmental Quality Long-term Notes			
Parkway Redevelopment Agency		Wastewater Fund		Redwood Sanitary Sewer Service	
Principal	Interest	Principal	Interest	Principal	Interest
2,641,000	79,230	294,848	200,402	322,627	144,019
		305,049	190,201	335,596	129,437
		315,601	179,649	349,085	114,270
		326,520	168,730	363,117	98,493
		337,814	157,436	377,713	82,081
		349,500	145,750	392,895	65,011
		361,592	133,658	408,688	47,253
		374,101	121,149	425,116	28,782
		387,042	108,208	310,827	9,568
		400,432	94,818		
		414,284	80,966		
		428,616	66,634		
		443,443	51,807		
		458,783	36,467		
		474,656	20,594		
		243,424	3,399		
<u>\$2,641,000</u>	<u>\$79,230</u>	<u>\$5,915,705</u>	<u>\$1,759,868</u>	<u>\$3,285,664</u>	<u>\$718,914</u>

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

PROPERTY VALUES, CONSTRUCTION VALUES AND BANK DEPOSITS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Commercial Construction (1)		Residential Construction (1)		Bank Deposits (in \$1,000) (2)	Property Value (3)		
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Nontaxable
2000	100	33,101,557	197	20,898,092	709,466	(4)	(4)	(4)
2001	52	50,110,899	247	31,564,269	753,956	(4)	(4)	(4)
2002	59	17,771,045	239	32,332,952	835,906	(4)	(4)	(4)
2003	45	18,098,182	274	49,745,662	901,476	(4)	(4)	(4)
2004	31	4,991,043	463	77,950,022	959,242	(4)	(4)	(4)
2005	32	33,579,289	470	79,408,188	1,038,152	(4)	(4)	(4)
2006	17	19,666,915	508	80,933,576	1,030,196	(4)	(4)	(4)
2007	32	18,799,032	278	40,407,617	1,179,020	(4)	(4)	(4)
2008	17	9,751,549	185	27,184,422	1,120,845	(4)	(4)	(4)
2009	11	2,181,625	77	13,038,727	1,196,459	(4)	(4)	(4)

Source: (1) City Building Division
(2) FDIC, Credit Union not included
(3) City's value, per Josephine County
(4) Information not currently available

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

DEMOGRAPHIC STATISTICS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Population (1)	Personal Income** (thousands of dollars)	Per Capita Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (2)
2000	23,170	496,880,650	21,445	43	5,199	7.0%
2001	23,670	528,503,760	22,328	N/A	5,396	7.1%
2002	23,870	537,647,880	22,524	N/A	5,347	8.2%
2003	24,470	557,793,650	22,795	N/A	5,535	8.7%
2004	24,790	590,944,020	23,838	39.7	5,596	7.3%
2005	26,085	650,220,795	24,927	39.4	5,707	7.2%
2006	30,930	824,841,240	26,668	38.2	5,779	6.9%
2007	31,740	881,419,800	27,770	43.5	5,655	6.7%
2008	32,260	935,604,520 *	29,002 *	44.6	5,647	7.3%
2009	33,225	999,009,300 *	30,068 *	44.6	5,486	14.7%

N/A = Information not available

Sources: (1) Portland State University Center of Population and Research
(2) City of Grants Pass Economic Development Department & Bureau of Economic Analysis (BEA.gov)
(3) Grants Pass School District No. 7

*Data from BEA.gov only available through 2007. 2008 and 2009 estimates provided by the Economic Development Department based on Oregon index change from the American Community Survey (Census.gov)

**Per Capita Income x Population

Note: The City of Grants Pass does not have a large enough population to be considered an MSA (metropolitan service area). Annual gathering of statistics is not done by the U.S. Census Bureau, the Bureau of Economic Analysis, or the Oregon Employment Department. Therefore, Per Capita Income and Unemployment are reported at the Josephine County level. We believe this is a statistically valid estimate.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

INSURANCE AND SURETY BONDS IN FORCE

June 30, 2009
(Unaudited)

<u>Company</u>	<u>Policy Number</u>	<u>Amount</u>	<u>Coverage</u>	<u>Policy Term</u>	<u>Premium</u>
City - County Insurance Services	08LGSP	\$ 2,000,000	Comprehensive general liability	7/01/2008 - 6/30/2009	\$ 230,819
City - County Insurance Services	08APDGSP	Various	Auto physical damage	7/01/2008 - 6/30/2009	20,935
City - County Insurance Services	08PGSP	5,000,000	Property insurance (includes earthquake and flood)	7/01/2008 - 6/30/2009	56,205
Western Surety	15181441	50,000	Public Official Bond Finance Director	8/6/2008 - 8/06/2009	188
Travelers	105201299	50,000	Public Official Bond City Manager	11/30/2008 - 11/30/2009	250
Life Insurance Company of North America	SPS900303	30,000	Volunteer accident	7/01/2008 - 6/30/2009	1,188
City - County Insurance Services	08EQGP	5,000,000	Excess earthquake	7/01/2008 - 6/30/2009	2,500
National District Attorneys Association	650695	50,000	City Attorney	2/01/2008 - 2/01/2009	416
Safety National Casualty	AGC-2K93-OR	1,000,000	Excess workers' compensation	7/01/2008 - 6/30/2009	37,497
American International Specialty Lines	PLS1957953	10,000,000	Pollution Legal Liability	12/31/2001 - 12/31/2011	200,000
American International Specialty Lines	EPP1957147	13,000,000	Solid waste-closure/post- closure	7/01/2001 - 7/01/2031	6,756,809
City - County Insurance Services	08LGSP	1,500,000	Auto Liability Coverage	7/01/2008 - 7/01/2009	30,855
City - County Insurance Services	08CGSP	200,000	Excess Crime	7/01/2008 - 6/30/2009	978

