



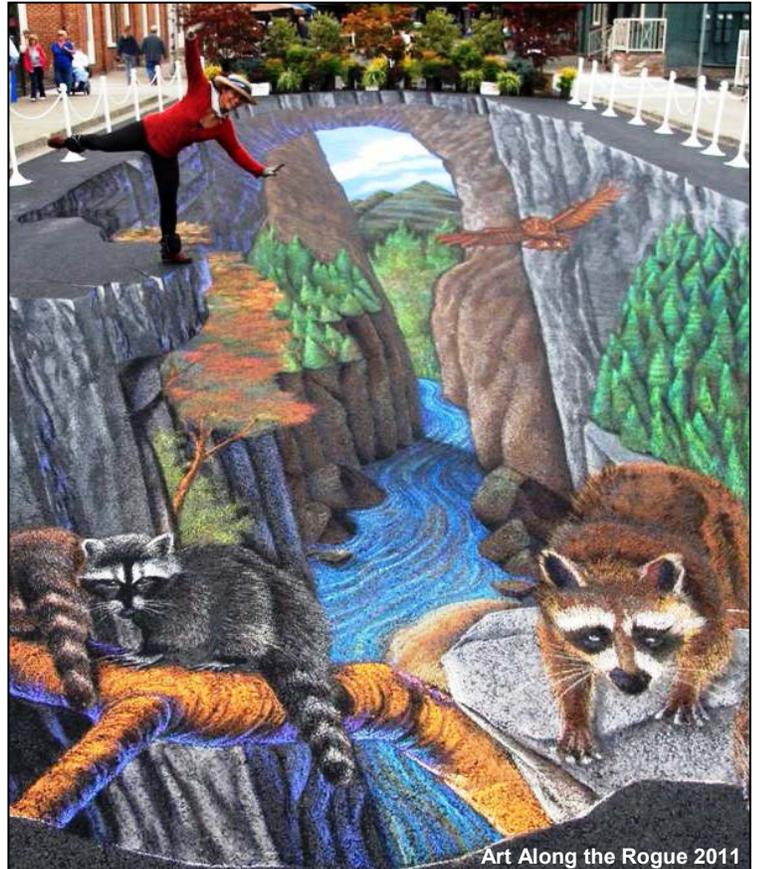
# City of Grants Pass, Oregon

## Comprehensive Annual Financial Report

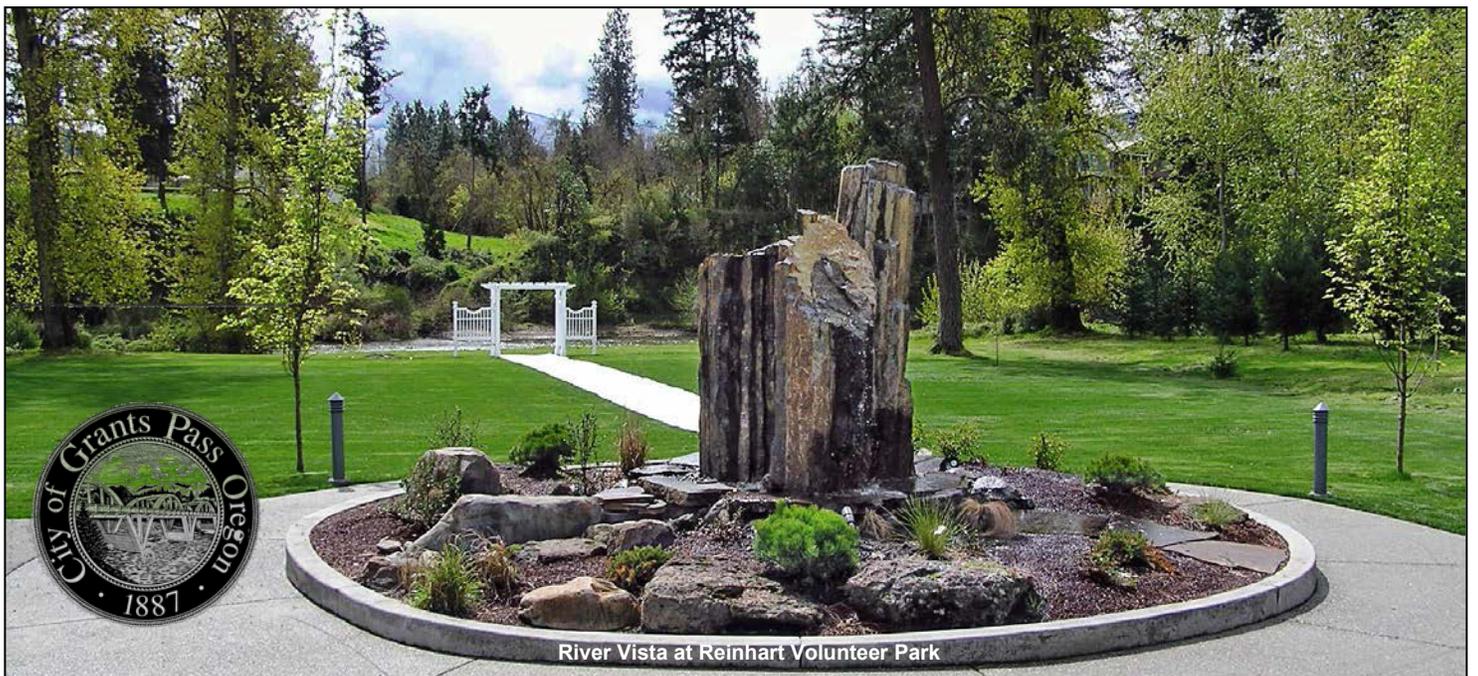
### Fiscal Year 2012 - 13



Hillcrest Station "Fire Hose Spray" © Nomeca Hartwell



Art Along the Rogue 2011



River Vista at Reinhart Volunteer Park

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2013

Prepared by:

City of Grants Pass Finance Department

Jay Meredith, Finance Director  
Tammy Canady, Accounting Services Supervisor

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

TABLE OF CONTENTS

PAGE  
NUMBER

INTRODUCTORY SECTION:

|  |    |
|--|----|
| Elected Officials  | 1  |
| Transmittal Letter   | 2  |
| Organizational Chart   | 12 |
| Certificate of Achievement for Excellence in Financial Reporting | 13 |

FINANCIAL SECTION:

|                                      |    |
|--------------------------------------|----|
| INDEPENDENT AUDITORS' REPORT         | 14 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 17 |

FINANCIAL STATEMENTS AND SCHEDULES:

Basic Financial Statements:

|  |    |
|--|----|
| Statement of Net Position  | 31 |
| Statement of Activities  | 32 |
| Balance Sheet – Governmental Funds   | 34 |
| Reconciliation of Balance Sheet of Governmental Funds to<br>Statement of Net Position  | 36 |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Governmental Funds   | 38 |
| Reconciliation of Statement of Revenues, Expenditures, and Changes in<br>Fund Balance –Governmental Funds – To Statement of Activities | 40 |
| Statement of Net Position – Proprietary Funds  | 41 |
| Statement of Revenues, Expenses, and Changes in<br>Net Position – Proprietary Funds  | 42 |
| Statement of Cash Flows - Proprietary Funds  | 43 |
| Statement of Net Assets Fiduciary Funds  | 44 |
| Notes to Basic Financial Statements  | 45 |

Required Supplementary Information:

|   |    |
|---|----|
| Schedules of Revenues, Expenditures and Changes in Fund<br>Balance - Actual and Budget - Budgetary Basis – General Fund     | 67 |
| Schedules of Revenues, Expenditures and Changes in Fund<br>Balance - Actual and Budget - Budgetary Basis – Solid Waste Fund | 68 |
| Notes To Required Supplementary Information   | 69 |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

TABLE OF CONTENTS, (CONTINUED)

|  | <u>PAGE<br/>NUMBER</u> |
|--|------------------------|
| Supplementary Data:  |                        |
| Schedules of Revenues, Expenditures and Changes in Fund<br>Balance - Actual and Budget - Budgetary Basis:    |                        |
| General Obligation Bond Fund   | 71                     |
| Bancroft Bond Fund   | 72                     |
| Transportation Projects Fund   | 73                     |
| Land and Building Projects Fund  | 74                     |
| Parkway Redevelopment Fund   | 75                     |
| Combining Balance Sheet – Non-Major Governmental Funds   | 76                     |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balances – Non-Major Governmental Funds | 77                     |
| Schedules of Revenues, Expenditures and Changes in<br>Fund Balance - Actual and Budget - Budgetary Basis:    |                        |
| Non-Major Governmental Funds:  |                        |
| Transient Room Tax Fund  | 78                     |
| Street Utility Fund  | 79                     |
| Community Development Block Grant Fund   | 80                     |
| Housing and Economic Development Fund  | 81                     |
| Storm Water Open Space Fund  | 82                     |
| Enterprise Funds:  |                        |
| Water Fund   | 83                     |
| Sewer Fund   | 84                     |
| Redwood Sanitary Sewer Service District Fund   | 85                     |
| Combining Statement of Net Position – Internal Service Funds   | 86                     |
| Combining Statement of Revenues, Expenditures and Changes in<br>Net Position – Internal Service Funds        | 87                     |
| Combining Statement of Cash Flows – Internal Service Funds   | 88                     |
| Schedules of Revenues, Expenditures and Changes in<br>Fund Balance - Actual and Budget - Budgetary Basis:    |                        |
| Fleet Operations Fund  | 89                     |
| Support Services Fund  | 90                     |
| Administrative Services Fund   | 91                     |
| Insurance Services Fund  | 92                     |
| Statement of Changes in Assets and Liabilities – Agency Fund   | 93                     |
| Schedule of Property Tax Transactions and Balances of Taxes Uncollected                                      | 94                     |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

TABLE OF CONTENTS, (CONTINUED)

PAGE  
NUMBER

STATISTICAL SECTION:

|   |         |
|---|---------|
| Net Position by Component   | 97      |
| Changes in Net Position   | 98      |
| Program Revenue by Function   | 100     |
| Fund Balances, Governmental Funds   | 101     |
| Changes in Fund Balances, Governmental Funds  | 102     |
| Tax Revenue by Source, Governmental Funds   | 104     |
| Property Tax Levies and Collections   | 105     |
| Consolidated Tax Rates  | 106     |
| Consolidated Tax Levies   | 107     |
| Assessed and Estimated Actual Value of Taxable Property                                     | 108     |
| Real Property Tax Rates – Direct and Overlapping Governments                                | 109     |
| Special Assessment Collections  | 110     |
| Ratio of Outstanding Debt by Type   | 111     |
| Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita           | 112     |
| Legal Debt Margin Information   | 113     |
| Computation of Direct and Overlapping Debt  | 114     |
| Ratio of Annual General Obligation Bonded Debt Service Expenditures to General Expenditures | 115     |
| Schedule of Revenue Bond Coverage Water Bonds   | 116     |
| Schedule of Bonds and Bond Interest Transactions  | 117     |
| Schedule of Future Debt Service   | 118     |
| Property Values, Construction Values and Bank Deposits                                      | 119     |
| Demographic Statistics  | 120     |
| Insurance and Surety Bonds in Force   | 121     |
| Josephine County Principal Employers  | 122     |
| Ten Largest Taxpayers Within City Limits  | 123     |
| Operating Indicators by Function  | 124     |
| Capital Assets Statistics by Function   | 126     |
| Workers Compensation Fund Balance & Reserves  | 127     |
| Miscellaneous Statistics  | 128     |
| Staff Allocation by Activity  | 129     |
| Water Utility Ten Largest Revenue Sources   | 130     |
| Utility Statistics Water Usage Customers Analysis   | 131     |
| Water and Sewer Rates   | 132     |
| <br>AUDITORS' COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS                        | <br>143 |
| <br>SCHEDULE OF FEDERAL EXPENDITURES  | <br>145 |
| <br>GOVERNMENTAL AUDITING STANDARD COMPLIANCE REPORTS                                       | <br>146 |

**WHERE THE ROGUE RIVER RUNS**



© City of Grants Pass

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

ELECTED OFFICIALS

October 1, 2013

| <u>NAME</u>                | <u>TERM EXPIRES</u> |
|----------------------------|---------------------|
| Darin Fowler, Mayor        | December 31, 2016   |
| Dennis Webber, NW – Ward 1 | December 31, 2014   |
| Dan DeYoung, NW – Ward 1   | December 31, 2016   |
| Rick Riker, NE – Ward 2    | December 31, 2014   |
| Lily Morgan, NE – Ward 2   | December 31, 2016   |
| Jim Williams, SE – Ward 3  | December 31, 2014   |
| Ken Hannum, SE – Ward 3    | December 31, 2016   |
| Jim Goodwin, SW – Ward 4   | December 31, 2014   |
| Mark Gatlin, SW – Ward 4   | December 31, 2016   |

All council members receive mail at the address listed below.

CITY MANAGER

Aaron Cubic

FINANCE DIRECTOR

Jay Meredith

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

December 26, 2013



To the Honorable Mayor Darin Fowler, Members of the City Council, Reviewing Agencies, and the Citizens of Grants Pass:

We are please 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, 2013.

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. Eide Bailly LLP, 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 34,740 residents according to the Portland State University Population Research Center 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 82,775.

## **Factors Impacting Financial Conditions**

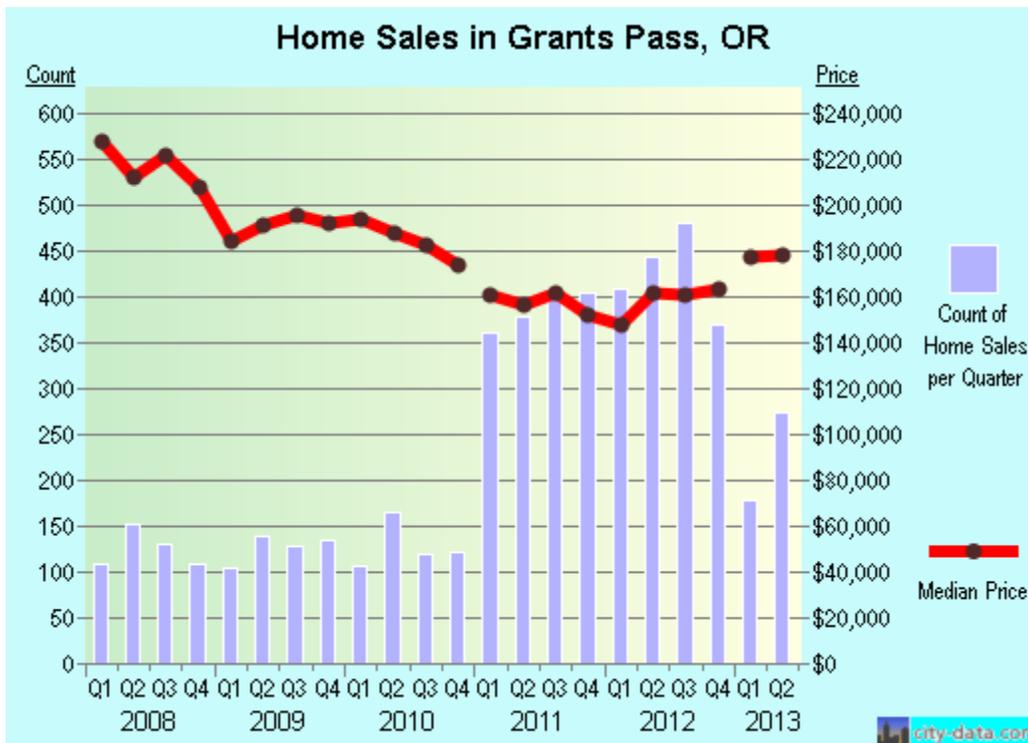
The City of Grants Pass continues to rank 15th in population among 242 cities in Oregon. Grants Pass' real estate assessed value rose by 2.1% in spite of the continued challenging housing market conditions. Approximately 0.7% of this increase was the change on assessed values for existing properties and approximately a 1.4% increase in values was the result of new development. Assessed property values are on average much closer to actual market values for many properties than they used to be years ago and in some cases are dropping along with lower market values. Changes to assessed values are limited under State law so the assessed values were significantly lower than the market values during the periods where market values were increasing in the last decade. The assessed value change for the next fiscal year (Fiscal 2014) will be a total increase of 2.5%, with approximately 1.4% coming from new construction and 1.1% coming from the change in existing properties.

In spite of the continued economic downturn that hit development particularly hard, Grants Pass continues to see some new building activity, particularly in commercial development. Residential development activity also picked up significantly in the last year. The Building and Safety Division issued 84 new structural permits during the year, more than double the number of permits issued in the previous year. Total commercial construction units increased four units and decreased \$11.1M in total value, while total residential construction units increased by 55 units and \$9.9M in value as compared to FY'12. A total of 69 single-family residential permits were issued compared to 26 for FY'12, while the number of multi-family permits increased to 2 from 1 in the previous fiscal year. Commercial permits totaled 13 in the current year as compared to 9 in FY'12.

The immediate demand for planning and building inspections for all classes of construction continues is still somewhat slow relative to activity levels years ago. Despite development declines compared to years ago, escalating demands for transportation and public safety services are on-going. Simultaneously, as the municipal boundaries grow and residents within the urban growth boundary connect to City utility services, additional citizens 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 started to flatten out and turn up both in terms of number of homes sold and the median price, in line with many other parts of the region and country. The median home sale price in the second calendar quarter of 2012 was approximately \$180,000 which is about \$20,000 higher than the same point last year. It is difficult to predict whether recent increases will continue but it seems reasonable to assume that development in the short-term will not be returning to anywhere near the record breaking levels experienced in the 2005 calendar year.



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. It has been nearly seven years since an annexation occurred in the City, however a new annexation policy will be among the top priorities of Council discussion in the coming year.

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 (\$1.79) and public safety bond (\$0.40) totaled \$6.33/\$1,000 assessed value and generated \$15.0M of the resources required for the \$16.6M public safety operations actual expenditures. Citizens reaffirmed the local option levy amount at the same rate for an

additional three years in the November 2010 vote with 65% of citizens voting yes for the levy renewal. FY'14 will be the last year of this levy term and voters will be voting on the terms of the next local option levy for Public Safety operations in November of 2013.