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

JOSEPHINE COUNTY PRINCIPAL EMPLOYERS

Current Year and Seven** Years Ago
(Unaudited)

Employer	Type of Business	2009			2003		
		Approximate Employment	Rank	Percentage of Total County Employment	Approximate Employment	Rank	Percentage of Total County Employment
Three Rivers Community Hospital	* Health Care	700	1	2.13%	750	1	2.28%
Grants Pass School District No. 7	* Education	700	2	2.13%	650	5	1.98%
Three Rivers School District	Education	639	3	1.94%	670	4	2.04%
Master Brand Cabinets	* Wood products manufacturing	625	4	1.90%	510	6	1.55%
Fire Mountain Gems	* Catalog Sales	560	5	1.70%	225	9	0.68%
Wal-Mart	* Department Store	500	6	1.52%	330	7	1.00%
Josephine County	* Government	400	7	1.22%	700	3	2.13%
Rogue Community College	Education	350	8	1.06%	715	2	2.18%
City of Grants Pass	* Government	249	9	0.76%	--		--
Diversified Collection Services	* Collections agency	225	10	0.68%	--		--
Rogue Valley Door	* Wood products manufacturing	--		--	255	8	0.78%
Highland House Nursing Center	* Health Care	--		--	210	10	0.64%
Royale Gardens	* Health Care	--		--	210	10	0.64%
Total employees		4,948		15.05%	5,225		15.90%
	Total Employment	32,870			22,120		

* Indicates businesses within the Grants Pass city limits.

**The reporting of these statistics began after GASB 34 implementation, therefore only seven years ago reported instead of nine.

Note: The employment numbers are very fluid and therefore are approximate numbers based on the data available at time of request.

Source: City of Grants Pass Economic Development Department

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**TEN LARGEST TAXPAYERS
WITHIN CITY LIMITS**

Current Year and Seven* Years Ago
(Unaudited)

Name	Type of Business	2009			2003		
		City Assessed Value	Rank	Percentage of Total City Assessed Value	City Assessed Value	Rank	Percentage of Total City Assessed Value
Masterbrand Cabinets	Industrial	\$ 22,362,260	1	0.96%	\$ 5,760,190	10	0.43%
Auerbach Grants Pass LLC & Freeman Grants Pass LLC	Commercial	15,745,640	2	0.68%	-	-	-
Wal-Mart Stores Inc.	Commercial	15,248,163	3	0.66%	7,120,444	6	0.53%
Spring Village LLC & Spring Village Retirement LLC	Commercial	14,800,521	4	-	-	-	-
QWEST Corporation	Utility	14,992,100	5	0.65%	21,789,540	1	1.61%
Lynn-Ann Development LLC	Developer	12,845,625	6	0.55%	-	-	-
Grants Pass FMA LLC	Commercial	12,579,470	7	0.54%	-	-	-
Albertson's Inc.	Commercial	10,565,259	8	0.46%	-	-	-
TP Grants Pass LLC	Industrial	9,705,080	9	0.42%	-	-	-
Johnson, Carl D	Commercial	8,362,360	10	0.36%	7,186,030	5	0.53%
Grant Kent Partners LP	Commercial	-	-	-	11,281,710	2	0.84%
Zak Realty	Commercial	-	-	-	10,581,537	3	0.78%
Jensen, Robert A & Shirley Y	Commercial	-	-	-	7,415,458	4	0.55%
Pacificcorp (PP&L)	Utility	-	-	-	7,038,700	7	0.52%
Hillebrand Children Riverwrod Apts	Rental	-	-	-	6,328,184	8	0.47%
Marquis Suites	Sr Housing	-	-	-	5,941,473	9	0.44%
Total of top-ten taxpayers		<u>137,206,478</u>		<u>5.27%</u>	<u>90,443,266</u>		<u>6.70%</u>
Other Taxpayers		<u>2,183,517,100</u>		<u>94.73%</u>	<u>1,260,258,195</u>		<u>93.30%</u>
Total City Assessed Value		<u>\$ 2,320,723,578</u>		<u>100.00%</u>	<u>\$ 1,350,701,461</u>		<u>100.00%</u>

*The reporting of these statistics began after GASB 34 implementation, therefore only seven years ago reported instead of nine.

Source: Joesphine County Assessor

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

OPERATING INDICATORS BY FUNCTION

		For fiscal year ending June 30th (Unaudited)			
		2003	2004	2005	2006
Public Safety					
Traffic stops	(1)			5,519	6,318
Warnings issued	(1)			3,870	4,232
Citations issued	(1)	6,381	5,469	5,180	4,416
Calls for service - Police Reactive**	(1)	27,146	28,209	25,562	27,703
Calls for service - Police Proactive**	(1)			15,424	13,232
Calls for service - Fire	(1)	3,491	3,426	3,190	3,126
Businesses inspected	(1)	439	557*	249**	839
Business self-inspections	(1)	455	503*	454**	614
Citizen Public Safety Academy attendance	(1)	52	52	50	40
Student Public Safety Academy attendance	(1)				
Transportation					
Street overlays (square yards)	(4)	73,830	52,648	41289**	0***
Street overlays (tons of asphalt)	(4)	8,561	8,773	7506**	0***
Chip Seal	(4)	n/a	n/a	n/a	n/a
Signage additions	(4)	143	141	279**	177
Signage replacements	(4)	339	135	189**	352
Miles of restriping	(4)	12.17	13.14	7.34**	12.3
Building					
Total Permits issued	(2)	3,900	5,154	5,606	5,334
New single family permits	(2)	205	325	361	362
New multi-family permits	(2)	31	59	44	54
New commercial permits	(2)	16	17	31	17
Total Inspections	(2)	11,695	14,024	15,507	17,043
Parks					
Swimming pool attendance	(5)	10,664	9,601	16,464	11,555
Rental of facilities	(5)	154	200	199	207
Number of games scheduled	(5)	1,577	1387*	1,458	1,727
Development					
Total land use applications	(2)	250	289	325	347
Subdivision final plats	(2)	12	20	29	20
Commercial site plan review	(2)	55	53	51	56
Water					
New connections	(2)	291	482	561	581
Number of consumers	(3)	8,869	9,158	9,521	10,038
Total water produced (1000s of gallons)	(4)	1,755,727	1,779,523	1,766,136	1,800,673
Average daily production (gallons)	(4)	4,850,000	5,166,992	4,959,750	5,007,417
Wastewater					
Wastewater treated (1000s of gallons)	(4)	2,151,709	2,029,600	2,114,400	2,569,300
Sludge to co-compost (yards)	(4)	6,868	6,800	5,617	6,725
Greenwaste received (cubic yards)	(4)	31,752	37,495	43,961	37,081
Woodwaste received (cubic yards)	(4)	40,591	43,103	50,871	61,916
JO-GRO™ sales (cubic yards)	(4)	7,035	7,471	5,248	5,754

Sources:

- | | |
|---|--|
| (1) City Public Safety Department | (3) City Administrative Services Department |
| (2) City Community Development Department | (4) City Public Works Department |
| | (5) City Parks and Community Services Department |

Notes:

* The 2004 Business Inspection numbers are from January 1 through September 30, 2004. The Little League played games at Rogue Community College in 2004 which lowered usage of All Sports Park.

** 2005 forward Calls for Service restated in FY09 per Public Safety audit of calls.

The Business Inspection numbers are from January 1 through August 31, 2005. In the Transportation section, the numbers are calculated from January 1 through October 11, 2005.

***In FY'06 it was decided to postpone overlays until the next year to have additional funding for a major project on Washington Blvd.in FY'07.

NOTE: The reporting of these statistics began after GASB 34 implementation, therefore only seven years are reported. Police calls for service 2005 forward only available by calendar year. (e.g. 2009 data = calendar 2008)

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

OPERATING INDICATORS BY FUNCTION Continued

		For fiscal year ending June 30th (Unaudited)		
		2007	2008	2009
Public Safety				
Traffic stops	(1)	6,755	7,580	8,229
Warnings issued	(1)	4,340	5,278	7,699
Citations issued	(1)	4,119	4,082	1,915
Calls for service - Police Reactive**	(1)	29,950	29,316	27,429
Calls for service - Police Proactive**	(1)	15,104	15,424	14,658
Calls for service - Fire	(1)	3,591	3,698	3,659
Businesses inspected	(1)	1,295	1,342	1,470
Business self-inspections	(1)	607	67	48
Citizen Public Safety Academy attendance	(1)	29	28	26
Student Public Safety Academy attendance	(1)	30	27	25
Transportation				
Street overlays (square yards)	(4)	30,369	21,700	27,283
Street overlays (tons of asphalt)	(4)	7,228	2,411	n/a
Chip Seal	(4)	n/a	2,178	1,573
Signage additions	(4)	121	91	131
Signage replacements	(4)	265	185	505
Miles of restriping-longitudinal	(4)	20	25	27
Building				
Total Permits issued	(2)	3,804	2,857	1,225
New single family permits	(2)	234	166	75
New multi-family permits	(2)	20	6	1
New commercial permits	(2)	32	17	11
Total Inspections	(2)	12,366	10,609	6,409
Parks				
Swimming pool attendance	(5)	18,083	19,748	18,409
Rental of facilities	(5)	232	214	239
Number of games scheduled	(5)	1,575	1,563	1,916
Development				
Total land use applications	(2)	221	163	121
Subdivision final plats	(2)	22	7	6
Commercial site plan review	(2)	49	30	22
Water				
New connections	(2)	308	175	167
Number of consumers	(3)	10,413	10,545	10,533
Total water produced (1000s of gallons)	(4)	2,114,600	2,017,090	1,971,250
Total water billed (1000s of gallons)	(4)	n/a	n/a	1,780,787
Average daily production (gallons)	(4)	5,809,341	5,565,092	5,384,083
Wastewater				
Wastewater treated (1000s of gallons)	(4)	2,252,000	2,122,830	1,898,600
Sludge to co-compost (yards)	(4)	7,631	7,267	7,770
Greenwaste received (cubic yards)	(4)	37,764	38,807	37,869
Woodwaste received (cubic yards)	(4)	58,028	48,453	34,769
JO-GRO [™] sales (cubic yards)	(4)	5,748	6,530	9,733