While many of the same influences affecting the nation as a whole continue to impact Grants Pass and Josephine County, the unemployment rate fell for the fourth consecutive year. At June 30<sup>th</sup> the rate of 11.3% was down 0.6% from the previous year. Grants Pass has a diversified economy but also 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 remains significant.

Grants Pass has made a significant commitment to economic development and works with many local and regional partners to impact economic development in the community. Partners such as the Southern Oregon Regional Economic Development Incorporated (SORED) help to recruit new business to the area and the City, Chamber of Commerce, and others work together for retention and expansion for existing businesses. Grants Pass has a number of programs that can assist the expansion of local businesses and has made a financial commitment of restricting a portion of the City's transient room tax revenue for the economic development program. The Tourism and Economic Development divisions also went through a performance audit in the last year to ensure these divisions are operating as effectively and efficiently as possible, and the City is beginning the process of working with community stakeholders for a new economic development strategic plan.

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 (SDCs) 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 that increase capacity for the related system. SDCs are assessed to make sure each property pays for its fair share of impact on the City's Water, Wastewater, Transportation, and other infrastructure. SDC revenue levels have fallen substantially in recent years but increased in FY'13. With the desire to be competitive with other regional cities and to encourage local economic development, the City Council has temporarily lowered Transportation SDCs and Parks SDCs. Revenue forecasts for development sensitive resources such as Building Permits and SDCs have been set at very conservative levels in recent budgets given the low level of development activity. This year, thanks to the pickup in both commercial and residential development activity, almost all the SDC revenues came in well ahead of budget.

The shortfall in resources available to complete pending high priority utility infrastructure projects will continue to be an important discussion for Council as it has been in the last three years. In late Fiscal 2009, the City Council rolled back annual Cost of Living Index Adjustments (COLA) rate changes for all of the utility revenue rates, which means that while certain expenses increased during the year the utility revenue rates per unit remained constant. The COLA has since been reinstated at different time periods for each utility, however the rates have been insufficient to meet long-term infrastructure needs for many years in the City utilities and Council will need to continue discussing how quickly to prepare for major infrastructure projects on the horizon. The more borrowing that is required, the more interest expenses will add to project costs and user rates in the future.

The Council did review some of the intermediate-term project priorities for the Water Utility during the year and made a change to Water user rates as a result. The rate change is phased in over two years on January 1, 2013 and January 1, 2014. This will help provide the resources to maintain Water pipelines and certain plant infrastructure, but a further review of rates will be required in coming years as the City discusses building a new Water Treatment Plant. The City's existing Water Treatment Plant is one of the oldest working water plants in all of Oregon, and after much engineering work in recent years it has been determined that in the long-term it will be more cost effective to build a new plant. This will be one of the largest projects (by dollar amount) the City has ever taken on but in the long-term will be more cost effective than spending significant amounts upgrading a very old plant. The rate increase recently implemented will help prepare for this major Water Utility project but as costs for the new plant become more refined the rate structure will need to be reviewed again.

Issues such as these will be reviewed periodically by the City Council. The Council has also taken some interim steps in recent years by adjusting the rates for the Wastewater Utility, the Transportation Utility Fee, and the rates for the Redwood Sanitary Sewer Service District (RSSSD). Also, effective June 30<sup>th</sup>, 2013 RSSSD is now consolidated with the City's Wastewater Utility and is no longer a stand-alone service district. This will also make the provision of Wastewater services more efficient for the entire City.

### **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 under the direction of the City Manager:

**Parks and 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. Directs the operations and maintenance of City parks facilities and the recreation programs.

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

**Public Works:** Directs the operations of the City's utilities, including the Street Utility, City Water and Wastewater utilities, and monitoring operations required for the closed landfill.

**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. Coordinates downtown events, supports tourism in the community, and provides information technology and fleet maintenance services.

## **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. As the Agency completed its final projects in the last year, this will be the last year the Agency is included in this financial report.

Effective August 1998, the City Council also became the governing body of the Redwood Sanitary Sewer Service District (RSSSD), an entity formed in the late 1960s 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. Today a large portion of the district is within City limits, but a large portion still remains outside the City boundary. 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. The District has also used the City's Wastewater Plant for many years, and also changed to the City's rate structure two years ago. For efficiency purposes, effective June 30<sup>th</sup>, 2013 the District has been consolidated with the City's Wastewater utility and there is no separate sanitary service

district in the City starting in FY'14.

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 reaffirmed the following goals for 2013. These goals provide a special emphasis on the central role of the Rogue River and our natural environment while guiding our community and our organization. Over 100 individual Council Strategic Plan action items were developed to guide operations towards each of the following big picture goals:

- Provide cooperative, shared leadership involving Council, staff and community
- Keep citizens safe
- Encourage economic prosperity
- Expand tourism and cultural opportunities
- Promote healthy neighborhoods
- Facilitate sustainable, manageable growth
- Maintain, operate, and expand our infrastructure to meet community needs
- Preserve and enjoy our natural resources

## **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 in the budget book, with notations addressing the attainment of each. The Fiscal 2014 budget provided a new format for numerical performance measurements with categories of outputs, effectiveness measures, and efficiency measures. Next year will be the first year of reporting back on actual versus goal or budget for these numerical measures. A quarterly report on progress in completing the Action Items in the Strategic Plan also measures the progress during the year.

## **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. As in the prior year, the City had a higher than normal amount of grants earmarked for both operations and major capital projects. The City anticipates grant activity to remain high for the coming fiscal year. The use of grant money for operations is atypical, however with the expansion of Public Safety to two newly constructed buildings; we knew there would be increased operational expenses. Certain grants have allowed us to defer the full impact of these staffing increases to future years. During the year, Council continued to review fees for a number of services with an emphasis on the utility rates. 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 using objectives and action items for each goal. The 2013 Work Plan was adopted by Council towards the beginning of the calendar year following the annual strategic planning session. Council is expected to review the goals, objectives, and action items again this winter prior to fiscal year 2015 budgeting work.

### 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. Three years ago, Council adopted a fund balance policy for the General Fund. An expanded fund balance policy also covering Enterprise Funds and certain Internal Service Funds was adopted by the City Council two years ago, along with policies that assist in financial planning for future capital expenditures.

### 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 relatively new governmental accounting standard measures the actuarial cost of offering certain benefits such as insurance to retirees and it now affects both expenses and employer liabilities. Certain retirement insurance benefits measured under this standard are already 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. Starting in the financial report two years ago, there was also a minor change to Fund Balance reporting under GASB 54 showing different categories of fund balance restrictions for governmental funds. And in this year's report, GASB 63 now requires a standardized presentation of deferred outflows of resources and deferred inflows of resources and their effects on the City's reported net position.

### 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. Minor changes were made to the investment policy by Council two years ago and throughout the year money is moved between various investment accounts authorized by the policy in order to maximize interest while keeping the funds safe and liquid. Interest income is distributed monthly to each fund's cash balance and the investment policy is reviewed by Council on an annual basis.

### **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, 2012. This was the 30<sup>th</sup> consecutive year that the City 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**

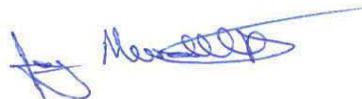
We would like to thank the Mayor and the City Council for their leadership and support. The preparation of this report could not have been accomplished without the dedicated effort of the City Finance Department staff. We also appreciate the contributions made by all other City staff members and wish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

These combined efforts plus the level of participation by 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,

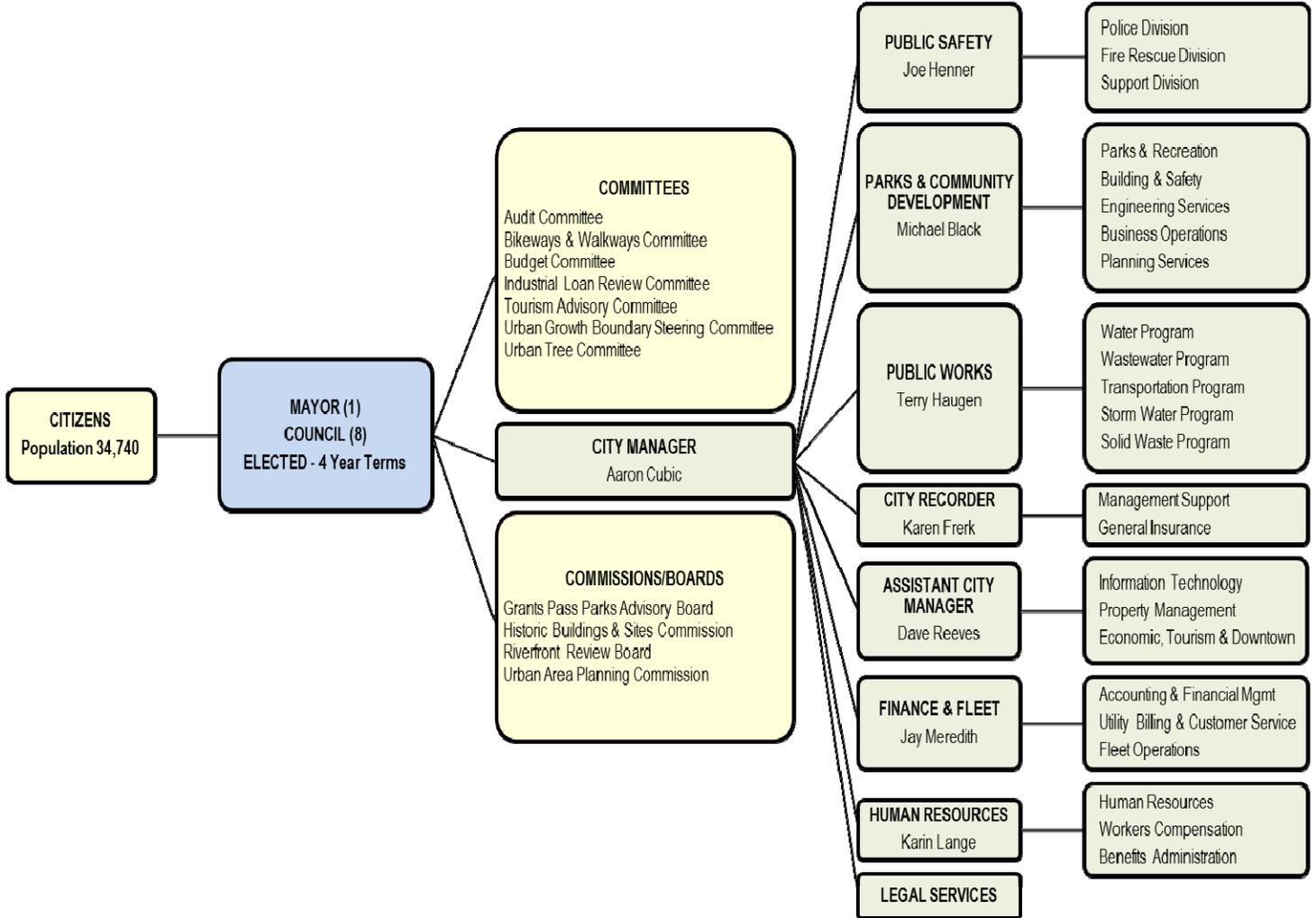


Aaron Cubic  
City Manager



Jay Meredith  
Finance Director

# CITY OF GRANTS PASS ORGANIZATIONAL CHART





Government Finance Officers Association

**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, 2012**

Executive Director/CEO



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grants Pass (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grants Pass, as of June 30, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grants Pass's financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards 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 Organization*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Emphasis of Matter**

As discussed in Note 17 to the financial statements, the City had a prior period correction of an error related to the landfill liability, which resulted in a restatement of the beginning net position. Our opinion is not modified with respect to this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2013 on our consideration of City of Grants Pass's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
December 27, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As the management of the City of Grants Pass ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2-11 of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$283,946,326 (net position). Of this amount, \$41,679,079 represented unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$1,785,154 (net of the prior period adjustment) largely due to investments in capital and reductions in previously outstanding long-term debt as a result of annual debt-service payments. The prior period adjustment increased the prior period net position by \$2,132,864 and this relates to the landfill liability. More information on this liability can be found in the footnotes to the financial statements.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$29,416,644 a decrease of \$320,575 in comparison with the prior year. Approximately 32% of this amount or \$9,425,553 is legally available for spending at the government's discretion.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$13,183,007, or approximately 60% of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$3,489,270 during the current fiscal year as a result of scheduled annual debt service payments plus a new Full Faith and Credit issue of net proceeds of \$5.0 million for a new Water Reservoir.

### Overview of the Financial Statements

The City's Comprehensive Annual Financial Report (CAFR) is organized as follows:

- I. Introductory Section
- II. Financial Section
  - a. Basic Financial Statements – government-wide and fund financial statements, including notes to the basic financial statements.
  - b. Required Supplementary Information – budget and actual schedules for the General Fund and major Special Revenue Funds.
  - c. Other Supplementary Information – budget and actual schedules for other major funds and nonmajor funds and included internal service fund financials.
  - d. Other Financial Schedules – schedules of property tax.
- III. Statistical Section
- IV. Compliance Section

The basic financial statements and supplementary information are presented using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and local Governments. The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial

statements, 2) fund financial statements, and 3) notes to financial statements. The basic financial statements present financial information about the City as a whole and about its activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the basic financial statements are required supplementary information, other supplementary information, and other financial schedules.

## 1. Government-wide Financial Statements

The *government-wide financial statements* report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The *statement of net position* includes all of the City's assets and liabilities, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include 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. The business-type activities of the City include water and sewer utilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also for the legally separate Josephine County-City of Grants Pass Solid Waste Agency for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Grants Pass Redevelopment Agency and Redwood Sanitary Sewer Service District, although legally separate, function for all practical purposes as a department of the City, and therefore have been included as an integral part of the primary government.

The government-wide financial statement can be found on pages 31-33 of this report.

## 2. Fund Financial Statements

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

***Governmental Funds*** - The governmental fund statements emphasize available financial resources rather than the net position. They are prepared using the current financial resources measurement focus and

modified accrual basis of accounting. 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.

The following reconciliations are provided to facilitate a comparison between governmental funds as reported in the fund financial statements and governmental activities as reported in the government-wide financial statements:

- A reconciliation of the fund balance reported in the governmental funds Balance Sheet to the net position reported on the government-wide Statement of Net Position, and
- A reconciliation of the change in fund balances reported in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances to the change in net position reported in the government-wide Statement of Activities.

The City has 12 governmental funds. The governmental fund statements present seven major funds separately: General Fund, Solid Waste Fund, General Obligation Bond Fund, Bancroft Bond Fund, Transportation Projects Fund, Lands & Buildings Projects Fund, and the Parkway Redevelopment Agency Fund. The other 5 nonmajor funds are combined and presented in a single column as nonmajor governmental funds.

The basic governmental fund financial statement can be found on pages 34-40 of this report.

***Proprietary Funds*** – Proprietary funds are to account for activities supported by user charges and where the emphasis is on the sufficiency of revenues to cover expenses. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City maintains two different types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, waste water and Redwood Sanitary Sewer District operations. These funds are presented separately as major funds in the proprietary fund financial statements.

*Internal service funds* are generally used to accumulate and allocate internally the costs of the City's central services. The City has established an internal service fund with the following divisions – fleet, support services (encompassing information technology, property management, engineering, and community development management), administration (encompassing management, legal, finance, and human resources) and insurance (encompassing general insurance, benefits administration and workers compensation). Because the internal service fund activities predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 41-43 of this report.

***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.

### 3. Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-65 of this report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

##### Analysis of Net Position

The City's assets exceeded liabilities by \$283,946,326 at June 30, 2013. By far, the largest portion of the City's net position, about 82%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City's capital assets after depreciation increased \$0.52M or 0.2% from June 30, 2012. The City's major capital assets are investments in infrastructure – the water treatment plant and distribution system, the wastewater treatment plant and collection system, and the street and sidewalk system. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

##### CITY OF GRANTS PASS' Net Position at June 30

|                               | <i>In thousands</i> |                   |                   |                   |                   |                   |
|-------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                               | Governmental        |                   | Business-Type     |                   | Total             |                   |
|                               | Activities          |                   | Activities        |                   |                   |                   |
|                               | 2013                | 2012              | 2013              | 2012              | 2013              | 2012              |
| Current and Other Assets      | \$ 40,879           | \$ 39,662         | \$ 18,010         | \$ 13,254         | \$ 58,889         | \$ 52,916         |
| Capital Assets                | 155,952             | 155,533           | 93,163            | 93,067            | 249,115           | 248,600           |
| Total Assets                  | <u>\$ 196,831</u>   | <u>\$ 195,195</u> | <u>\$ 111,173</u> | <u>\$ 106,321</u> | <u>\$ 308,004</u> | <u>\$ 301,516</u> |
| Current and Other Liabilities | \$ 4,639            | \$ 5,310          | \$ 2,345          | \$ 1,832          | \$ 6,984          | \$ 7,142          |
| Long-Term Liabilities         | 7,239               | 6,656             | 9,834             | 5,557             | 17,073            | 12,213            |
| Total Liabilities             | <u>11,878</u>       | <u>11,966</u>     | <u>12,179</u>     | <u>7,389</u>      | <u>24,057</u>     | <u>19,355</u>     |
| <u>Net Position:</u>          |                     |                   |                   |                   |                   |                   |
| Net Investment                |                     |                   |                   |                   |                   |                   |
| in Capital Assets             | 150,460             | 148,516           | 82,629            | 86,785            | 233,089           | 235,301           |
| Restricted                    | 9,179               | 10,316            | -                 | -                 | 9,179             | 10,316            |
| Unrestricted                  | 25,314              | 24,397            | 16,365            | 12,147            | 41,679            | 36,544            |
| Total Net Position            | <u>\$ 184,953</u>   | <u>\$ 183,229</u> | <u>\$ 98,994</u>  | <u>\$ 98,932</u>  | <u>\$ 283,947</u> | <u>\$ 282,161</u> |

Net position of \$9.2M or 3.25% of the total represent resources that are subject to external restrictions on how they may be used. This represents a decrease of \$1.1M in the City's restricted net position from June

30, 2012. The remaining balance of \$41.7M may be used to meet the government's ongoing obligations to its citizens and creditors.