Sources:

- | | |
|---|--|
| (1) City Public Safety Department | (3) City Administrative Services Department |
| (2) City Community Development Department | (4) City Public Works Department |
| | (5) City Parks and Community Services Department |

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

CAPITAL ASSETS STATISTICS BY FUNCTION

		For the last seven years. (Unaudited)						
		2003	2004	2005	2006	2007	2008	2009
Public Safety								
	(1)	1	1	1	1	1	1	3
	(1)	1	1	1	1	1	1	0
	(5)	9	9	9	10	11	11	11
	(1)					11	11	11
	(5)	2	2	2	2	2	2	2
	(5)	2	2	2	2	3	3	3
	(1)					7	7	7
	(1)					1	1	2
	(1)					5	5	5
	(1)	2	2	2	2	2	2	3
	(1)	3	3	3	3	3	3	6
	(1)	1	1	1	1	1	1	1
	(1)	1	1	1	1	1	1	1
Transportation								
	(2)	99	102	105	106	131	145	162
	(4)	1,165	1,452	1,460	1,517	1,537	1,550	1,788
				118	125	125	133	183
				1,342	1,392	1,412	1,417	1,605
	(4)	6	6	7	7	8	9	9
Parks								
	(5)	12	13	14	15	15	21	17
								15
	(5)	116	128	134	134	134	445	151.92
								355.36
	(5)	1	1	1	1	1	1	1
	(5)	6	7	7	8	9	11	11
	(5)	10	10	12	12	12	12	12
	(5)	4	4	4	5	6	5	5
	(5)	12	12	14	14	14	14	15
Water								
	(4)	157	153	172	175	180	184	186
	(4)	1,063	1,295	1,359	1,472	1,489	1,569	1,602
	(4)	19.2	19.2	19.2	19	19	19	19
	(4)	8	8	8	8	8	8	8
Wastewater								
	(4)	160	153	166	167	168	170	170
	(4)	32	36	101	103	104	105	105
	(4)	2	2	2	2	2	2	2
	(4)	3	3	3	3	3	3	3
	(4)	4	4	4	4	6.4*	6.4*	6.4*

*The City Wastewater Plant's hydraulic capacity permit is for 4.0 MGD. Parametrix, consultant for the Wastewater Treatment Plant, conducted a capacity analysis after Phase 1 of the plant upgrade at DEQ's request and it was determined the capacity was actually 6.4 MGD.

Sources:

- | | |
|---|--|
| (1) City Public Safety Department | (3) City Administrative Services Department |
| (2) City Community Development Department | (4) City Public Works Department |
| | (5) City Parks and Community Services Department |

NOTE: The reporting of these statistics began after GASB 34 implementation, therefore only seven years are reported.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

MISCELLANEOUS STATISTICS

June 30, 2009
(Unaudited)

Date of Incorporation - 1887
Form of government - Council/Manager

Area		2003	2004	2005	2006	2007	2008	2009
		Acres - 5,562	Acres - 5,856	Acres - 6,166	Acres - 7,026	Acres - 7,026	Acres - 7,026	Acres - 7,026
Number of police and officers	(1)	42	40	41	43	44	44	41
Number of firefighters and officers	(1)	17	17	17	17	17	19	27
Employees (Permanent)								
Classified service	(3)	168	168	165	169	187.5	217	194
Exempt	(3)	9	9	9	9	9	10	10

Sources:

- (1) City Public Safety Department
- (2) City Community Development Department
- (3) City Administrative Services Department

NOTE: The reporting of these statistics began after GASB 34 implementation, therefore only seven years are reported.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

STAFF ALLOCATION BY ACTIVITY*

Department/Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
Administration										
Management	3.55	4.75	4.75	4.90	5.90	5.90	5.90	5.90	6.90	6.70
Information Technology	-	-	-	2.00	2.00	3.00	0.00	0.00	0.00	0.00
Finance	11.60	15.00	15.00	13.00	13.00	14.00	15.00	15.00	16.00	15.00
Legal	1.10	0.85	0.85	0.80	0.80	0.80	0.80	0.75	0.75	1.34
Risk Insurance	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.41
Human Resources	-	-	-	-	-	-	-	-	2.00	2.50
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00	1.00
Tourism Development	1.00	1.00	1.00	2.00	2.00	2.00	2.00	0.00	0.00	0.00
Downtown	0.50	0.50	0.50	0.50	0.50	0.50	0.00	0.00	0.00	0.00
	18.90	23.40	23.40	24.50	25.50	27.50	25.00	21.95	26.95	26.95
Community Development										
Management	4.00	5.00	6.00	6.00	6.00	7.00	7.00	7.00	8.00	4.80
Engineering	6.50	8.00	8.00	8.00	8.00	8.00	9.20	9.00	10.00	8.50
Planning	8.00	9.00	9.00	11.00	14.00	7.00	9.00	8.00	11.00	5.00
Building & Safety	-	-	-	-	-	7.00	6.00	6.00	7.00	2.00
Economic Development	-	-	-	-	-	-	-	-	-	-
Parking Enf./Downtown	-	-	-	-	-	-	-	-	-	-
	18.50	22.00	23.00	25.00	28.00	29.00	31.20	30.00	36.00	20.30
Parks and Community Services										
Information Services	-	-	-	-	-	0.00	3.55	2.65	4.45	3.95
Park Maintenance	6.30	6.35	6.30	6.30	6.30	6.40	6.40	6.45	8.00	6.65
Property Management	1.30	1.25	1.20	1.20	1.20	1.00	1.05	0.90	1.25	1.30
Aquatics	0.25	0.25	0.25	0.25	0.25	0.30	0.35	0.30	0.30	0.30
Street Maintenance	6.55	6.50	7.45	7.45	6.45	7.50	6.60	0.00	0.00	0.00
Recreation	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.15	0.15
Garage Operations	0.30	0.30	0.40	0.40	0.40	0.35	0.55	0.40	3.30	3.05
Equipment Repair	0.25	0.30	0.35	0.35	0.35	0.40	0.45	0.55	0.60	0.70
Tourism Development	-	-	-	-	-	0.00	0.00	2.00	1.85	1.85
Downtown	-	-	-	-	-	0.00	0.00	1.00	1.45	1.45
	15.00	15.00	16.00	16.00	15.00	16.00	19.00	14.30	21.35	19.40
Public Works										
Water Treatment	4.79	4.45	5.00	5.40	5.40	5.40	5.17	4.39	5.94	6.46
Water Distribution	7.07	6.95	7.00	8.00	8.00	8.00	8.44	8.98	8.93	8.30
Wastewater Collection	3.07	3.95	4.00	4.00	4.00	4.00	4.44	5.98	5.94	5.16
Wastewater Treatment	8.79	9.12	7.75	8.25	8.25	8.75	8.84	8.73	8.88	7.41
JO-GRO™	-	3.33	3.25	3.35	3.35	3.85	3.91	3.91	4.05	4.11
Capital Projects	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Solid Waste	1.38	1.30	1.10	-	-	0.00	0.00	0.01	0.00	0.10
Storm Water	-	-	-	-	-	0.00	0.00	0.00	0.15	0.00
Street Maintenance	-	-	-	-	-	0.00	0.00	6.70	6.76	7.56
	26.10	30.10	29.10	30.00	30.00	31.00	31.80	39.70	41.65	40.10
Public Safety										
Field Operations	50.50	51.50	52.50	54.50	52.50	54.50	59.00	60.00	68.00	67.75
Support Operations	16.00	26.00	26.00	27.00	26.00	26.00	28.00	26.00	31.00	25.60
Code Enforcement	-	-	-	-	-	-	1.00	3.05	2.05	1.00
	66.50	77.50	78.50	81.50	78.50	80.50	88.00	89.05	101.05	94.35
Total	145.00	168.00	170.00	177.00	177.00	184.00	195.00	195.00	227.00	201.10

* Actual full-time positions reported through 2008. As of 2009 reporting FTE for all permanent positions.

This information is provided by the City's Human Resources Department.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

**WATER UTILITY
TEN LARGEST REVENUE SOURCES**

Current Year and Seven* Years Ago
(Unaudited)

Customer (classification)	2009				2003			
	Annual Consumption Units (100 hcf)	Annual Revenue**	Rank	Percent of Total Revenue	Annual Consumption Units (100 hcf)	Annual Revenue**	Rank	Percent of Total Revenue
City of Grants Pass (public)	114,956	\$ 141,275	1	3.28%	67,471	\$ 95,239	1	2.93%
Three Rivers Hospital (commercial)	28,173	38,591	2	0.89%	27,433	37,096	4	1.14%
School District 7 (public)	30,173	37,703	3	0.87%	54,955	69,797	2	2.15%
Josephine County (public)	17,681	30,662	4	0.71%	34,178	59,434	3	1.83%
Riverwood Apts. (multi-family)	11,714	18,403	5	0.43%	19,869	30,052	5	0.93%
Timber Products (commercial)	13,391	17,614	6	0.41%	27,133	25,422	7	0.78%
Holiday Builders	8,533	17,021	7	0.39%				
Wal-Mart (commercial)	8,687	12,886	8	0.30%				
Hamlyn Family LLC	8,966	12,391	9	0.29%				
Royal Gardens	7,944	9,807	10	0.23%				
State of Oregon (public)					20,018	28,352	6	0.87%
Grants Pass Shopping Center (commercial)					15,540	24,948	8	0.77%
Grants Pass Hardwoods (commercial)					27,618	22,185	9	0.68%
Spring Pointe/Spring Village (commercial)					12,949	20,819	10	0.64%
Sub-total	<u>250,218</u>	<u>336,353</u>		<u>7.80%</u>	<u>307,164</u>	<u>413,344</u>		<u>12.74%</u>
All other sources		<u>3,976,585</u>		<u>92.20%</u>		<u>2,831,815</u>		<u>87.26%</u>
Total Water Revenues		<u>\$ 4,312,938</u>		<u>100.00%</u>		<u>\$ 3,245,159</u>		<u>100.00%</u>

hcf = hundred cubic feet

*The reporting of these statistics began after GASB 34 implementation, therefore only seven years ago reported instead of nine.