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, the City's overall net position increased \$1.8M from the prior fiscal year, net of the prior period adjustment. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

### Analysis of Change Net Position

| CITY OF GRANTS PASS - CHANGES IN NET POSITION |                            |                   |                             |                  |                   |                   |
|---|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| <i>(In thousands of dollars)</i>              |                            |                   |                             |                  |                   |                   |
|   | Governmental<br>Activities |                   | Business-Type<br>Activities |                  | Total             |                   |
|   | 2013                       | 2012              | 2013                        | 2012             | 2013              | 2012              |
| <b>REVENUES:</b>                              |                            |                   |                             |                  |                   |                   |
| Program Revenues:                             |                            |                   |                             |                  |                   |                   |
| Charges for Services                          | \$ 3,777                   | \$ 4,685          | \$ 10,773                   | \$ 9,806         | \$ 14,550         | \$ 14,491         |
| Operating Grants<br>& Contributions           | 1,301                      | 1,582             | 24                          | 336              | 1,325             | 1,918             |
| General Revenues:                             |                            |                   |                             |                  |                   |                   |
| Taxes   | 21,090                     | 20,174            | -                           | -                | 21,090            | 20,174            |
| Intergovernmental                             | 3,502                      | 4,901             | 252                         | 300              | 3,754             | 5,201             |
| Other   | 651                        | 972               | 725                         | 515              | 1,376             | 1,487             |
| Total Revenues                                | <u>30,321</u>              | <u>32,314</u>     | <u>11,774</u>               | <u>10,957</u>    | <u>42,095</u>     | <u>43,271</u>     |
| <b>EXPENSES:</b>                              |                            |                   |                             |                  |                   |                   |
| Public Safety                                 | 20,678                     | 20,258            | -                           | -                | 20,678            | 20,258            |
| Transportation                                | 1,765                      | 1,891             | -                           | -                | 1,765             | 1,891             |
| Building                                      | 558                        | 586               | -                           | -                | 558               | 586               |
| Parks   | 2,036                      | 1,942             | -                           | -                | 2,036             | 1,942             |
| Development                                   | 1,945                      | 2,300             | -                           | -                | 1,945             | 2,300             |
| General Government                            | 879                        | 753               | -                           | -                | 879               | 753               |
| Solid Waste                                   | 467                        | 439               | -                           | -                | 467               | 439               |
| Water   | -                          | -                 | 4,909                       | 4,096            | 4,909             | 4,096             |
| Sewer   | -                          | -                 | 6,820                       | 6,485            | 6,820             | 6,485             |
| Interest                                      | 252                        | 283               | -                           | -                | 252               | 283               |
| Total Expenses                                | <u>28,580</u>              | <u>28,452</u>     | <u>11,729</u>               | <u>10,581</u>    | <u>40,309</u>     | <u>39,033</u>     |
| Change in Net Position<br>before Transfers    | 1,741                      | 3,862             | 45                          | 376              | 1,786             | 4,238             |
| Transfers                                     | <u>(17)</u>                | <u>170</u>        | <u>17</u>                   | <u>(170)</u>     | <u>-</u>          | <u>-</u>          |
| Change in Net Position                        | 1,724                      | 4,032             | 62                          | 206              | 1,786             | 4,238             |
| Net Position - Beginning                      | <u>183,229</u>             | <u>179,197</u>    | <u>98,932</u>               | <u>98,726</u>    | <u>282,161</u>    | <u>277,923</u>    |
| Net Position - Ending                         | <u>\$ 184,953</u>          | <u>\$ 183,229</u> | <u>\$ 98,994</u>            | <u>\$ 98,932</u> | <u>\$ 283,947</u> | <u>\$ 282,161</u> |

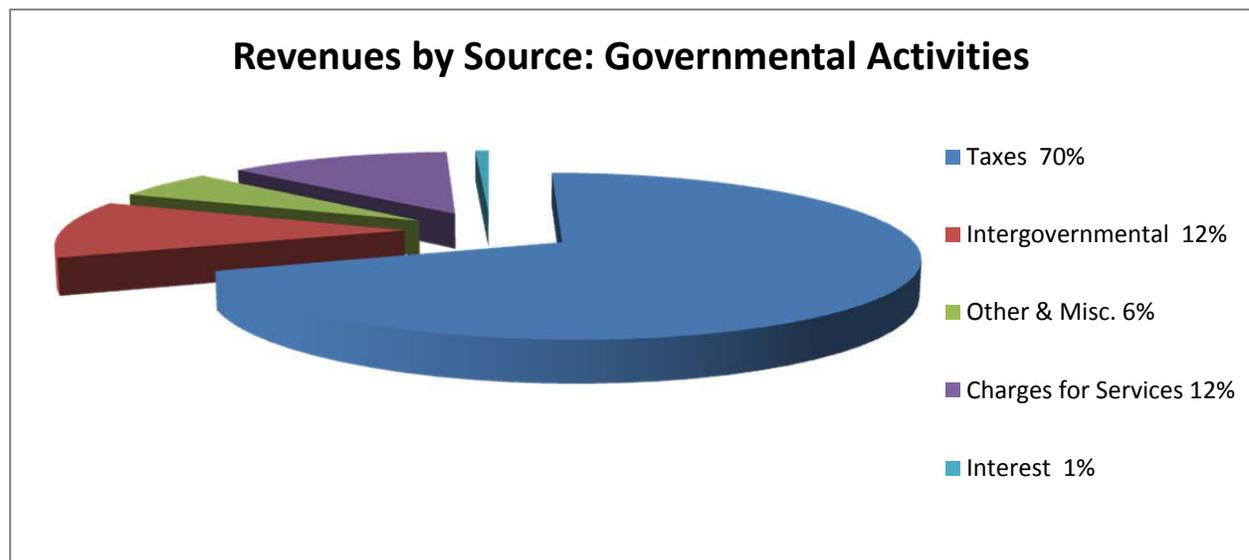
The statement of activities is a full accounting of all short-term and long-term expense accruals and differs significantly from budgetary statements or even the statement of revenues, expenditures, and changes in fund balances. For example, the statement of activities factors in program allocations for capital asset depreciation, long-term liability accruals and related expense allocations, and also integrates internal service fund expenses throughout the programs.

The City's total revenues were \$42.1M, of which a significant portion, 50.1%, came from taxes, while 34.6% relates to charges for services, including user fees and licenses and permits. Operating Grants & Contributions decreased during the year primarily as a result of lower levels of overall development activity reducing capital contributions to utility infrastructure and also a slightly lower level of grant activity for the

year. Certain expenses such as long-term liability expense accruals and capital asset depreciation are allocated to departments based on the size of the department as a percentage of budgetary expenditures.

**Governmental Activities.** The 0.9% increase in net position, or approximately \$1.7M, was a result of the City's capital and infrastructure improvement projects in addition to a prior period adjustment for the landfill liability. The landfill's liability of \$2.1M presented last year was determined to be removed as a liability on the financial statements because the City's insurance policy purchased many years ago will be sufficient to cover remaining closure and monitoring costs. The gross landfill liability is still presented in the notes but not recorded on the face of the financial statements. The Transportation Capital Projects Fund, the Land and Buildings Capital Projects Fund, and the General Fund together added approximately \$4.5M of new capital assets (before considering depreciation). Long-term liabilities were reduced by approximately \$1.5M during the year as a result of regularly scheduled debt payments on the Public Safety Facilities General Obligation Bonds and removing the landfill liability from the face of the statement of net position along with changes to long-term personnel related liabilities.

Capital Asset activity primarily consisted of transportation infrastructure projects. Right-of-Way totaling approximately 53,000 square feet and valued at \$0.4M was added to the system in addition to \$422,000 in street overlays or sidewalks and another \$766,000 in various transportation construction projects in process. Other governmental capital projects undertaken in FY'13 included the seismic retrofitting to the Hillcrest Public Safety station, the Baker Park expansion/path project, and lighting and signage upgrades to Reinhart Volunteer Park among other projects.

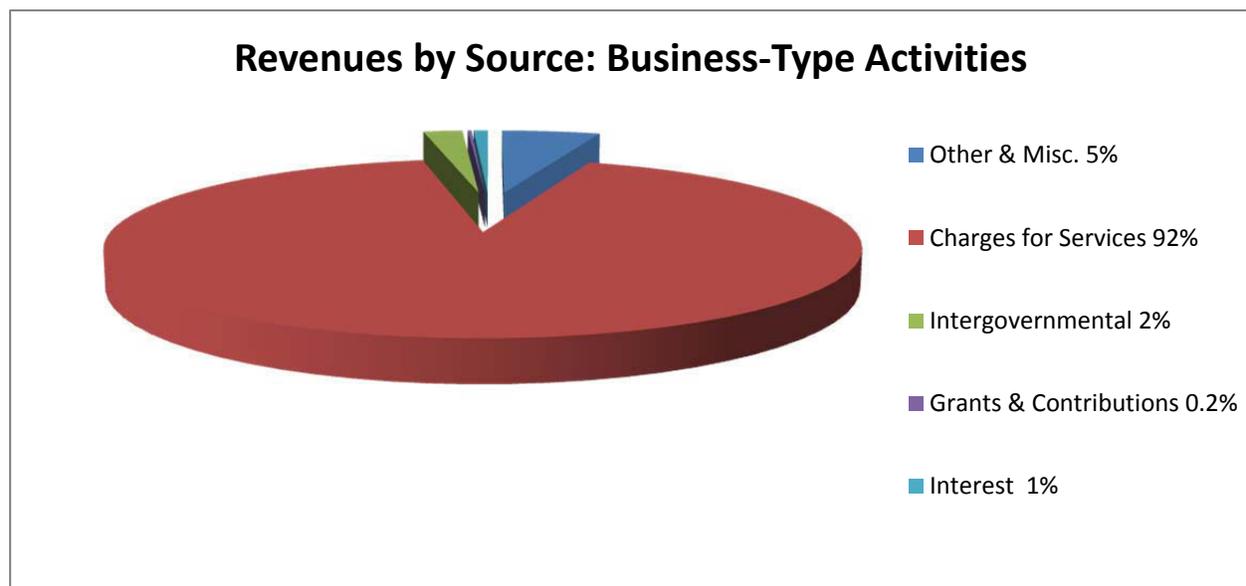


Total tax revenue increased 4.5% in FY'13 generating approximately \$0.92M more in revenues than in FY'12. Franchise fees increased \$0.07M, Transient Room Taxes increased \$0.11M, Business Taxes decreased \$0.09M, and Property Taxes increased \$0.83M. The property tax increase was partially due to a one time turnover from closing down the Redevelopment Agency and turning the excess taxes collected back to the county for redistribution to property tax collecting agencies that were affected by the tax increment of the redevelopment agency when the agency was directly collecting property taxes. In general, grants and contributions were slightly lower due to a relatively low amount of private development and related infrastructure contributions along with slightly less grant receipts for the year. Grant related activity is overall still high and in FY'14 the distributions of the awarded \$1.5M CDBG grant for the Josephine

County food bank facility on the City's River Road Reserve Property should begin as construction is slated for FY'14.

Governmental expenses increased by \$0.1M or 0.4%. The majority of that was due to the functional allocation of fixed assets. This is a good portion of why Public Safety, which comprises 72.6% of the functional allocation, saw an increase in expenses of \$0.4M. A portion of that overall governmental expense increase was also due to the general roll up of other operating expenses for both governmental and internal service funds, especially in the areas of personnel and utilities.

**Business-type Activities.** The business-type activities experienced a small 0.06% increase, or \$0.06M, in net position. The Water Fund added \$1.3M in capital assets (before depreciation) and another \$2.3M in construction in progress. Construction in progress capital asset additions was largely the Water Reservoir #3 project (estimated to be a \$5 million total project) and the other assets added to the Water Fund were largely the Water Treatment Plant Equipment and Infrastructure upgrades at the plant. The wastewater fund on the other hand saw a minimal change in total cost basis of capital assets due to relatively limited project and development activities in the year. The Wastewater Fund's smaller amount of \$0.3M of new assets was largely the result of underground sewer line projects.



Charges for services accounted for 91.5% of the revenues in the City's business type activities. As the current economy continues to somewhat hold back development, growth in accounts has remained minimal. The increase of \$0.43M in charges for service over the prior fiscal year can be largely attributed to the Cost of Living Index applied to the water and sewer rates each January along with an increase to Water rates that is being phased in on January 1, 2013 and January 1, 2014. It should also be noted, again due to the current economy, the lack of development has contributed to a continued decline in capital asset contributions from developments. However, based on recent projects reviewed in Parks and Community Development, subdivision development activity is beginning to pick up a little bit in the current year as compared to recent years.

Water operational expenses increased 19.9%, or \$0.81M, largely as a result of roll up expenses in personnel and utilities, higher depreciation expenses, and additional expenditures related to beginning master capital improvement plan updates and the planning for a new water treatment plant. In wastewater

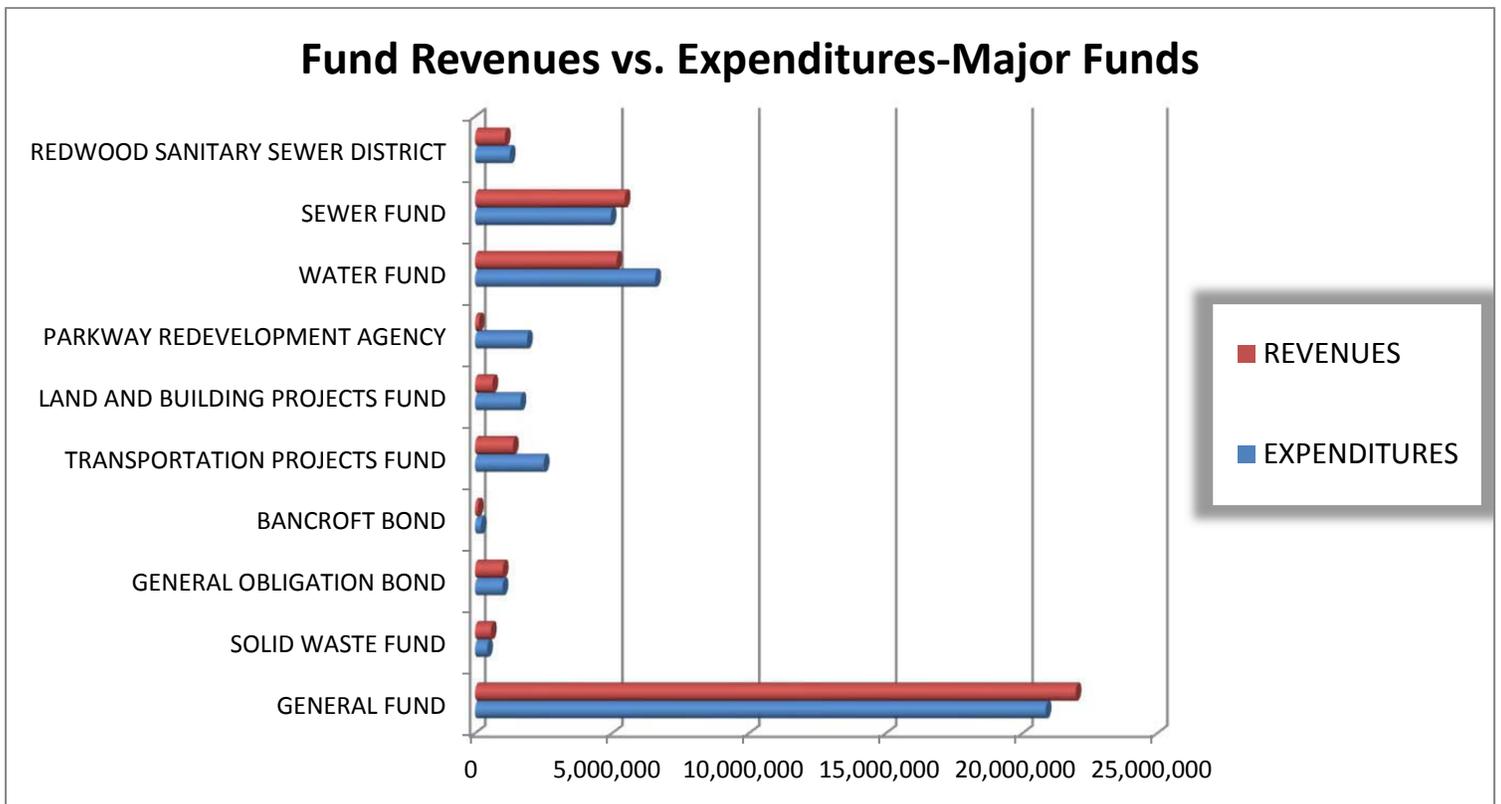
operational expenses increased 5.2% or \$0.34M. In addition to relatively normal inflation adjustments in wastewater personnel and utility expenses, master planning activity was also high in wastewater as the City is approaching the end of the new Urban Growth Boundary adjustment process. There was also a need to consider the various strategic options for the Wastewater's Jo-Gro composting operations and how the Wastewater operation will dispose of its solids in the future.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal and budgetary requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balances which has not yet been limited to use for a particular legal purpose by either an external party, the City itself, or the City Manager or Finance Director as established by Council Resolution 5813.

At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$29,416,644, a decrease of \$320,575 in comparison with the prior year. Approximately 32% of this amount or \$9,425,553 constitutes unassigned fund balance which is available for spending at the government's discretion. The small decrease in combined fund balances is partially due to closing down the Redevelopment Agency at the end of the fiscal year and distributing excess available tax increment dollars back to the affected taxing agencies, offset by an increase to the fund balance in the General Fund.



The General Fund is the chief operating fund of the City. It ended the year with a GAAP balance of \$13.9 million, an increase of \$1.1M for the year. The increase in the fund balance was due to slightly higher revenue than budgeted (approximately 2.4% over budget) for the year along with expenditures significantly under budget for the year in Public Safety and other departments. The unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$13,183,007. The ending budgetary fund balance for the General Fund was closer to \$12.4M, with the difference being an interfund loan due from the Lands and Buildings Fund. The budgetary fund balance represents approximately 50% of total general fund expenditures budgeted for FY'14, above the 30% to 40% financial policy guidelines. As revenue growth is not expected to exceed expenditure growth in the short-term, some of this fund balance excess compared to financial policies will need to be carried over for use in future fiscal years.