** While consumption may be similar, revenue can vary due to class and size of service.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

UTILITY STATISTICS

WATER USAGE CUSTOMER ANALYSIS

For the last ten fiscal years
(Unaudited)

Number of Accounts

Fiscal Year Ended June 30,	Residential	Multi-Family	Commercial	Public	Fire Protection	Outside City Surcharge	Total
1999	5,601	704	970	129	79	39	7,523
2000	5,814	721	967	145	77	40	7,765
2001	6,094	722	980	120	76	85	8,078
2002	6,333	743	995	170	95	176	8,513
2003	6,553	766	1,027	173	97	252	8,869
2004	6,780	808	1,046	168	100	255	9,157
2005	6,909	874	1,095	189	116	270	9,453
2006	7,400	940	1,138	172	123	233	10,006
2007	7,708	948	1,134	181	135	207	10,313
2008	7,869	945	1,159	152	132	97	10,354
2008*	7,966	977	1,175	188	135	166	10,441
2009	8,042	1,002	1,194	186	141	100	10,565

Water Consumption (hcf)

Fiscal Year Ended June 30,	Residential	Multi-Family	Commercial	Public	Fire Protection	Outside City Surcharge	Total
1999	924,500	313,554	524,725	166,585	369	8,522	1,938,225
2000	939,679	314,895	529,133	162,411	1,682	8,004	1,955,804
2001	972,185	314,311	517,178	164,882	705	14,141	1,983,402
2002	966,914	304,344	504,619	179,148	367	34,393	1,989,785
2003	1,026,069	308,281	516,551	200,821	278	46,200	2,098,200
2004	1,103,582	322,686	521,548	202,270	431	51,244	2,201,761
2005	1,268,695	354,590	576,633	225,770	1,858	51,326	2,478,872
2006	1,777,033	429,727	800,893	264,922	2,405	50,162	3,325,142
2007	1,761,357	440,405	783,055	278,658	1,639	35,471	3,300,585
2008	1,637,651	350,760	581,247	223,662	470	35,153	2,828,943
2009	1,315,314	366,406	574,795	235,366	443	23,051	2,515,375

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

Water and Sewer Rates

Water and Sewer Rates from 1993 through November 1, 2005

	Water ⁽¹⁾		Sewer	
	Monthly Base Rate first 500 cf ⁽²⁾	Commodity Charge Per 100 cf above 500 cf	Monthly Service Charge	Volume Charge
Residential	\$12.30	0.87	\$4.31	\$1.50 X awwc ⁽³⁾
Multifamily	\$12.30	0.55	\$4.31	\$1.50 X awwc ⁽³⁾
Commercial	\$12.30	0.57	\$4.31	\$1.50 X awc ⁽⁴⁾
Public	\$12.30	0.71	\$4.31	\$1.50 X awc ⁽⁴⁾

(1) Additional monthly charges may apply depending on geographical elevation in which service is provided (service level charge) and whether the fire protection charge applies.

(2) Rate is based on the 3/4 inch meter which is the most common meter used

Water Rates as of February, 2006

Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi- family & PUD
3/4 " or less	\$ 8.30	\$ 3.10
1"	18.50	3.10
1.5"	34.90	3.10
2"	56.00	3.10
3"	108.00	3.10
4"	179.00	3.10
6"	340.00	3.10
8"	541.00	3.10
10"	838.00	3.10

Single Family Residential		
0-10	11-25 unit	>26 units
\$0.77	\$0.98	\$1.16

Customer Class	
Multi-Family & PUD	\$ 0.76
Commercial/Public	0.91
Irrigation-All Classes	1.32
Standby-All Classes	1.32

Service Level Charge	
Service Level	Per Unit Chrg
1	0
2	\$0.09
3	\$0.19
4	\$0.28
5	\$0.37

Sewer Rates as of October, 2005

Class	Per Month
Residential	
Monthly Service Charge	\$ 10.60
Volume Charge x awwc	2.18
Multi-Family	
Monthly Service Charge	\$ 10.60
Volume Charge x awwc	2.18
Commercial Normal Strength	
Monthly Service Charge	\$ 10.60
Volume Charge x awc	2.18
Commercial High Strength	
Monthly Service Charge	\$ 10.60
Volume Charge x awc	2.18
Public	
Monthly Service Charge	\$ 10.60
Volume Charge x awc	2.18

(3) awwc: average winter water consumption
(4) awc: actual water consumption

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

Water and Sewer Rates

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 3.43% for 2007.

Water Rates as of January 1, 2007

Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 8.58	\$ 3.21
1"	19.13	3.21
1.5"	36.10	3.21
2"	57.92	3.21
3"	111.70	3.21
4"	185.14	3.21
6"	351.66	3.21
8"	559.56	3.21
10"	866.74	3.21

Single Family Residential		
0-10	11-25 unit	>26 units
\$0.77	\$0.98	\$1.20

Customer Class	
Multi-Family & PUD	\$ 0.79
Commercial/Public	0.94
Irrigation-All Classes	1.37
Standby-All Classes	1.37

Service Level Charge	
Service Level	Per Unit Chrg
1	0
2	\$0.09
3	\$0.20
4	\$0.29
5	\$0.38

Sewer Rates as of January 1, 2007

Class	Per Month
Residential	
Monthly Service Charge	\$ 10.96
Volume Charge x awwc	2.25
Multi-Family	
Monthly Service Charge	\$ 10.96
Volume Charge x awwc	2.25
Commercial Normal Strength	
Monthly Service Charge	\$ 10.96
Volume Charge x awc	2.25
Commercial High Strength	
Monthly Service Charge	\$ 10.96
Volume Charge x awc	3.15
Public	
Monthly Service Charge	\$ 10.96
Volume Charge x awc	2.25

(3) awwc: average winter water consumption

(4) awc: actual water consumption

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

Water and Sewer Rates

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 2.54% for 2008.

Water Rates as of January 1, 2008

Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 8.80	\$ 3.29
1"	19.62	3.29
1.5"	37.02	3.29
2"	59.39	3.29
3"	114.54	3.29
4"	189.84	3.29
6"	360.59	3.29
8"	573.77	3.29
10"	888.76	3.29

Single Family Residential		
0-10	11-25 unit	>26 units
\$0.82	\$1.04	\$1.23

Customer Class	
Multi-Family & PUD	\$ 0.81
Commercial/Public	0.96
Irrigation-All Classes	1.40
Standby-All Classes	1.40

Service Level Charge	
Service Level	Per Unit Chrg
1	0
2	\$0.09
3	\$0.21
4	\$0.30
5	\$0.39

Sewer Rates as of January 1, 2008

Class	Per Month
Residential	
Monthly Service Charge	\$ 11.24
Volume Charge x awwc	2.31
Multi-Family	
Monthly Service Charge	\$ 11.24
Volume Charge x awwc	2.31
Commercial Normal Strength	
Monthly Service Charge	\$ 11.24
Volume Charge x awc	2.31
Commercial High Strength	
Monthly Service Charge	\$ 11.24
Volume Charge x awc	3.23
Public	
Monthly Service Charge	\$ 11.24
Volume Charge x awc	2.31

(3) awwc: average winter water consumption

(4) awc: actual water consumption

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

Water and Sewer Rates

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 4.45% for 2008.

Water Rates as of January 1, 2009

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 9.19	\$ 3.44
1"	20.49	3.44
1.5"	38.67	3.44
2"	62.03	3.44
3"	119.64	3.44
4"	198.29	3.44
6"	376.64	3.44
8"	599.30	3.44
10"	928.31	3.44

Single Family Residential**		
1st 10 Units	Units 11-25	All Units >25
\$0.86	\$1.09	\$1.28

Customer Class	
Multi-Family & PUD	\$ 0.85
Commercial/Public	1.00
Interruptible Irrigation for Public Parks & Schools	0.86
Irrigation-All Classes	1.46
Standby-All Classes	1.46

Service Level Charge	
Service Level	Per Unit Chrg
1	0
2	\$0.10
3	\$0.22
4	\$0.31
5	\$0.41

Sewer Rates as of January 1, 2009

Class	Per Month
Residential	
Monthly Service Charge	\$ 11.74
Volume Charge x awwc**	2.41
Multi-Family	
Monthly Service Charge	\$ 11.74
Volume Charge x awwc**	2.41
Commercial Normal Strength	
Monthly Service Charge	\$ 11.74
Volume Charge x awc***	2.41
Commercial High Strength	
Monthly Service Charge	\$ 11.74
Volume Charge x awc***	3.37
Public	
Monthly Service Charge	\$ 11.74
Volume Charge x awc***	2.41

*Customer service charge does not include any water used. Water usage costs are based upon the following tables. Each Unit of water is equivalent to 748 gallons.

**awwc: average winter water consumption

***awc: actual water consumption

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**

Water and Sewer Rates

Effective March 1, 2009 the Cost of Living Index increase for 2009 was repealed by Council Action.

Water Rates as of March 1, 2009

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 8.80	\$ 3.29
1"	19.62	3.29
1.5"	37.02	3.29
2"	59.39	3.29
3"	114.54	3.29
4"	189.84	3.29
6"	360.59	3.29
8"	573.77	3.29
10"	888.76	3.29

Single Family Residential		
0-10	11-25 unit	>26 units
\$0.82	\$1.04	\$1.23

Customer Class	
Multi-Family & PUD	\$ 0.81
Commercial/Public	0.96
Interruptible Irrigation for Public Parks & Schools	0.86
Irrigation-All Classes	1.40
Standby-All Classes	1.40

Service Level Charge	
Service Level	Per Unit Chrg
1	0
2	\$0.09
3	\$0.21
4	\$0.30
5	\$0.39

Sewer Rates as of March 1, 2009

Class	Per Month
Residential	
Monthly Service Charge	\$ 11.24
Volume Charge x awwc**	2.31
Multi-Family	
Monthly Service Charge	\$ 11.24
Volume Charge x awwc**	2.31
Commercial Normal Strength	
Monthly Service Charge	\$ 11.24
Volume Charge x awc***	2.31
Commercial High Strength	
Monthly Service Charge	\$ 11.24
Volume Charge x awc***	3.23
Public	
Monthly Service Charge	\$ 11.24
Volume Charge x awc***	2.31

*Customer service charge does not include any water used. Water usage costs are based upon the following tables. Each Unit of water is equivalent to 748 gallons.