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, 2013 and 2012**

|                                | 2013                 | 2012                 | Change                |
|--------------------------------|----------------------|----------------------|-----------------------|
| Bancroft Bond Fund             | \$ (1,031,178)       | \$ (1,119,701)       | \$ 88,523             |
| General Obligation Bond Fund   | 112,921              | 106,004              | 6,917                 |
| Transportation Projects Fund   | 8,653,772            | 7,993,959            | 659,813               |
| Solid Waste                    | 2,548,814            | 2,639,093            | (90,279)              |
| Lands & Buildings Project Fund | 2,265,957            | 2,562,824            | (296,867)             |
| Parkway Redevelopment Agency   | -                    | 1,525,627            | (1,525,627)           |
| Total Fund Balances            | <u>\$ 12,550,286</u> | <u>\$ 13,707,806</u> | <u>\$ (1,157,520)</u> |

The Bancroft Bond fund provides assessment loans to citizens that don't want to pay for their entire portion of local improvement district assessments upon completion. The Bancroft Bond fund balance increased during the year due to principal and interest repayments on loans. Internal loans have been used to provide resources to the Bancroft Bond Fund, because individual Local Improvement Districts (LID) have been insufficient in dollar value to warrant public borrowing.

The decrease in the Parkway Redevelopment Agency fund balance was a result of the Agency dissolving at the end of FY'13 and turning over all excess tax increment resources back to the county for distribution to the other taxing agencies. The Agency stopped collecting taxes directly during FY'09 and the final amount of funding necessary for projects funded by the Agency was determined during the year. The decrease in the Lands & Buildings Project Fund relates to spending on various projects, including parks, trail, and other projects. The Transportation Projects Fund balance increased during the year as resources are being accumulated to begin major projects in future years such as phases of Redwood Avenue and Allen Creek Road.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

## Schedule of Major Business-type Unrestricted Net Position

As of June 30, 2013 and 2012

|   | 2013                 | 2012                | Change              |
|---|----------------------|---------------------|---------------------|
| Water Fund                              | \$ 7,266,197         | \$ 3,626,272        | \$ 3,639,925        |
| Sewer Fund                              | 5,476,975            | 4,209,293           | 1,267,682           |
| Redwood Sanitary Sewer Service District | -                    | 974,117             | (974,117)           |
| <b>Total Unrestricted Net Assets</b>    | <b>\$ 12,743,172</b> | <b>\$ 8,809,682</b> | <b>\$ 3,933,490</b> |

The unrestricted net position for the Water Fund at the end of the fiscal year was \$7.3M and was \$5.4M for the Sewer Fund. Generally the utility funds maintain a contingency balance in the operating fund (separate from the capital projects fund in each utility) of close to 25% of annual expenditures and the rest of available funds are transferred to the utility's capital project fund for use in the completion of infrastructure projects. The unrestricted net position amounts shown above are primarily the operating fund contingency plus funds available to complete infrastructure projects. The Water Fund's resources increased during the year due to a \$5.0M bond offering for the Water Reservoir #3 project and also at the end of the fiscal year the Redwood Sanitary Sewer Service District was legally dissolved and transferred into the City's Sewer Fund operations.

### General Fund Budgetary Highlights

Original budget compared to final budget and final budget compared to actual results: During FY13 there was no need for any significant amendments to change either the original estimated revenues or original budgeted appropriations.

Overall revenues came in 2.03% above budget. Along with taxes slightly over budget, licenses and permits were also significantly over budget due to a pickup in residential and commercial development activity. The largest differences between estimated revenues and actual revenues were as follows.

| Revenue Source       | Estimated revenues | Actual revenues | Differences |
|----------------------|--------------------|-----------------|-------------|
| Taxes                | \$18,553,900       | \$18,656,414    | \$102,514   |
| Licenses and Permits | \$236,900          | \$373,689       | \$136,789   |
| Intergovernmental    | \$1,525,299        | \$1,613,489     | \$88,190    |

The only major General Fund revenue category that came in under budget for the year was Fines and Forfeitures with a shortfall of \$43,917 for the year. This is partially due to a change by the State legislature in the amount of citation revenue sharing used by the State, which has recently been rescinded and won't have the same effect on future fiscal years.

The budgetary balance for the General Fund, which includes all General Fund programs except restricted resources from areas such as the Building and Tourism departments, was \$11,943,903. This equates to a balance higher than the City's financial policy range of 30% to 40% of annual expenditures, but this excess

is projected to be needed as a carryover during the next fixed rate four-year Public Safety property tax operating levy beginning in FY'15 and ending in FY'18. General Fund departments with the largest budgetary savings during the year by dollar amount included Public Safety and Park Maintenance Services. Public Safety was by far the largest contributor to expenditure savings in dollar amounts compared to budget as it is the largest department in the General Fund. General Fund operating departments were overall 5.4% under the expenditure budget for the year, due largely to personnel vacancies at different points during the year and a minor department reorganization that slightly changed staffing of certain General Fund divisions. Public Safety expenditures in FY'13 were also 4.6% under budget, again due largely to savings in personnel budgets.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of fiscal 2013, the City had invested \$249,115,294 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 \$0.51 million. 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.

|                   | <b>Changes in Capital Assets (In Millions)</b> |               |                      |              |               |               |
|-------------------|--|---------------|----------------------|--------------|---------------|---------------|
|                   | <b>Governmental</b>                            |               | <b>Business-type</b> |              | <b>Total</b>  |               |
|                   | <b>Activities</b>                              |               | <b>Activities</b>    |              |               |               |
|                   | <u>2013</u>                                    | <u>2012</u>   | <u>2013</u>          | <u>2012</u>  | <u>2013</u>   | <u>2012</u>   |
| Beginning Balance | 155.53   | 153.15        | 93.07                | 94.81        | 248.60        | 247.96        |
| Additions         | 4.52   | 9.35          | 4.00                 | 1.07         | 8.52          | 10.42         |
| Retirement/Other  | (1.37)   | (4.66)        | (1.42)               | (0.36)       | (2.79)        | (5.02)        |
| Depreciation      | (2.73)   | (2.31)        | (2.49)               | (2.45)       | (5.22)        | (4.76)        |
| Ending Balance    | <u>155.95</u>                                  | <u>155.53</u> | <u>93.16</u>         | <u>93.07</u> | <u>249.11</u> | <u>248.60</u> |

Major additions to Governmental Activities assets for the year were generated by Transportation projects. Right-of-Way totaling approximately 53,000 square feet and valued at \$0.4M was added to the system in addition to \$422,000 in street overlays or sidewalks and another \$766,000 in various transportation construction projects in process. Other governmental capital projects undertaken in FY'13 in the Lands & Buildings Projects Fund included the seismic retrofitting to the Hillcrest Public Safety station, the Baker Park expansion/path project, and lighting and signage upgrades to Reinhart Volunteer Park among other projects.

In the Business-type activities, the Water Fund added \$1.3M in capital assets (before depreciation) and another \$2.3M in construction in progress. Construction in progress capital asset additions was largely the Water Reservoir #3 project (estimated to be a \$5 million total project) and the other assets added to the Water Fund were largely the Water Treatment Plant Equipment and Infrastructure upgrades at the plant. The Wastewater Fund's smaller amount of \$0.3M of new assets was largely the result of underground sewer line projects.

Additional information on the City's capital assets can be found in Note 5.

**Long-Term Debt.** At year-end the City had bonds, contracts and notes outstanding that totaled \$16.02M. All of the current debt is backed by the full faith and credit of the government, including the current bonds payable by the business-type activities. Debt outstanding was as follows at year-end:

| <b>Outstanding Debt at Year End</b> |                 |                 |
|-------------------------------------|-----------------|-----------------|
| (in millions)                       |                 |                 |
|                                     | 2013            | 2012            |
| <b>Governmental:</b>                |                 |                 |
| General obligation                  | \$ 5.47         | \$ 6.21         |
| Notes and Contract payable          | 0.02            | 0.05            |
| <b>Sub Total</b>                    | <b>5.49</b>     | <b>6.26</b>     |
| <b>Business-type Activities:</b>    |                 |                 |
| Bonds payable                       | 9.84            | 5.95            |
| Unamortized Premium / Discount      | 0.69            | 0.34            |
| Notes and Contracts Payable         | -               | -               |
| <b>Sub Total</b>                    | <b>10.53</b>    | <b>6.29</b>     |
| <b>Total</b>                        | <b>\$ 16.02</b> | <b>\$ 12.55</b> |

Decreases to outstanding debt above for the last year were the result of regular annual debt service payments. During the year, the Water Fund had a bond offering that generated approximately \$5 million in total net proceeds for the replacement and construction of Water Reservoir #3, formerly one of the oldest and largest water reservoirs in the City's water distribution system.

The City maintains a bond rating of "Aa3" with Moody's for its General Obligation debt and an "AA-" rating with Standard & Poor's for its Full Faith and Credit debt issues. Detailed charts about the City's debt are presented in Note 7 of the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of total real market value of the taxable property within its boundaries (ORS 287A.050). The current debt limit for the City is \$82,685,254, which is significantly in excess of the City's outstanding general obligation debt.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic factors currently affect the City and were considered in developing the 2013-2014 budget.

- The City's General Fund is dependent on property taxes. With a continued lag in construction, and assessed values moving closer to real market values, the key factors used to build the property tax estimates for FY14 included a 0.25% increase in assessed value on existing properties in addition to a modest new construction estimate based on actual construction activity in the previous

calendar year. The property tax revenue budget uses a 93.5% collection rate for the current year levy in addition to a percentage of past due and outstanding property tax levies from previous years. The total estimated increase in property tax revenues for the current year levy is a budget of an additional 1.6% or \$232,000 in additional property tax revenues for the General Fund (for the current year's levy compared to last year's levy).

- The Council, wishing to maintain service levels in our growing community, placed before the voters a three-year Public Safety levy renewal in 2010 at a \$1.79/\$1,000 assessed value. The measure was approved by a large voting margin and provided funding for the fiscal years of FY'12 through FY'14. The rate approved by voters was the same local option levy rate that funded Public Safety in FY'10 to FY'11. In addition, in November of 2013 voters passed a levy at the same rate for the next four fiscal years (FY'15 to FY'18) so Public Safety should have the resources to maintain the current level of services through FY'18.
- Other General Fund revenue trends and assumptions include:
  - In the near-term, consumption of utilities is expected to stay relatively flat so franchise tax budget revenue changes are based merely on anticipated utility rate changes.
  - State revenue sharing amounts in total are not expected to have significant changes in the near-term as these are a percentage of the alcohol tax revenues paid in to the State and amounts do not typically fluctuate a great deal from year to year unless Cities have significant population changes.
- Lack of construction has reduced System Development Charge (SDC) revenues from typical levels of years ago, impacting funds available for growth related capital projects in coming years. If development exceeds conservative estimates, the SDC resources actually received in excess of estimates are appropriated to be available in future fiscal years.
- Personnel expenses continue to put pressure on budgets as health insurance premiums are expected to continue to grow at the average of close to 10% per year seen over the last decade. An insurance committee composed of labor representatives, the City's agent of record, and management, continue to look at ways to lower these costs or limit premium increases in future years through modifications to plans.
- It is likely that at least two of the four City bargaining units will be in negotiations for wages or the full labor contract. Budgets generally assume inflation rates of 2% for wages and certain other operational costs.
- Retirement rates also continue to be a factor at this time, although in this year's legislative session the State passed law changes that would defer the next significant rate increase for two years. The economic downturn has continued to put pressure on retirement funding and initial estimates are that PERS rates will increase close to 4% to 5% of gross payroll starting July 1, 2014. While the State's PERS system changes rates every two years based on its actuarial funding status, the City changes internally billed rates annually to prepare for future increases through a PERS reserve (a component of the Insurance Services Fund). Approximately \$1.9M has been set aside as of June 30, 2013 to help prepare for future PERS rate increases.

### **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 additional information please contact the Finance Department at the City of Grants Pass at (541) 450-6020, 101 N.W. "A" Street, Grants Pass, Oregon, 97526.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

CITY OF GRANTS PASS, OREGON  
STATEMENT OF NET POSITION  
June 30, 2013

|  | Primary Government         |                             |                       | Component Unit   |
|--|----------------------------|-----------------------------|-----------------------|--|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 | Josephine County<br>City of Grants<br>Pass Solid<br>Waste Agency |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   |                            |                             |                       |  |
| <i>Assets</i>  |                            |                             |                       |  |
| Cash and Cash Equivalents  | \$ 37,800,651              | \$ 12,094,857               | \$ 49,895,508         | \$ 1,754,569   |
| Receivables, net   | 4,073,609                  | 1,787,266                   | 5,860,875             | 20,437   |
| Prepays  | 325,513                    | 1,500                       | 327,013               | -  |
| Internal Balances  | (3,621,786)                | 3,621,786                   | -                     | -  |
| Restricted Assets:   |                            |                             |                       |  |
| Cash and Cash Equivalents  | 1,715,504                  | 300,074                     | 2,015,578             | -  |
| Receivables, net   | 585,159                    | 204,324                     | 789,483               | -  |
| Capital Assets not being depreciated                               | 73,623,544                 | 3,519,965                   | 77,143,509            | -  |
| Capital Assets, net of Accumulated Depreciation                    | 82,328,639                 | 89,643,146                  | 171,971,785           | -  |
| <i>Total Assets</i>  | <u>196,830,833</u>         | <u>111,172,918</u>          | <u>308,003,751</u>    | <u>1,775,006</u>   |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> |                            |                             |                       |  |
| <i>Liabilities</i>   |                            |                             |                       |  |
| Accounts Payable and Other Current Liabilities                     | 1,479,221                  | 652,192                     | 2,131,413             | 8,325  |
| Accrued Payroll  | 1,634,243                  | 219,263                     | 1,853,506             | -  |
| Retainage Payable  | 27,341                     | 102,684                     | 130,025               | -  |
| Customer Deposits  | -                          | 71,028                      | 71,028                | -  |
| Noncurrent Liabilities   |                            |                             |                       |  |
| Due Within One Year  | 1,498,500                  | 1,115,000                   | 2,613,500             | -  |
| Due in More than One Year  | 7,238,924                  | 10,019,029                  | 17,257,953            | -  |
| <b>Total Liabilities</b>   | <u>11,878,229</u>          | <u>12,179,196</u>           | <u>24,057,425</u>     | <u>8,325</u>   |
| <b>NET POSITION</b>  |                            |                             |                       |  |
| Net Investments in Capital Assets                                  | 150,459,683                | 82,628,764                  | 233,088,447           | -  |
| Restricted for   |                            |                             |                       |  |
| Transportation   | 1,505,698                  | -                           | 1,505,698             | -  |
| Lands & Building Capital   | 47,940                     | -                           | 47,940                | -  |
| System Development   | 4,563,507                  | -                           | 4,563,507             | -  |
| CDBG/HUD   | 1,716,427                  | -                           | 1,716,427             | -  |
| Building & Safety  | 414,860                    | -                           | 414,860               | -  |
| Tourism/Recreation/TRT Approved                                    | 604,226                    | -                           | 604,226               | -  |
| Debt Service   | 112,921                    | -                           | 112,921               | -  |
| Other purposes   | 213,221                    | -                           | 213,221               | -  |
| Unrestricted   | <u>25,314,121</u>          | <u>16,364,958</u>           | <u>41,679,079</u>     | <u>1,766,681</u>   |
| <b>Total Net Position</b>  | <u>\$ 184,952,604</u>      | <u>\$ 98,993,722</u>        | <u>\$ 283,946,326</u> | <u>\$ 1,766,681</u>  |

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, 2013

| Functions/Programs              | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                 |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>       |                      |                      |                                    |                                  |
| Governmental Activities         |                      |                      |                                    |                                  |
| Public Safety                   | \$ 20,678,509        | \$ 497,010           | \$ 214,631                         | \$ 437,683                       |
| Transportation                  | 1,764,757            | 1,590,660            | 643,878                            | -                                |
| Building                        | 557,675              | 520,536              | -                                  | -                                |
| Parks                           | 2,036,468            | 24,456               | 3,600                              | -                                |
| Development                     | 1,944,782            | 228,532              | 715                                | -                                |
| General Government              | 878,725              | 579,607              | -                                  | -                                |
| Solid Waste                     | 467,019              | 336,331              | -                                  | -                                |
| Interest                        | 252,176              | -                    | -                                  | -                                |
| Total Governmental Activities   | <u>28,580,111</u>    | <u>3,777,132</u>     | <u>862,824</u>                     | <u>437,683</u>                   |
| Business-Type Activities        |                      |                      |                                    |                                  |
| Water                           | 4,909,084            | 4,833,256            | 11,005                             | -                                |
| Sewer                           | 6,820,408            | 5,940,026            | 12,859                             | -                                |
| Total Business-Type Activities  | <u>11,729,492</u>    | <u>10,773,282</u>    | <u>23,864</u>                      | <u>-</u>                         |
| Total Primary Government        | <u>\$ 40,309,603</u> | <u>\$ 14,550,414</u> | <u>\$ 886,688</u>                  | <u>\$ 437,683</u>                |
| <b>Component Unit</b>           |                      |                      |                                    |                                  |
| Josephine County-City of Grants |                      |                      |                                    |                                  |
| Pass Solid Waste Agency         | <u>\$ 179,364</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 |                             |                       | Component Unit<br>Josephine County<br>City of Grants<br>Pass Solid<br>Waste Agency |
|--------------------------------------|--|-----------------------------|-----------------------|--|
|                                      | Primary Government                               |                             |                       |  |
|                                      | Governmental<br>Activities                       | Business-Type<br>Activities | Total                 |  |
|                                      | \$ (19,529,185)                                  | \$ -                        | \$ (19,529,185)       | \$ -   |
|                                      | 469,781  | -                           | 469,781               | -  |
|                                      | (37,139)   | -                           | (37,139)              | -  |
|                                      | (2,008,412)                                      | -                           | (2,008,412)           | -  |
|                                      | (1,715,535)                                      | -                           | (1,715,535)           | -  |
|                                      | (299,118)  | -                           | (299,118)             | -  |
|                                      | (130,688)  | -                           | (130,688)             | -  |
|                                      | (252,176)  | -                           | (252,176)             | -  |
|                                      | <u>(23,502,472)</u>                              | <u>-</u>                    | <u>(23,502,472)</u>   | <u>-</u>   |
|                                      | -  | (64,823)                    | (64,823)              | -  |
|                                      | -  | <u>(867,523)</u>            | <u>(867,523)</u>      | <u>-</u>   |
|                                      | -  | <u>(932,346)</u>            | <u>(932,346)</u>      | <u>-</u>   |
|                                      | <u>(23,502,472)</u>                              | <u>(932,346)</u>            | <u>(24,434,818)</u>   | <u>-</u>   |
|                                      | -  | -                           | -                     | (179,364)  |
| General Revenues                     |  |                             |                       |  |
| Taxes:                               |  |                             |                       |  |
| Property                             | 16,342,132                                       | -                           | 16,342,132            | -  |
| Business/E911                        | 369,573  | -                           | 369,573               | -  |
| Franchise                            | 3,317,002  | -                           | 3,317,002             | -  |
| Transient Room                       | 1,061,816  | -                           | 1,061,816             | -  |
| Intergovernmental-unrestricted       | 3,502,104  | 252,009                     | 3,754,113             | 243,564  |
| Interest                             | 227,220  | 91,318                      | 318,538               | 9,307  |
| Trust Receipts - unrestricted        | 50,452   | 22,945                      | 73,397                | -  |
| SDC Receipts                         | -  | 500,677                     | 500,677               | -  |
| Industrial Payments                  | 16,953   | -                           | 16,953                | -  |
| Miscellaneous                        | 355,768  | 110,003                     | 465,771               | 92,638   |
| Transfers                            | <u>(15,351)</u>                                  | <u>15,351</u>               | <u>-</u>              | <u>-</u>   |
| Total General Revenues and Transfers | <u>25,227,669</u>                                | <u>992,303</u>              | <u>26,219,972</u>     | <u>345,509</u>   |
| Change in Net Position               | 1,725,197  | 59,957                      | 1,785,154             | 166,145  |
| Net Position - Beginning             | <u>181,096,381</u>                               | <u>98,931,927</u>           | <u>280,028,308</u>    | <u>1,600,536</u>   |
| Dissolution of Redevelopment Agency  | (1,838)  | 1,838                       | -                     | -  |
| Prior period restatement             | 2,132,864  | -                           | 2,132,864             | -  |
| Net Position - Ending                | <u>\$ 184,952,604</u>                            | <u>\$ 98,993,722</u>        | <u>\$ 283,946,326</u> | <u>\$ 1,766,681</u>  |

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2013

|  | SPECIAL REVENUE      |                     | DEBT SERVICE           |                    |
|--|----------------------|---------------------|------------------------|--------------------|
|  | GENERAL              | SOLID WASTE         | GEN OBLIGATION<br>BOND | BANCROFT<br>BOND   |
| <b>ASSETS</b>                            |                      |                     |                        |                    |
| Cash and Investments                     | \$ 12,002,652        | \$ 1,381,987        | \$ 97,846              | \$ 61,335          |
| Receivables:                             |                      |                     |                        |                    |
| Taxes                                    | 1,937,581            | -                   | 93,349                 | -                  |
| Intergovernmental                        | 134,424              | -                   | -                      | -                  |
| Accounts, net                            | 301,399              | 80,050              | -                      | -                  |
| Accrued Interest                         | 10,988               | -                   | -                      | 54,418             |
| Notes and Contracts                      | -                    | 20,437              | -                      | -                  |
| Grants                                   | 123,795              | -                   | -                      | -                  |
| Assessment Liens                         | -                    | -                   | -                      | 631,917            |
| Due from Other Funds                     | 1,460,000            | 1,146,200           | -                      | -                  |
| Prepaid Items                            | 220,896              | -                   | -                      | -                  |
| Restricted Assets                        |                      |                     |                        |                    |
| Cash and Cash Equivalents                | -                    | -                   | -                      | -                  |
| Notes and Taxes Receivable               | -                    | -                   | -                      | -                  |
| Accrued Interest Receivable              | -                    | -                   | -                      | -                  |
| Total Assets                             | <u>\$ 16,191,735</u> | <u>\$ 2,628,674</u> | <u>\$ 191,195</u>      | <u>\$ 747,670</u>  |
| <b>LIABILITIES</b>                       |                      |                     |                        |                    |
| Accounts Payable                         | \$ 336,485           | \$ 39,274           | \$ -                   | \$ -               |
| Salaries, Withholdings and Taxes Payable | 658,104              | 352                 | -                      | -                  |
| Accrued Interest Payable                 | -                    | -                   | -                      | 731                |
| Due to Other Funds                       | -                    | -                   | -                      | 1,146,200          |
| Unearned Revenue                         | 1,335,796            | 40,234              | 78,274                 | 631,917            |
| Retainage Payable                        | -                    | -                   | -                      | -                  |
| Total Liabilities                        | <u>2,330,385</u>     | <u>79,860</u>       | <u>78,274</u>          | <u>1,778,848</u>   |
| <b>FUND BALANCES (DEFICITS)</b>          |                      |                     |                        |                    |
| <i>Nonspendable:</i>                     | \$ 220,896           | \$ -                | \$ -                   | \$ -               |
| <i>Restricted for:</i>                   |                      |                     |                        |                    |
| Transportation                           | -                    | -                   | -                      | -                  |
| Lands & Building Capital                 | -                    | -                   | -                      | -                  |
| System Development                       | -                    | -                   | -                      | -                  |
| CDBG/HUD                                 | -                    | -                   | -                      | -                  |
| Building & Safety                        | 414,860              | -                   | -                      | -                  |
| Tourism/Recreation/TRT Approved          | 29,123               | -                   | -                      | -                  |
| Debt Service                             | -                    | -                   | 112,921                | -                  |
| Other purposes                           | 13,464               | 12,281              | -                      | -                  |
| <i>Committed to:</i>                     |                      |                     |                        |                    |
| Transportation                           | -                    | -                   | -                      | -                  |
| Lands & Building Capital                 | -                    | -                   | -                      | -                  |
| <i>Assigned to:</i>                      |                      |                     |                        |                    |
| Public Safety                            | 2,726,276            | -                   | -                      | -                  |
| Solid Waste                              | -                    | 113,578             | -                      | -                  |
| Storm Water                              | -                    | -                   | -                      | -                  |
| Capital Projects                         | -                    | 2,422,955           | -                      | -                  |
| <i>Unassigned:</i>                       | 10,456,731           | -                   | -                      | (1,031,178)        |
| Total Fund Balances                      | <u>13,861,350</u>    | <u>2,548,814</u>    | <u>112,921</u>         | <u>(1,031,178)</u> |
| Total Liabilities and Fund Balances      | <u>\$ 16,191,735</u> | <u>\$ 2,628,674</u> | <u>\$ 191,195</u>      | <u>\$ 747,670</u>  |

The accompanying notes are an integral part of this statement.

| CAPITAL PROJECTS           |                                  |                          |                     |                       |
|----------------------------|----------------------------------|--------------------------|---------------------|-----------------------|
| TRANSPORTATION<br>PROJECTS | LAND AND<br>BUILDING<br>PROJECTS | PARKWAY<br>REDEVELOPMENT | TOTAL<br>NON-MAJOR  | TOTAL<br>GOVERNMENTAL |
| \$ 7,759,216               | \$ 3,366,070                     | \$ -                     | \$ 2,882,923        | \$ 27,552,029         |
| -                          | -                                | -                        | -                   | 2,030,930             |
| -                          | -                                | -                        | 166,795             | 301,219               |
| 8,340                      | 10,538                           | -                        | 139,938             | 540,265               |
| 30,517                     | -                                | -                        | 4,357               | 100,280               |
| 70,226                     | -                                | -                        | 164,783             | 255,446               |
| 72,100                     | -                                | -                        | -                   | 195,895               |
| -                          | -                                | -                        | -                   | 631,917               |
| -                          | -                                | -                        | -                   | 2,606,200             |
| 25,943                     | -                                | -                        | -                   | 246,839               |
| 1,109,136                  | 515,325                          | -                        | 91,043              | 1,715,504             |
| 480,062                    | 57,256                           | -                        | 20,526              | 557,844               |
| 12,020                     | 9,003                            | -                        | 6,292               | 27,315                |
| <u>\$ 9,567,560</u>        | <u>\$ 3,958,192</u>              | <u>\$ -</u>              | <u>\$ 3,476,657</u> | <u>\$ 36,761,683</u>  |
| \$ 335,797                 | \$ 174,979                       | \$ -                     | \$ 120,777          | \$ 1,007,312          |
| 362                        | -                                | -                        | 18,868              | 677,686               |
| -                          | -                                | -                        | -                   | 731                   |
| -                          | 1,460,000                        | -                        | 146,205             | 2,752,405             |
| 550,288                    | 57,256                           | -                        | 185,799             | 2,879,564             |
| 27,341                     | -                                | -                        | -                   | 27,341                |
| <u>913,788</u>             | <u>1,692,235</u>                 | <u>-</u>                 | <u>471,649</u>      | <u>7,345,039</u>      |
| \$ 25,943                  | \$ -                             | \$ -                     | \$ -                | \$ 246,839            |
| 1,505,698                  | -                                | -                        | -                   | 1,505,698             |
| -                          | 47,940                           | -                        | -                   | 47,940                |
| 3,983,112                  | 483,059                          | -                        | 97,336              | 4,563,507             |
| -                          | -                                | -                        | 1,716,427           | 1,716,427             |
| -                          | -                                | -                        | -                   | 414,860               |
| 70,096                     | 504,933                          | -                        | 74                  | 604,226               |
| -                          | -                                | -                        | -                   | 112,921               |
| 2,838                      | 184,638                          | -                        | -                   | 213,221               |
| 886,571                    | -                                | -                        | 891,013             | 1,777,584             |
| -                          | 283,448                          | -                        | -                   | 283,448               |
| -                          | -                                | -                        | -                   | 2,726,276             |
| -                          | -                                | -                        | -                   | 113,578               |
| -                          | -                                | -                        | 300,158             | 300,158               |
| 2,179,514                  | 761,939                          | -                        | -                   | 5,364,408             |
| -                          | -                                | -                        | -                   | 9,425,553             |
| <u>8,653,772</u>           | <u>2,265,957</u>                 | <u>-</u>                 | <u>3,005,008</u>    | <u>29,416,644</u>     |
| <u>\$ 9,567,560</u>        | <u>\$ 3,958,192</u>              | <u>\$ -</u>              | <u>\$ 3,476,657</u> | <u>\$ 36,761,683</u>  |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO STATEMENT OF NET POSITION  
 June 30, 2013

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

|   |                |             |
|---|----------------|-------------|
| Fund Balances   | \$             | 29,416,644  |
| <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 position includes those capital assets among the assets of the City as a whole.</p>  |                |             |
| Net Capital Assets  |                | 153,171,105 |
| <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 position.</p>   |                |             |
| General Obligation Bonds  | \$ (5,470,000) |             |
| Notes and Contracts Payable   | (22,500)       |             |
| Net Adjustment  | (5,492,500)    | (5,492,500) |
| <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   |                | (1,762,856) |
| GASB45-OPEB   |                | (1,482,069) |
| <p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>   |                |             |
| Deferred Revenue  |                | 2,879,564   |
| <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 position.</p> |                |             |
| Internal Service Fund Net Position  |                | 8,222,716   |
| Total Net Position  | \$             | 184,952,604 |

The accompanying notes are an integral part of this statement.

**WHERE THE ROGUE RIVER RUNS**



© City of Grants Pass

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, 2013

|   | <u>SPECIAL REVENUE</u> |                     | <u>DEBT SERVICE</u>        |                       |
|---|------------------------|---------------------|----------------------------|-----------------------|
|   | <u>GENERAL</u>         | <u>SOLID WASTE</u>  | <u>GEN OBLIGATION BOND</u> | <u>BANCROFT BOND</u>  |
| <b>REVENUES:</b>                          |                        |                     |                            |                       |
| Taxes                                     | \$ 18,656,414          | \$ -                | \$ 1,012,267               | \$ -                  |
| Licenses and Permits                      | 373,689                | 2,580               | -                          | -                     |
| Intergovernmental                         | 1,613,489              | 11,000              | -                          | -                     |
| Charges for Services                      | 500,381                | 333,751             | -                          | -                     |
| Fines and Forfeitures                     | 260,283                | -                   | -                          | -                     |
| Special Assessments                       | -                      | -                   | -                          | 105,042               |
| Interest on Investments                   | 66,071                 | 14,810              | 2,450                      | 1,070                 |
| Trust Receipts                            | -                      | -                   | -                          | -                     |
| Industrial and Other Loans                | -                      | -                   | -                          | -                     |
| Miscellaneous Revenues                    | 135,362                | 17,545              | -                          | -                     |
| Total Revenues                            | <u>21,605,689</u>      | <u>379,686</u>      | <u>1,014,717</u>           | <u>106,112</u>        |
| <b>EXPENDITURES:</b>                      |                        |                     |                            |                       |
| Current:                                  |                        |                     |                            |                       |
| Public Safety                             | 16,562,958             | -                   | -                          | -                     |
| Transportation                            | -                      | -                   | -                          | -                     |
| Building                                  | 476,457                | -                   | -                          | -                     |
| Parks                                     | 1,640,207              | -                   | -                          | -                     |
| Development                               | 1,488,741              | -                   | -                          | -                     |
| General Government                        | 694,674                | -                   | -                          | 17,589                |
| Solid Waste                               | -                      | 369,432             | -                          | -                     |
| Capital Outlay                            | -                      | 76,533              | -                          | -                     |
| Tax Turnover                              | -                      | -                   | -                          | -                     |
| Debt Service                              | -                      | -                   | 1,007,800                  | -                     |
| Total Expenditures                        | <u>20,863,037</u>      | <u>445,965</u>      | <u>1,007,800</u>           | <u>17,589</u>         |
| Excess of Revenues Over, (Under)          |                        |                     |                            |                       |
| Expenditures                              | <u>742,652</u>         | <u>(66,279)</u>     | <u>6,917</u>               | <u>88,523</u>         |
| <b>OTHER FINANCING SOURCES (USES)</b>     |                        |                     |                            |                       |
| Sale of Assets                            | 7,689                  | -                   | -                          | -                     |
| Dissolution of Redevelopment Agency/RSSSD | -                      | -                   | -                          | -                     |
| Transfers In                              | 1,406,708              | 5,000               | -                          | -                     |
| Transfer Out                              | (1,049,925)            | (29,000)            | -                          | -                     |
| Total Other Financing Sources, (Uses)     | <u>364,472</u>         | <u>(24,000)</u>     | <u>-</u>                   | <u>-</u>              |
| Net Change in Fund Balance                | 1,107,124              | (90,279)            | 6,917                      | 88,523                |
| Beginning Fund Balance                    | <u>12,754,226</u>      | <u>2,639,093</u>    | <u>106,004</u>             | <u>(1,119,701)</u>    |
| Ending Fund Balance (Deficit)             | <u>\$ 13,861,350</u>   | <u>\$ 2,548,814</u> | <u>\$ 112,921</u>          | <u>\$ (1,031,178)</u> |

The accompanying notes are an integral part of this statement.

| CAPITAL PROJECTS           |                                  |                          |                     |                       |
|----------------------------|----------------------------------|--------------------------|---------------------|-----------------------|
| TRANSPORTATION<br>PROJECTS | LAND AND<br>BUILDING<br>PROJECTS | PARKWAY<br>REDEVELOPMENT | TOTAL<br>NON-MAJOR  | TOTAL<br>GOVERNMENTAL |
| \$ -                       | \$ -                             | \$ -                     | \$ 1,061,816        | \$ 20,730,497         |
| -                          | -                                | -                        | 13,674              | 389,943               |
| 643,878                    | 437,683                          | 97,149                   | 1,982,676           | 4,785,875             |
| 634,430                    | 119,601                          | -                        | 926,824             | 2,514,987             |
| -                          | -                                | -                        | -                   | 260,283               |
| -                          | -                                | -                        | -                   | 105,042               |
| 48,350                     | 30,604                           | 5,365                    | 20,575              | 189,295               |
| 15,385                     | -                                | 35,067                   | -                   | 50,452                |
| -                          | -                                | -                        | 16,953              | 16,953                |
| 45,002                     | 48,742                           | 6,151                    | 11,496              | 264,298               |
| <u>1,387,045</u>           | <u>636,630</u>                   | <u>143,732</u>           | <u>4,034,014</u>    | <u>29,307,625</u>     |
| -                          | -                                | -                        | -                   | 16,562,958            |
| -                          | -                                | -                        | 1,477,610           | 1,477,610             |
| -                          | -                                | -                        | -                   | 476,457               |
| -                          | -                                | -                        | -                   | 1,640,207             |
| -                          | -                                | 19,177                   | 60,709              | 1,568,627             |
| -                          | -                                | -                        | -                   | 712,263               |
| -                          | -                                | -                        | -                   | 369,432               |
| 2,510,320                  | 1,540,748                        | -                        | 169,982             | 4,297,583             |
| -                          | -                                | 1,623,479                | -                   | 1,623,479             |
| -                          | -                                | 6,876                    | -                   | 1,014,676             |
| <u>2,510,320</u>           | <u>1,540,748</u>                 | <u>1,649,532</u>         | <u>1,708,301</u>    | <u>29,743,292</u>     |
| <u>(1,123,275)</u>         | <u>(904,118)</u>                 | <u>(1,505,800)</u>       | <u>2,325,713</u>    | <u>(435,667)</u>      |
| -                          | 139,034                          | -                        | 207                 | 146,930               |
| 14,241                     | -                                | (19,827)                 | 3,748               | (1,838)               |
| 1,768,847                  | 945,436                          | 258,002                  | 30,000              | 4,413,993             |
| -                          | (477,219)                        | (258,002)                | (2,629,847)         | (4,443,993)           |
| <u>1,783,088</u>           | <u>607,251</u>                   | <u>(19,827)</u>          | <u>(2,595,892)</u>  | <u>115,092</u>        |
| 659,813                    | (296,867)                        | (1,525,627)              | (270,179)           | (320,575)             |
| <u>7,993,959</u>           | <u>2,562,824</u>                 | <u>1,525,627</u>         | <u>3,275,187</u>    | <u>29,737,219</u>     |
| <u>\$ 8,653,772</u>        | <u>\$ 2,265,957</u>              | <u>\$ -</u>              | <u>\$ 3,005,008</u> | <u>\$ 29,416,644</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, 2013