**awwc: average winter water consumption

***awc: actual water consumption

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

2008-2009 AUDITORS' COMMENTS AND DISCLOSURES



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

November 9, 2009

2008-2009 AUDITORS' COMMENTS AND DISCLOSURES

Oregon Administrative Rules 162-10-000 through 162-16-000, the Minimum Standards for Audits of Oregon Municipal Corporations, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows:

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the Basic financial statements of the City of Grants Pass, Oregon, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 9, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Basic financial statements are free of material misstatement. The financial statements of the Josephine County Solid Waste Agency (a component unit) were not audited in accordance with Government Auditing Standards.

The management of the City of Grants Pass, Oregon, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of Basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the basic financial statements of City of Grants Pass, Oregon, for the year ended June 30, 2009, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal controls.

2008-2009 AUDITORS' COMMENTS AND DISCLOSURES (CONTINUED)

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

A material weakness is a significant deficiency in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

ACCOUNTING RECORDS

The City's accounting records were adequate for audit.

2008-2009 AND 2009-2010 BUDGETS

The budgets adopted by the City for the current and ensuing fiscal year were examined during the audit. Based on our testing, it was determined that budget preparation and adoption procedures followed by the City were in compliance with the Oregon Local Budget Law.

Expenses of the various funds were within authorized appropriations for the year ended June 30, 2009.

STATE HIGHWAY FUNDS

The City's compliance with requirements of Article IX, Section 3a of the Oregon Constitution and ORS 294 and 373 was reviewed, and based upon our testing, were found to comply with the restrictions on the use of revenue from taxes on motor vehicle use and fuel.

COLLATERAL SECURING BANK DEPOSITS

Deposits appeared to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury based upon our testing throughout the year. Deposits in the State Local Government Investment Pool and with the County Treasurer are not required to be collateralized.

INVESTMENTS

The City's investments for the year ending June 30, 2009, were reviewed and based upon our testing, appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

The City's procedures for awarding public contracts were reviewed, and based upon our testing, we found no instances of non-compliance with ORS Chapter 279 during 2008-2009.

2008-2009 AUDITORS' COMMENTS AND DISCLOSURES (CONTINUED)

INSURANCE AND FIDELITY BONDS

We are not aware of any failure to comply with legal requirements relating to insurance and fidelity bonds, however, we are not competent by training and experience to comment on the adequacy of insurance coverage. We recommend the City consult appropriate advisers related to these issues.

STATUTORY BONDED DEBT LIMITATION

The City's bonded debt outstanding appeared to be within the limitation established by Oregon Law.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Our reports concerning grant compliance and a schedule of federal financial assistance are contained in this report in the Grant Compliance Review Section.

SCHEDULE OF ACCOUNTABILITY OF ELECTED OFFICIALS

Not applicable.



PAULY, ROGERS AND CO., P.C.



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 - (503) 620-2632 • FAX (503) 684-7523

November 9, 2009

To the City Council
City of Grants Pass

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

We have audited the financial statements of City of Grants Pass as of and for the year ended June 30, 2009, and have issued our report thereon dated November 9, 2009. 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. The financial statements of the Josephine County Solid Waste Agency (a component unit) were not audited in accordance with Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered City of Grants Pass' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Pauly, Rogers and Co., P.C.".

PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

November 9, 2009

To the City Council
City of Grants Pass

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of City of Grants Pass with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. City of Grants Pass major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Grants Pass' management. Our responsibility is to express an opinion on City of Grants Pass compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Grants Pass compliance with those requirements.

In our opinion, City of Grants Pass complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of City of Grants Pass is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Grants Pass' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Pauly, Rogers and Co., P.C.".

PAULY, ROGERS AND CO., P.C.

CITY OF GRANTS PASS

SCHEDULE FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

_____ Yes X No

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

_____ Yes X No

_____ Yes X None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

_____ Yes X No

Identification of major programs

CFDA Number(s):

Name of Federal Program:

20.205

SAFER

97.083

CMAQ

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____ Yes X No

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF GRANTS PASS

SCHEDULE FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

1. **Condition:** In applying SAS 112 we believe that the City should have written procedures for all accounting areas, especially as it pertains to internal controls and the identification of key controls. We noted that the City has mostly documented their internal controls thru checklists, which meets SAS 112 standards. However there are a few areas that the City should further address with written procedures, and they are:
 - o What internal controls and monitoring is used for reviewing and ensuring that the financial statements are accurate and are in conformance with GAAP (the control procedure here would be sending staff to training on new pronouncements, etc.)
 - o Monitoring of internal controls by management and the governing body to ensure that controls are functioning properly and are evaluated when systems, the environment, and employees change.

Criteria: In applying SAS 112 the City should have written internal control procedures for all accounting areas.

Effect: Without adequate documentation it is difficult for the board and management to ensure that the City's assets are being properly safeguarded.

Cause: The City has yet to expand upon their written internal control document as required by standards.

Recommendations: We recommend that the City develop and implement an internal control document in line with the above condition.

Response: Management will begin the process of creating policies that document the proper internal control processes that are already in place to help ensure the control processes continue uninterrupted. New policies will include the requirement for accounting staff to spend training time on new pronouncements that affect the City's financial statements, internal control processes when systems or employees change, and generally policies for all accounting areas.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None reported