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 Expenditures over Revenues \$ (320,575)

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

|   |                    |         |
|---|--------------------|---------|
| Capitalized Expenditures                                      | \$ 2,300,448       |         |
| Capital Contributions   | 426,874            |         |
| Redevelopment Agency Dissolution, portion to Enterprise Funds | 1,838              |         |
| Depreciation Expense  | <u>(2,315,976)</u> |         |
| Net Adjustment  |                    | 413,184 |

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

|                                  |               |         |
|----------------------------------|---------------|---------|
| Compensated Absences             | \$ 231,585    |         |
| GASB45-OPEB                      | (319,681)     |         |
| General Obligation Bond Payments | 740,000       |         |
| Contractual Liability            | 114,415       |         |
| Notes and Contracts Payable      | <u>22,500</u> |         |
| Net Adjustment                   |               | 788,819 |

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

|                       |                  |         |
|-----------------------|------------------|---------|
| Property Taxes        | \$ 360,027       |         |
| Special Assessments   | (58,868)         |         |
| Misc Notes and Grants | <u>(103,162)</u> |         |
| Net Adjustment        |                  | 197,997 |

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 Position |  | <u>645,772</u>      |
| Change in Net Position                       |  | <u>\$ 1,725,197</u> |

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2013

|  | WATER<br>FUND               | SEWER<br>FUND               | REDWOOD<br>SANITARY<br>SEWER SERVICE<br>DISTRICT | TOTAL                     | GOVERNMENTAL<br>ACTIVITIES<br>INTERNAL<br>SERVICE FUNDS |
|--|-----------------------------|-----------------------------|--|---------------------------|---|
| <b>ASSETS:</b>                                 |                             |                             |  |                           |   |
| <b>Current Assets</b>                          |                             |                             |  |                           |   |
| Cash and Investments                           | \$ 7,178,988                | \$ 4,915,869                | \$ -   | \$ 12,094,857             | \$ 10,248,622   |
| Prepaid Items                                  | 1,500                       | -                           | -  | 1,500                     | 78,674  |
| Accounts Receivable                            | 847,796                     | 822,588                     | -  | 1,670,384                 | 17,657  |
| Notes Receivable                               | 12,606                      | 100,078                     | -  | 112,684                   | -   |
| Interest Receivable                            | 1,839                       | 2,359                       | -  | 4,198                     | -   |
| Due From Other Funds                           | -                           | -                           | -  | -                         | 146,205   |
| <b>Restricted Assets</b>                       |                             |                             |  |                           |   |
| Cash and Investments                           | 152,108                     | 147,966                     | -  | 300,074                   | -   |
| Accrued Interest and Accounts Receivable       | 18,816                      | 18,352                      | -  | 37,168                    | -   |
| Notes  | 78,759                      | 88,397                      | -  | 167,156                   | -   |
| Total Current Assets                           | <u>8,292,412</u>            | <u>6,095,609</u>            | <u>-</u>   | <u>14,388,021</u>         | <u>10,491,158</u>                                       |
| <b>Capital Assets</b>                          |                             |                             |  |                           |   |
| Capital Assets, Net                            | 52,829,853                  | 40,333,258                  | -  | 93,163,111                | 2,781,078   |
| Total Capital Assets                           | <u>52,829,853</u>           | <u>40,333,258</u>           | <u>-</u>   | <u>93,163,111</u>         | <u>2,781,078</u>  |
| Total assets                                   | <u><u>61,122,265</u></u>    | <u><u>46,428,867</u></u>    | <u><u>-</u></u>                                  | <u><u>107,551,132</u></u> | <u><u>13,272,236</u></u>                                |
| <b>LIABILITIES</b>                             |                             |                             |  |                           |   |
| <b>Current Liabilities</b>                     |                             |                             |  |                           |   |
| Accounts Payable                               | 459,023                     | 165,967                     | -  | 624,990                   | 471,177   |
| Salaries, Withholdings and Taxes Payable       | 108,487                     | 110,776                     | -  | 219,263                   | 317,350   |
| Accrued Interest Payable                       | 11,352                      | 15,850                      | -  | 27,202                    | -   |
| Bonds, Notes Payable Within One Year           | 370,000                     | 745,000                     | -  | 1,115,000                 | -   |
| Customer Deposits Payable-Restricted Assets    | 71,028                      | -                           | -  | 71,028                    | -   |
| Contractor Retainage Payable-Restricted Assets | 102,684                     | -                           | -  | 102,684                   | -   |
| Total Current Liabilities                      | <u>1,122,574</u>            | <u>1,037,593</u>            | <u>-</u>   | <u>2,160,167</u>          | <u>788,527</u>  |
| <b>Long-Term Liabilities</b>                   |                             |                             |  |                           |   |
| Compensated Absences                           | 90,722                      | 149,651                     | -  | 240,373                   | 120,774   |
| Other Post Employment Benefits                 | 182,919                     | 176,390                     | -  | 359,309                   | 518,433   |
| Full Faith & Credit Bonds Payable              | 4,648,358                   | 4,770,989                   | -  | 9,419,347                 | -   |
| Total Long-Term Liabilities                    | <u>4,921,999</u>            | <u>5,097,030</u>            | <u>-</u>   | <u>10,019,029</u>         | <u>639,207</u>  |
| Total Liabilities                              | <u><u>6,044,573</u></u>     | <u><u>6,134,623</u></u>     | <u><u>-</u></u>                                  | <u><u>12,179,196</u></u>  | <u><u>1,427,734</u></u>                                 |
| <b>NET POSITION</b>                            |                             |                             |  |                           |   |
| Net invested in capital assets                 | 47,811,495                  | 34,817,269                  | -  | 82,628,764                | 2,781,078   |
| Unrestricted                                   | <u>7,266,197</u>            | <u>5,476,975</u>            | <u>-</u>   | <u>12,743,172</u>         | <u>9,063,424</u>  |
| Total Net Position                             | <u><u>\$ 55,077,692</u></u> | <u><u>\$ 40,294,244</u></u> | <u><u>\$ -</u></u>                               | <u><u>95,371,936</u></u>  | <u><u>\$ 11,844,502</u></u>                             |

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprises funds over time.

3,621,786

Net position of business-type activites (page 31)

\$ 98,993,722

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2013

|  | WATER<br>FUND        | SEWER<br>FUND        | REDWOOD<br>SANITARY<br>SEWER SERVICE<br>DISTRICT | TOTAL              | GOVERNMENTAL<br>ACTIVITIES<br>INTERNAL<br>SERVICE FUNDS |
|--|----------------------|----------------------|--|--------------------|---|
| <b>OPERATING REVENUES</b>  |                      |                      |  |                    |   |
| Charges for Services   | \$ 4,833,256         | \$ 4,856,117         | \$ 1,083,909                                     | \$ 10,773,282      | \$ 8,365,627  |
| Trust receipts   | 18,985               | 3,960                | -  | 22,945             | -   |
| Miscellaneous  | 28,298               | 48,649               | -  | 76,947             | 74,984  |
| Total Operating Revenue  | <u>4,880,539</u>     | <u>4,908,726</u>     | <u>1,083,909</u>                                 | <u>10,873,174</u>  | <u>8,440,611</u>  |
| <b>OPERATING EXPENSES</b>  |                      |                      |  |                    |   |
| Salaries, Wages, and Benefits  | 1,273,014            | 1,356,479            | 3,189  | 2,632,682          | 4,134,046   |
| Operating Supplies   | 417,288              | 355,842              | 51,298   | 824,428            | 474,223   |
| Repairs and Maintenance  | 69,884               | 118,383              | 48,208   | 236,475            | 202,213   |
| Utilities  | 375,549              | 432,073              | 34,291   | 841,913            | 137,024   |
| Professional Services  | 125,851              | 512,697              | 274,896  | 913,444            | 667,970   |
| General, Administrative and Engineering  | 1,726,719            | 1,678,011            | 410,789  | 3,815,519          | 1,783,322   |
| Depreciation and Amortization  | 995,298              | 1,236,207            | 202,491  | 2,433,996          | 240,395   |
| Total Operating Expenses   | <u>4,983,603</u>     | <u>5,689,692</u>     | <u>1,025,162</u>                                 | <u>11,698,457</u>  | <u>7,639,193</u>  |
| Total Operating Income (Loss)  | <u>(103,064)</u>     | <u>(780,966)</u>     | <u>58,747</u>                                    | <u>(825,283)</u>   | <u>801,418</u>  |
| <b>NONOPERATING INCOME (EXPENSE)</b>   |                      |                      |  |                    |   |
| Gain (loss) on disposal of capital assets  | 564                  | 708                  | -  | 1,272              | 28,957  |
| SDC Receipts   | 246,079              | 254,598              | -  | 500,677            | -   |
| Intergovernmental  | -                    | 244,638              | -  | 244,638            | 24,107  |
| Interest Income  | 35,308               | 34,586               | 4,720  | 74,614             | 54,629  |
| Interest Expense   | <u>(36,404)</u>      | <u>(162,015)</u>     | <u>(54,745)</u>                                  | <u>(253,164)</u>   | <u>-</u>  |
| Total Nonoperating Income (Expense)  | <u>245,547</u>       | <u>372,515</u>       | <u>(50,025)</u>                                  | <u>568,037</u>     | <u>107,693</u>  |
| Capital Contribution   | 11,005               | 12,859               | -  | 23,864             | -   |
| Income (Loss) Before Transfers   | <u>153,488</u>       | <u>(395,592)</u>     | <u>8,722</u>                                     | <u>(233,382)</u>   | <u>909,111</u>  |
| <b>TRANSFERS</b>   |                      |                      |  |                    |   |
| Transfers In   | 544,327              | 951,750              | -  | 1,496,077          | 21,102  |
| Transfers Out  | <u>(524,327)</u>     | <u>(962,852)</u>     | <u>-</u>   | <u>(1,487,179)</u> | <u>-</u>  |
| Total Transfers  | <u>20,000</u>        | <u>(11,102)</u>      | <u>-</u>   | <u>8,898</u>       | <u>21,102</u>   |
| Change in Net Position   | 173,488              | (406,694)            | 8,722  | (224,484)          | 930,213   |
| Net Position-Beginning   | 54,902,366           | 32,575,642           | 8,116,574  |                    | 10,914,289  |
| Dissolution of Redevelopment Agency  | 1,838                |                      |  |                    |   |
| Dissolution of Redwood Sanitary Sewer Service District   |                      | 8,125,296            | (8,125,296)                                      |                    |   |
| Net Position-Ending  | <u>\$ 55,077,692</u> | <u>\$ 40,294,244</u> | <u>\$ -</u>                                      |                    | <u>\$ 11,844,502</u>                                    |
| Adjustment for the net effect of the current year activity between<br>the internal service funds and the enterprise funds. |                      |                      |  | <u>284,441</u>     |   |
| Changes in net position of business-type activities (page 33)  |                      |                      |  | <u>\$ 59,957</u>   |   |

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2013

|   | WATER<br>FUND       | SEWER<br>FUND       | REDWOOD<br>SANITARY<br>SEWER SERVICE<br>DISTRICT | TOTAL                | INTERNAL<br>SERVICE<br>FUNDS |
|---|---------------------|---------------------|--|----------------------|------------------------------|
| <b>Cash Flows From Operating Activities:</b>  |                     |                     |  |                      |                              |
| Cash Received from Customers  | \$ 4,687,130        | \$ 4,851,373        | \$ 1,076,558                                     | \$ 10,615,061        | \$ 8,438,545                 |
| Cash Paid to Suppliers  | (2,341,908)         | (3,019,922)         | (825,036)  | (6,186,866)          | (3,057,817)                  |
| Cash Paid to Employees  | (1,240,019)         | (1,305,443)         | (3,489)  | (2,548,951)          | (4,106,895)                  |
| Net cash provided (used) by operating activities  | <u>1,105,203</u>    | <u>526,008</u>      | <u>248,033</u>                                   | <u>1,879,244</u>     | <u>1,273,833</u>             |
| <b>Cash Flows From Noncapital Financing Activities</b>  |                     |                     |  |                      |                              |
| Transfers In  | 544,327             | 951,750             | -  | 1,496,077            | 21,102                       |
| Transfers Out   | (524,327)           | (962,852)           | -  | (1,487,179)          | -                            |
| Intergovernmental and Taxes   | -                   | 244,638             | -  | 244,638              | 53,064                       |
| SDC Receipts  | 246,079             | 254,598             | -  | 500,677              | -                            |
| Decrease (Increase) in Notes Receivable   | 7,595               | 22,576              | 4,178  | 34,349               | -                            |
| Net cash provided (used) by noncapital financing activities   | <u>273,674</u>      | <u>510,710</u>      | <u>4,178</u>                                     | <u>788,562</u>       | <u>74,166</u>                |
| <b>Cash Flows From Capital and Related Financing Activities</b>   |                     |                     |  |                      |                              |
| Proceeds from Issuance of Debt  | 5,035,678           | -                   | -  | 5,035,678            | -                            |
| Principal Payments on Bonds   | -                   | (330,001)           | (395,000)  | (725,001)            | -                            |
| Interest Paid on Bonds and Contracts  | (25,052)            | (162,812)           | (55,700)   | (243,564)            | -                            |
| Acquisition and Construction of Capital Assets  | (2,555,373)         | (9,301)             | -  | (2,564,674)          | (248,125)                    |
| Acquisition of Redevelopment Agency/Fruitdale Harbeck   | 1,838               | (5,978)             | -  | (4,140)              | -                            |
| Acquisition of Redwood Sanitary Sewer Service District  | -                   | 579,587             | (579,587)  | -                    | -                            |
| Disposition of Property   | 564                 | 708                 | -  | 1,272                | -                            |
| Net cash provided (used) by capital financing activities  | <u>2,457,655</u>    | <u>72,203</u>       | <u>(1,030,287)</u>                               | <u>1,499,571</u>     | <u>(248,125)</u>             |
| <b>Cash flows from investing activities</b>   |                     |                     |  |                      |                              |
| Interest on Investments   | 35,308              | 34,586              | 4,720  | 74,614               | 54,629                       |
| Net increase (decrease) in cash and investments   | 3,871,840           | 1,143,507           | (773,356)  | 4,241,991            | 1,154,503                    |
| Cash and investments, beginning of year   | 3,459,256           | 3,920,328           | 773,356  | 8,152,940            | 9,094,119                    |
| Cash and investments, end of year   | <u>\$ 7,331,096</u> | <u>\$ 5,063,835</u> | <u>\$ -</u>                                      | <u>\$ 12,394,931</u> | <u>\$ 10,248,622</u>         |
| <b>Composition of cash and investments, end of year</b>   |                     |                     |  |                      |                              |
| Current cash and investments  | 7,178,988           | 4,915,869           | -  | 12,094,857           | 10,248,622                   |
| Restricted cash and investments   | 152,108             | 147,966             | -  | 300,074              | -                            |
| Total cash and investments  | <u>7,331,096</u>    | <u>5,063,835</u>    | <u>-</u>   | <u>12,394,931</u>    | <u>10,248,622</u>            |
| <b>Reconciliation of Operating Income (Loss) to net cash provided by (used for) operating activities:</b> |                     |                     |  |                      |                              |
| Operating Income (Loss)   | (103,064)           | (780,966)           | 58,747   | (825,283)            | 801,418                      |
| Depreciation and Amortization   | 995,298             | 1,236,207           | 202,491  | 2,433,996            | 240,395                      |
| (Increase) Decrease in Receivables/Prepays  | (193,409)           | (57,353)            | (7,351)  | (258,113)            | (2,066)                      |
| Increase (Decrease) in Payables   | 373,383             | 77,084              | (5,554)  | 444,913              | 206,935                      |
| Increase (Decrease) in Payroll Liabilities  | 32,995              | 51,036              | (300)  | 83,731               | 27,151                       |
| Net Cash Provided by (Used for) Operating Activities  | <u>\$ 1,105,203</u> | <u>\$ 526,008</u>   | <u>\$ 248,033</u>                                | <u>\$ 1,879,244</u>  | <u>\$ 1,273,833</u>          |
| <b>Noncash Capital Transactions</b>   |                     |                     |  |                      |                              |
| Developer Installed Public Utility Improvements   | \$ 11,005           | \$ 12,859           | \$ -   | \$ 23,864            | \$ -                         |

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2013

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AGENCY FUND

ASSETS:

|                      |    |                         |
|----------------------|----|-------------------------|
| Cash and Investments | \$ | <u>3,778,153</u>        |
| Total assets         | \$ | <u><u>3,778,153</u></u> |

LIABILITIES

|                                 |    |                         |
|---------------------------------|----|-------------------------|
| Liabilities:                    |    |                         |
| Accounts payable                | \$ | 26,814                  |
| Building Permit Suspense        |    | 17,677                  |
| Deferred Developer Agreements   |    | 2,758,425               |
| Evidence Money                  |    | 88,657                  |
| Forfeiture Trust                |    | 312,360                 |
| Tree Refund Trust               |    | 123,553                 |
| Miscellaneous Trust Liabilities |    | <u>450,667</u>          |
| Total liabilities               | \$ | <u><u>3,778,153</u></u> |

The accompanying notes are an integral part of this statement.

## 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 61. 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, 2013, the City had two 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") – is a legally separate public body corporate and politic, organized in 1988 under the provisions of ORS Chapter 457 for the purpose of implementing public improvement projects within the City and its urban growth boundary. The Agency is considered a component unit given the Agency's board consists exclusively of members of the City Council and Mayor of Grants Pass. The City can impose its will on the Agency through its ability to modify and approve the Agency's budget and govern the overall policies of the Agency. The services of the Agency are exclusively for the benefit of the City, and the assets, liabilities, revenues and expenses related to the Agency are reported in the government-wide financial statements. The Agency has a June 30 year-end and unless otherwise noted in this report, the accounting policies of this component unit are consistent with those described for the primary government.

The Agency received funds through tax increment financing pursuant to Oregon Revised Statutes (ORS) 457.420 through 457.450. This is the final report for the Agency as it closed effective June 30, 2013. Separate financial statements for the Agency can be obtained from the finance department of the City of Grants Pass, 101 NW A Street, Grants Pass, OR 97526.

Redwood Sanitary Sewer Service District ("The Service District") – The Service District was organized under the provisions of ORS Chapter 450 in order to provide sanitation services to properties within the boundaries of the District. The Service District is considered a component unit as it is governed by a board comprised of the City Council and the Mayor of Grants Pass. The City can impose its will on the Service District through its ability to modify and approve the Service District's budget and govern the overall policies of the Service District. The majority of the properties served by the Service District are within the City of Grants Pass, and the assets, liabilities, revenues and expenses related to the Service District are reported in the proprietary financial statements. The Service District has a June 30 year-end and unless otherwise noted in this report, the accounting policies of this component unit are consistent with those described for the other proprietary funds.

Principal funding sources are user fees and special assessments. Personnel of the City of Grants Pass handle repairs and maintenance of the system in addition to fiscal and accounting functions. This is the final report for the Service District as it merged with the City of Grants Pass effective June 30, 2013. Separate financial statements for the Service District can be obtained from the finance department of the City of Grants Pass, 101 NW A Street, Grants Pass, OR 97526.

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 was organized in 2001 under the provisions of ORS Chapter 190 as the Josephine County-City of Grants Pass Solid Waste Agency. The Agency is responsible for the operations of a joint City/County solid waste management agency that administers the ongoing franchise agreements in the City and the County. The Agency is governed by a Board of Directors, which consists of three members from the City of Grants Pass, three members from Josephine County and one member from the City of Cave Junction. The Agency is considered a component unit of the City of Grants Pass, Oregon, because the City has representatives on the Agency's Board, and by agreement, the City has managing jurisdiction and shall report the Agency as a component unit for audit and budgetary purposes. These financial statements include all funds, organizations, departments and offices that are not legally separated from the Agency.

Principal funding sources are environmental program fees collected through Solid Waste Franchises. Personnel of the City of Grants Pass handle fiscal and accounting functions. Separate financial statements for the Solid Waste Agency can be obtained from the finance department of the City of Grants Pass, 101 NW A Street, Grants Pass, OR 97526.

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 fund and fiduciary fund financial statements. 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, as well as expenditures related to compensated absences and claims and judgments, 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. Expenditure-driven grants are recognized as revenue

when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

General Obligation Bonds - This fund accounts for the property tax collections and debt service payments of general obligation bonds.

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 sources were property tax revenue and proceeds from the issuance of bonds. This fund will go away next year with the closure of the Agency effective June 30, 2013.

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.

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. Effective July 1, 2013, the Service District was merged with the City of Grants Pass Wastewater Fund.

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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are certain 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. Likewise, general revenues include all taxes.

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 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.

#### **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City, the Agency, 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. 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, personnel services, materials and services, capital outlay, interfund transactions, debt service and operating contingency.

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, Chapter 294 (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 was one supplemental budget and no 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, 2013 with the exception of Environmental Waste Fees in the Solid Waste Fund. This program is a pass through account for Environmental Program Fees charged by the local haulers. Per the local IGA 100% of fees received are transferred to the Solid Waste Agency.

## ACCOUNTING CHANGES

### 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 POSITION/FUND BALANCE

### 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."

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 1<sup>st</sup>. 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  |

## 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, 2013, 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 position.

## 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 position. 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 \$114,687 have been accrued as a liability of the fund and are included in accounts payable.

### 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.

### Fund Equity/Net Position

In the government-wide financial statements net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

Net investment in capital assets – 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 position 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 position – is the remaining net position not included in the other categories previously mentioned.

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.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution at the highest level of decision making authority (City Council).
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. This authority has been given by Council Resolution to the City Manager and Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

By resolution the governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

**2. CASH AND INVESTMENTS**

Cash and Investments at June 30, 2013 (recorded at fair value) consisted of:

Deposits with Financial Institutions:

|                 |    |                   |
|-----------------|----|-------------------|
| Petty Cash      | \$ | 1,950             |
| Demand Deposits |    | 4,547,666         |
| Investments     |    | 52,894,192        |
| Total           | \$ | <u>57,443,808</u> |

|                      |    |                   |
|----------------------|----|-------------------|
| Unrestricted         | \$ | 49,895,508        |
| Restricted           |    | 2,015,578         |
| Fiduciary Fund       |    | 3,778,153         |
| Discretely Presented |    |                   |
| Component Unit       |    | <u>1,754,569</u>  |
| Total                | \$ | <u>57,443,808</u> |

## 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        | 85% |
| Local Government Investment Pool | 75% |
| Certificates of Deposit (CD)     | 50% |
| Bankers' Acceptances (BA's)      | 25% |
| Repurchase Transactions          | 25% |
| US Agency Notes                  | 75% |
| A-1/P-1 Rated Commercial Paper   | 25% |

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

As of June 30, 2013, the City had the following investments and maturities.

| Investment Type                   | Fair Value    | Investment Maturities (in months) |              |               |
|-----------------------------------|---------------|-----------------------------------|--------------|---------------|
|                                   |               | Less than 3                       | 3-17         | 18-59         |
| US Government Securities          | \$ 4,984,016  | \$ -                              | \$ -         | \$ 4,984,016  |
| Certificates of Deposit           | 9,035,534     | -                                 | 1,020,871    | 8,014,663     |
| State Treasurer's investment pool | 38,874,642    | 38,874,642                        | -            | -             |
| Total                             | \$ 52,894,192 | \$ 38,874,642                     | \$ 1,020,871 | \$ 12,998,679 |

Investments are valued at fair value as required by GASB 31. The market value for US Government Securities is determined by trading value at June 30<sup>th</sup> per brokerage statements. Investments in certificates of deposit and the Local Government Investment Pool are reported at the carrying value as there is no activity in trading markets. Amounts in the State Treasurer's Local Government Investment Pool (LGIP) are not required to be collateralized. As of June 30, 2013 the fair value of the position in the LGIP is 100.65% 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 funds shall mature within 36 months or up to five years if the maturity can be matched up with the known expenditure more than three years in the future.

The City limits investment maturities as follows for operating funds:

|                         |             |
|-------------------------|-------------|
| Within one business day | 15% minimum |
| Under 180 days          | 45% minimum |
| Under 360 days          | 70% minimum |

100% of all operating funds shall mature within 36 months, and only those funds reserved for debt services reserves may be invested at maturities greater than 36 months. The weighted average maturity of the entire portfolio shall be no more 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 AA+ by Standard & Poor's and AAA by Moody's Investor Service. The State Pool is unrated.

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 \$4,547,666. The total bank balance per the bank statements is \$5,767,535. Of these deposits, \$475,622 is covered by federal depository insurance and the remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and City 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, 2013 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 5.75% to 8.00%. At June 30, 2013, the City's delinquent assessments receivable totaled \$84,095.

#### 4. NOTES AND CONTRACTS RECEIVABLE

Notes and Contracts Receivable consisted of the following at June 30, 2013:

|   |    |                |
|---|----|----------------|
| CDBG Loans                                      | \$ | 144,003        |
| Industrial Loans (Housing & Economic Dev. Fund) |    | 11,032         |
| System Development Charge Loans                 |    | 727,541        |
| Advanced Finance District Loans                 |    | 100,922        |
| Miscellaneous                                   |    | 367            |
|   |    | <u>983,865</u> |
|   | \$ | <u>983,865</u> |

#### 5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2013 are as follows:

|   | GOVERNMENTAL ACTIVITIES CAPITAL ASSETS |                     |                     |                       |
|---|--|---------------------|---------------------|-----------------------|
|   | June 30, 2012                          | Additions           | Disposals           | June 30, 2013         |
| Capital Assets, not being depreciated       |  |                     |                     |                       |
| Land  | \$ 68,869,208                          | \$ 411,143          | \$ -                | \$ 69,280,351         |
| Construction in Progress                    | 3,370,242                              | 2,334,145           | 1,361,194           | 4,343,193             |
| Total, not being depreciated                | <u>72,239,450</u>                      | <u>2,745,288</u>    | <u>1,361,194</u>    | <u>73,623,544</u>     |
| Buildings                                   | 11,460,480                             | 564,480             | -                   | 12,024,960            |
| Improvements                                | 12,497,193                             | 258,031             | 38,371              | 12,716,853            |
| Machinery & Equipment                       | 9,033,990                              | 526,770             | 141,694             | 9,419,066             |
| Infrastructure                              | 80,072,262                             | 422,136             | -                   | 80,494,398            |
| Total, being depreciated                    | <u>113,063,925</u>                     | <u>1,771,417</u>    | <u>180,065</u>      | <u>114,655,277</u>    |
| Less Accumulated Depreciation               |  |                     |                     |                       |
| Buildings                                   | 3,140,879                              | 326,751             | -                   | 3,467,630             |
| Improvements                                | 4,335,913                              | 534,903             | 26,940              | 4,843,876             |
| Machinery & Equipment                       | 4,656,917                              | 570,985             | 141,695             | 5,086,207             |
| Infrastructure                              | 17,636,558                             | 1,292,367           | -                   | 18,928,925            |
| Total Accumulated Depreciation              | <u>29,770,267</u>                      | <u>2,725,006</u>    | <u>168,635</u>      | <u>32,326,638</u>     |
| Total Capital Assets being Depreciated, net | <u>83,293,658</u>                      | <u>(953,589)</u>    | <u>11,430</u>       | <u>82,328,639</u>     |
| Governmental Activities Capital Assets, net | <u>\$ 155,533,108</u>                  | <u>\$ 1,791,699</u> | <u>\$ 1,372,624</u> | <u>\$ 155,952,183</u> |

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

|                    | Governmental<br>Funds |
|--------------------|-----------------------|
| Public Safety      | \$ 1,978,913          |
| Transportation     | 176,542               |
| Building           | 56,926                |
| Parks              | 195,969               |
| Development        | 187,417               |
| General Government | 85,100                |
| Solid Waste        | 44,139                |
|                    | <u>\$ 2,725,006</u>   |

|  | BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS |                     |                     |                      |
|--|---|---------------------|---------------------|----------------------|
|  | June 30, 2012                           | Additions           | Disposals           | June 30, 2013        |
| Capital Assets, not being depreciated        |   |                     |                     |                      |
| Land   | \$ 853,812                              | \$ -                | \$ -                | \$ 853,812           |
| Construction in Progress                     | 1,727,029                               | 2,358,258           | 1,419,134           | 2,666,153            |
| Total, not being depreciated                 | <u>2,580,841</u>                        | <u>2,358,258</u>    | <u>1,419,134</u>    | <u>3,519,965</u>     |
| Buildings                                    | 6,817,031                               | -                   | -                   | 6,817,031            |
| Improvements                                 | 1,936,222                               | 235,348             | -                   | 2,171,570            |
| Machinery & Equipment                        | 13,268,414                              | 90,107              | -                   | 13,358,521           |
| Infrastructure                               | 108,630,937                             | 1,323,959           | -                   | 109,954,896          |
| Total, being depreciated                     | <u>130,652,604</u>                      | <u>1,649,414</u>    | <u>-</u>            | <u>132,302,018</u>   |
| Less Accumulated Depreciation                |   |                     |                     |                      |
| Buildings                                    | 2,601,927                               | 183,632             | -                   | 2,785,559            |
| Improvements                                 | 1,062,735                               | 95,845              | -                   | 1,158,580            |
| Machinery & Equipment                        | 5,176,165                               | 542,068             | -                   | 5,718,233            |
| Infrastructure                               | 31,325,141                              | 1,671,359           | -                   | 32,996,500           |
| Total Accumulated Depreciation               | <u>40,165,968</u>                       | <u>2,492,904</u>    | <u>-</u>            | <u>42,658,872</u>    |
| Total Capital Assets being Depreciated, net  | <u>90,486,636</u>                       | <u>(843,490)</u>    | <u>-</u>            | <u>89,643,146</u>    |
| Business-Type Activities Capital Assets, net | <u>\$ 93,067,477</u>                    | <u>\$ 1,514,768</u> | <u>\$ 1,419,134</u> | <u>\$ 93,163,111</u> |

## 6. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows:

| Due To                              | Due From                   |                     |                             |                     |
|-------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|
|                                     | Land and Building Projects | Bancroft Bond Fund  | Nonmajor Governmental Funds |                     |
| General Fund                        | \$ 1,460,000               |                     |                             |                     |
| Solid Waste Fund                    |                            | \$ 1,146,200        |                             |                     |
| Internal Service Funds              |                            |                     | \$ 146,205                  |                     |
| <i>Total Due To/From</i>            | <u>\$ 1,460,000</u>        | <u>\$ 1,146,200</u> | <u>\$ 146,205</u>           | <u>\$ 2,752,405</u> |
| Budgeted for repayment next year    | \$ 500,000                 | \$ 200,000          | \$ -                        |                     |
| Not expected to be repaid next year | \$ 960,000                 | \$ 946,200          | \$ 146,205                  |                     |

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 \$120,000 was paid back during FY'13 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'13 \$200,000 was available from assessment loan payments and paid to the Solid Waste 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. The final loan balance of \$250,000 was paid back in full during FY'13.

|                                    | Transfers In        | Transfers Out       |
|------------------------------------|---------------------|---------------------|
| General Fund                       | \$ 1,406,708        | \$ 1,049,925        |
| Solid Waste Capital Projects       | 5,000               | 29,000              |
| Transportation Capital Projects    | 1,768,847           | -                   |
| Lands & Buildings Capital Projects | 945,436             | 477,219             |
| Water Fund                         | 544,327             | 524,327             |
| Sewer Fund                         | 951,750             | 962,852             |
| Fleet Operations Fund              | 11,102              | -                   |
| Support Services Fund              | 10,000              |                     |
| Nonmajor governmental Funds        | 30,000              | 2,629,847           |
| Total Funds                        | <u>\$ 5,673,170</u> | <u>\$ 5,673,170</u> |

The allocation of Transient Room Tax receipts, a special revenue fund, to general governmental operating activities accounts for the majority (\$898,489) of the monies transferred into the General Fund. The largest segment of General Fund transfers out represent funding of \$636,994 appropriated for Lands & Building Capital Projects. Transportation Projects received \$1,175,847 from the Street Utility Fund (street utility fees and state gas tax). Transfers in and out of the Water Fund and Sewer Fund generally represent budgetary transfers between the utility's operating fund and the utility's capital projects fund.

## 7. LONG-TERM DEBT

Bonds outstanding consist of Public Safety General Obligation Bonds, 2009 Refunding General Obligation Bonds and 2013 Full Faith & Credit (Water) Bonds. The Public Safety Bonds were issued June 20, 2007, at the original amount of \$9,820,000 for the purpose of constructing and outfitting two new Public Safety facilities and repairing infrastructure at existing facilities. In 2009 the City issued refunding bonds, to fully refund their 1998 Water Revenue Bonds and two Oregon DEQ loans (which funded wastewater infrastructure improvements.) The total amount of the 2009 refunding was \$8,815,000. The refunding bonds resulted in a net present value savings of \$731,273. The Full Faith & Credit Water Bonds were issued on March 27, 2013 in the amount of \$4,620,000. These bonds were for water infrastructure projects, the largest of which was the reconstruction of water reservoir number three.

| GOVERNMENTAL ACTIVITIES |                     |                   | BUSINESS-TYPE ACTIVITIES |                     |
|-------------------------|---------------------|-------------------|--------------------------|---------------------|
| YEAR                    | PRINCIPAL           | INTEREST          | PRINCIPAL                | INTEREST            |
| 2013-2014               | \$ 800,000          | \$ 238,200        | \$ 1,115,000             | \$ 333,983          |
| 2014-2015               | 865,000             | 206,200           | 1,150,000                | 296,733             |
| 2015-2016               | 930,000             | 171,600           | 1,175,000                | 265,883             |
| 2016-2017               | 1,010,000           | 125,100           | 765,000                  | 230,483             |
| 2017-2018               | 1,095,000           | 74,600            | 785,000                  | 207,583             |
| 2018-2023               | 770,000             | 30,800            | 4,355,000                | 583,686             |
| 2023-2028               | -                   | -                 | 495,000                  | 9,900               |
| Premium/Discount        |                     |                   | 694,347                  |                     |
|                         | <u>\$ 5,470,000</u> | <u>\$ 846,500</u> | <u>\$ 10,534,347</u>     | <u>\$ 1,928,251</u> |

| Purpose                                 | Interest Rates | Amount       |
|---|----------------|--------------|
| Governmental General Obligation Bonds   | 4.0 - 5.0%     | \$ 5,470,000 |
| Business-Type Full Faith & Credit Bonds | 1.28 - 4.0%    | 10,534,347   |

### Unbonded Long-Term Debt

Contracts payable in the Governmental funds consist of installment contracts related to property purchased by the City. The contracts mature at various dates through 2014.

Notes and contracts payable consist of the following:

| Purpose                        | Interest Rates | Amount           |
|--------------------------------|----------------|------------------|
| Governmental Contracts Payable | 4.50%          | \$ 22,500        |
|                                |                | <u>\$ 22,500</u> |

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

NOTES & CONTRACTS PAYABLE

GOVERNMENTAL ACTIVITIES

| YEAR      | PRINCIPAL | INTEREST |
|-----------|-----------|----------|
| 2013-2014 | \$ 22,500 | \$ 1,012 |

Long-Term Debt activity for the year ended June 30, 2013, is as follows:

CHANGES IN LONG-TERM DEBT

|                                  | Beginning<br>Balance | Additions           | Reductions        | Ending<br>Balance    | Due Within<br>One Year |
|----------------------------------|----------------------|---------------------|-------------------|----------------------|------------------------|
| Governmental Activities:         |                      |                     |                   |                      |                        |
| General Obligation Bonds Payable | \$ 6,210,000         | \$ -                | \$ 740,000        | \$ 5,470,000         | \$ 800,000             |
| Notes and Contracts Payable      | 45,000               | -                   | 22,500            | 22,500               | 22,500                 |
| Governmental activities          |                      |                     |                   |                      |                        |
| Long-Term Debt                   | <u>\$ 6,255,000</u>  | <u>\$ -</u>         | <u>\$ 762,500</u> | <u>\$ 5,492,500</u>  | <u>\$ 822,500</u>      |
| Business-type Activities:        |                      |                     |                   |                      |                        |
| Revenue Bonds Payable            | \$ 5,945,000         | \$ 4,620,000        | \$ 725,000        | \$ 9,840,000         | \$ 1,115,000           |
| Plus Unamortized Premium         | 337,577              | 415,678             | 58,908            | 694,347              | -                      |
| Business-type activities         |                      |                     |                   |                      |                        |
| Long-Term Debt                   | <u>\$ 6,282,577</u>  | <u>\$ 5,035,678</u> | <u>\$ 783,908</u> | <u>\$ 10,534,347</u> | <u>\$ 1,115,000</u>    |

**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 \$500,000, to a maximum of \$1,000,000. The City estimates losses based on actual claims and accident history. The claims liability of \$114,687 reported in the Insurance Services Fund at June 30, 2013 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 \$114,687 is considered to be due within the next year and is classified as such on the Statement of Net Position.

*Worker's Compensation Estimate of Liability*

| Year<br>Ending<br>June 30, | Beginning of<br>Year | Changes in<br>Estimates | Payments of<br>Claims | End of year |
|----------------------------|----------------------|-------------------------|-----------------------|-------------|
| 2013                       | \$ 95,020            | \$ 105,682              | \$ 86,015             | \$ 114,687  |
| 2012                       | 26,886               | 92,515                  | 24,381                | 95,020      |
| 2011                       | 39,480               | 30,063                  | 42,657                | 26,886      |

**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, 2011 is 17.58% of salary covered under the plan for Tier 1 and Tier 2 employees and 12.08% and 14.79% for general service employees and police and fire employees, respectively, covered under the Oregon Public Services Retirement Plan (OPSRP). (Effective July 1, 2013 the rate is 17.65% of salary covered under the plan for Tier 1 and Tier 2 employees and 11.43% and 14.16% for general service employees and police and fire employees, respectively, covered under the Oregon Public Services Retirement Plan (OPSRP). 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, 2013, 2012, and 2011, the City’s annual pension cost of \$2,002,984, \$2,150,273, and \$1,556,372, respectively, was equal to the City’s required and actual contributions. The required contributions and liabilities were determined as part of the December 31, 2011 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 3.75% per year, excluding merit or longevity increases; (c) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of OPERS; (d) consumer price inflation of 2.75% per year; and (e) future interest credits of 8.0% for Tier One/Two regular accounts and 8.25% for Tier One/Two variable accounts. 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, 2011 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.

Statewide Local Government Retirement System Schedule of Funding Progress

| Valuation Date | AVA          | AAL          | UAAL           | Funded Percent | Covered Payroll | UAAL/ Payroll |
|----------------|--------------|--------------|----------------|----------------|-----------------|---------------|
| 12/31/2009     | \$45,516,785 | \$58,455,182 | \$(12,938,397) | 78%            | \$ 11,981,543   | 108%          |
| 12/31/2010     | 49,311,239   | 61,438,085   | (12,126,846)   | 80%            | 12,714,676      | 95%           |
| 12/31/2011     | 48,845,349   | 63,743,090   | (14,897,741)   | 77%            | 13,468,530      | 111%          |

**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 City's Personnel Rules and Regulations, for retirees. The benefit varies depending upon date of employment. The City pays 92.5 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 their 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. Any changes to these benefits and contribution obligations would be a result of collective bargaining or changes to the City's Personnel Rules and Regulations by management as directed and approved by Council.

*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 is 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 City's implicit employer contribution. The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Calculations are based on the OPEB benefits provided

under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and (2) actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. There is no separate audited GAAP basis audited financial statements for this OPEB plan. Any changes to these implicit benefits and contribution obligations would be a result of Oregon legislative action.

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 City to fund these benefits in advance.

Annual Pension Cost and Net Pension Obligation - The City’s annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters 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:

|  | 2013                       | 2012                       | 2011                       |
|--|----------------------------|----------------------------|----------------------------|
| Annual required contribution               | \$ 810,679                 | \$ 765,607                 | \$ 750,057                 |
| Interest on net pension obligation         | 74,133                     | 54,835                     | 39,019                     |
| Adjustment to annual required contribution | <u>(125,950)</u>           | <u>(93,163)</u>            | <u>(61,205)</u>            |
| Annual pension cost                        | 758,862                    | 727,279                    | 727,871                    |
| Contributions made                         | <u>(252,371)</u>           | <u>(244,828)</u>           | <u>(224,086)</u>           |
| Increase in net pension obligation         | 506,491                    | 482,451                    | 503,785                    |
| NPO (Asset) at beginning of year           | <u>1,853,320</u>           | <u>1,370,869</u>           | <u>867,084</u>             |
| NPO (Asset) at end of year                 | <u><u>\$ 2,359,811</u></u> | <u><u>\$ 1,853,320</u></u> | <u><u>\$ 1,370,869</u></u> |
| Percentage of APC contributed              | <u>33.3%</u>               | <u>33.7%</u>               | <u>30.8%</u>               |

\$1,482,069 of the NPO is allocated to the governmental funds and as such does not show in the budgetary statements. The balance of \$877,742 is reflected in the proprietary fund budgetary statements and is included in the “Due in More than One Year” portion of Noncurrent Liabilities on the Statement of Net Position.

Actuarial Methods and Assumptions – Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. The annual required contribution (ARC) for the current year was determined as part of the August 1, 2012 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.

|                            |   |
|----------------------------|---|
| Actuarial cost method      | Projected unit credit cost                      |
| Amortization method        | Level percentage of payroll over 15 years, open |
| Inflation rate             | 2.75%   |
| Asset valuation method     | n/a   |
| Investment return          | 3.50%   |
| Projected salary increases | 3.50%   |

Health care cost trend 7.25% inflation first year, grading down yearly to an annual rate of 5.5%.

Other actuarial assumptions include a 55% assumption of participants who elect self-pay retiree medical coverage and an 80% assumption of participants who elect coverage upon retirement are also assumed to elect spouse coverage until the spouse reaches 65. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS.

**Funding Status and Funding Progress** – As of June 30, 2013 the plan was 0% legally funded because the City has elected not to establish a trust for this purpose. The proprietary financial statements reflect OPEB expenses and accumulated liabilities, however the government type funds do not reflect OPEB amounts. The actuarial accrued liability for benefits was \$5,147,652, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,147,652.

| Valuation Date | Schedule of Funding Progress |              |              |                |                 |               |
|----------------|------------------------------|--------------|--------------|----------------|-----------------|---------------|
|                | AVA                          | AAL          | UAAL         | Funded Percent | Covered Payroll | UAAL/ Payroll |
| 8/1/2008       | \$ -                         | \$ 4,571,871 | \$ 4,571,871 | 0%             | \$ 12,392,685   | 37%           |
| 8/1/2010       | -                            | 5,459,740    | 5,459,740    | 0%             | 12,246,635      | 45%           |
| 8/1/2012       | -                            | 5,147,652    | 5,147,652    | 0%             | 12,924,206      | 40%           |

## **12. FUND BALANCE DEFICITS AND OVEREXPENDITURES**

The Bancroft Bond Fund has a deficit GAAP fund balance of \$1,031,178. The City anticipates that the deficit balance will be liquidated by transfers from other funds and future loan payment revenues from assessment loans.

## **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 June 30, 2017. 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 \$2,732,059. This is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. Post-Closure Care Costs are covered by a policy with Chartis Specialty Insurance Company. As all expenses related to this liability are paid by the Chartis insurance policy, the City does not report it on the face of the financial statements.

## **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.

**15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

*Construction commitments.* The City has active construction projects as of June 30, 2013. These projects include street repair and widening as well as water and wastewater infrastructure. At year end commitments with contractors are as follows:

| <u>Project</u>                 | <u>Spent-to-Date</u> | <u>Remaining commitment</u> |
|--------------------------------|----------------------|-----------------------------|
| Water Reservoir #3 (WA6052)    | \$2,005,382          | \$2,758,321                 |
| Hubbard Lane Widening (TR4924) | 546,819              | 449,765                     |

These remaining commitment amounts of \$3,208,086 were encumbered at fiscal year-end. As discussed in the Summary of Significant Accounting Policies note disclosures, under Stewardship, Compliance and Accountability, the encumbrances and related appropriation lapse at the end of the fiscal year, but are re-appropriated and become part of the subsequent year’s budget because performance under the executory contract is expected in the next year.

*Encumbrances.* As discussed in the Summary of Significant Accounting Policies note disclosures, under Stewardship, Compliance and Accountability, the City utilizes encumbrances as a method of controlling budgeted appropriations and line item budget control. At year end, any outstanding encumbrances are canceled. As noted above, construction commitments in capital budgets are re-appropriated and no other significant commitments existed at June 30<sup>th</sup>.

**16. COMPENSATED ABSENCES**

Changes in compensated absences (vacation, comp, and sick leave conversion) are as follows:

|                    | <u>June 30, 2012</u> | <u>Additions</u>  | <u>Deletions</u>      | <u>June 30, 2013</u> | <u>Amount Due within one year</u> |
|--------------------|----------------------|-------------------|-----------------------|----------------------|-----------------------------------|
| Governmental Funds | \$ 1,994,439         | \$ 541,829        | \$ (773,414)          | \$ 1,762,854         | \$ 676,000                        |
| Proprietary Funds  | 665,195              | 361,103           | (348,151)             | 678,147              | 317,000                           |
| Total              | <u>\$ 2,659,634</u>  | <u>\$ 902,932</u> | <u>\$ (1,121,565)</u> | <u>\$ 2,441,001</u>  | <u>\$ 993,000</u>                 |

Compensated absences are assumed to be used on a first in first out basis and are generally liquidated by the general fund or other operating funds. An estimate has been made to determine balances which are considered due within one year.

**17. PRIOR PERIOD RESTATEMENT**

The City of Grants Pass has determined that the presentation of the landfill closure/post-closure care costs were improperly presented in prior years. The City had historically reported a long-term liability in the government-wide statement of net position related to the landfill closure and post-closure care costs. These costs are covered by a policy with Chartis Specialty Insurance Company (Chartis). As all expenses related to this liability are paid by Chartis and the estimated liability remaining is anticipated to be covered by the policy; it has been determined the City should not report the liability on the face of the financial statements. The liability is still disclosed in these notes to the basic financial statements under landfill/closure and postclosure care costs.

|                         | Net Position - Beginning,<br>as Previously<br>Reported | Closure /<br>Postclosure<br>Restatement | Net Position -<br>Beginning,<br>as Restated |
|-------------------------|--|---|---|
| Governmental Activities |  |   |   |
| Total Net Position      | 181,096,381  | 2,132,864                               | 183,229,245                                 |
| Total Government        |  |   |   |
| Total Net Position      | 280,028,308  | 2,132,864                               | 282,161,172                                 |

The above adjustment increased the change in net position \$2,132,864 for prior year and had no impact on the current year change in net position.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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, 2013

|  | <u>GENERAL FUND</u>        |                         |                      | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|----------------------------|-------------------------|----------------------|--|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>        |  |
| <b>REVENUES:</b>                             |                            |                         |                      |  |
| Taxes  | \$ 18,553,900              | \$ 18,553,900           | \$ 18,656,414        | \$ 102,514   |
| Licenses and Permits                         | 236,900                    | 236,900                 | 373,689              | 136,789  |
| Intergovernmental                            | 1,525,299                  | 1,525,299               | 1,613,489            | 88,190   |
| Charges for Services                         | 412,300                    | 412,300                 | 500,381              | 88,081   |
| Fines and Forfeitures                        | 304,200                    | 304,200                 | 260,283              | (43,917)   |
| Interest on Investments                      | 61,500                     | 61,500                  | 66,071               | 4,571  |
| Miscellaneous                                | 444,550                    | 444,550                 | 505,362              | 60,812   |
| Total Revenues                               | <u>21,538,649</u>          | <u>21,538,649</u>       | <u>21,975,689</u>    | <u>437,040</u>   |
| <b>EXPENDITURES:</b>                         |                            |                         |                      |  |
| Mayor and Council                            | 289,524                    | 289,524 (1)             | 203,408              | 86,116   |
| Public Safety Field Services                 | 13,195,944                 | 13,195,944 (1)          | 12,595,913           | 600,031  |
| Public Safety Support Services               | 3,803,264                  | 3,803,264 (1)           | 3,626,109            | 177,155  |
| Crisis Support Services                      | 41,480                     | 41,480 (1)              | 41,475               | 5  |
| Street Lighting                              | 319,000                    | 319,000 (1)             | 299,461              | 19,539   |
| Park Maintenance Services                    | 1,535,600                  | 1,535,600 (1)           | 1,416,271            | 119,329  |
| Aquatic Services                             | 122,688                    | 122,688 (1)             | 92,914               | 29,774   |
| Recreation Services                          | 138,104                    | 138,104 (1)             | 131,022              | 7,082  |
| Planning Services                            | 721,765                    | 721,765 (1)             | 663,752              | 58,013   |
| Building and Safety Services                 | 492,530                    | 492,530 (1)             | 476,457              | 16,073   |
| Economic Development                         | 174,340                    | 174,340 (1)             | 174,259              | 81   |
| Downtown Development                         | 355,823                    | 355,823 (1)             | 343,206              | 12,617   |
| Tourism Promotion                            | 307,862                    | 307,862 (1)             | 307,524              | 338  |
| General Program Operations                   | 552,452                    | 552,452 (1)             | 491,266              | 61,186   |
| Contingency                                  | 1,150,000                  | 1,150,000 (1)           | -                    | 1,150,000  |
| Total Expenditures                           | <u>23,200,376</u>          | <u>23,200,376</u>       | <u>20,863,037</u>    | <u>2,337,339</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(1,661,727)</u>         | <u>(1,661,727)</u>      | <u>1,112,652</u>     | <u>2,774,379</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                            |                         |                      |  |
| Transfers In                                 | 1,300,708                  | 1,300,708               | 1,406,708            | 106,000  |
| Sale of Assets                               | 2,600                      | 2,600                   | 7,689                | 5,089  |
| Transfers Out                                | (1,428,240)                | (1,428,240) (1)         | (1,049,925)          | 378,315  |
| Total other financing uses                   | <u>(124,932)</u>           | <u>(124,932)</u>        | <u>364,472</u>       | <u>489,404</u>   |
| Net Change in Fund Balance                   | (1,786,659)                | (1,786,659)             | 1,477,124            | 3,263,783  |
| Beginning Fund Balance                       | <u>9,455,726</u>           | <u>9,455,726</u>        | <u>10,924,226</u>    | <u>1,468,500</u>   |
| Ending Fund Balance                          | <u>\$ 7,669,067</u>        | <u>\$ 7,669,067</u>     | <u>\$ 12,401,350</u> | <u>\$ 4,732,283</u>                                      |
| Reconciliation to GAAP Fund Balance          |                            |                         |                      |  |
| Interfund Loans                              |                            |                         | 1,460,000            |  |
| Total GAAP Fund Balance                      |                            |                         | <u>\$ 13,861,350</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, 2013

| <u>SOLID WASTE FUND</u>                  |                            |                         |                     | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|----------------------------|-------------------------|---------------------|--|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       | <u>(NEGATIVE)</u>  |
| <b>REVENUES:</b>                         |                            |                         |                     |  |
| Licenses and Permits                     | \$ 2,500                   | \$ 2,500                | \$ 2,580            | \$ 80  |
| Intergovernmental                        | 11,500                     | 11,500                  | 11,000              | (500)  |
| Charges for Services                     | 432,200                    | 432,200                 | 333,751             | (98,449)   |
| Interest on Investments                  | 10,560                     | 10,560                  | 14,810              | 4,250  |
| Miscellaneous Revenue                    | 225,600                    | 225,600                 | 217,545             | (8,055)  |
| Total Revenues                           | <u>682,360</u>             | <u>682,360</u>          | <u>579,686</u>      | <u>(102,674)</u>   |
| <b>EXPENDITURES:</b>                     |                            |                         |                     |  |
| Environmental Waste Fees                 | 225,000                    | 225,000 (1)             | 243,564             | (18,564)   |
| Field Operations                         | 25,063                     | 25,063 (1)              | 13,374              | 11,689   |
| Post-closure                             | 188,300                    | 188,300 (1)             | 101,052             | 87,248   |
| General Program Operations               | 21,220                     | 21,220 (1)              | 11,442              | 9,778  |
| Capital Outlay                           | 1,350,505                  | 1,350,505 (1)           | 76,533              | 1,273,972  |
| Contingency                              | 153,283                    | 153,283 (1)             | -                   | 153,283  |
| Total Expenditures                       | <u>1,963,371</u>           | <u>1,963,371</u>        | <u>445,965</u>      | <u>1,517,406</u>   |
| Excess of Revenues Over (Under) Expendit | (1,281,011)                | (1,281,011)             | 133,721             | 1,414,732  |
| <b>OTHER FINANCING SOURCES (USES)</b>    |                            |                         |                     |  |
| Transfers In                             | 5,000                      | 5,000                   | 5,000               | -  |
| Transfers Out                            | (29,000)                   | (29,000) (1)            | (29,000)            | -  |
| Total Other Financing Sources (Uses)     | <u>(24,000)</u>            | <u>(24,000)</u>         | <u>(24,000)</u>     | <u>-</u>   |
| Net Change in Fund Balance               | (1,305,011)                | (1,305,011)             | 109,721             | 1,414,732  |
| Beginning Fund Balance                   | <u>1,305,011</u>           | <u>1,305,011</u>        | <u>1,292,893</u>    | <u>(12,118)</u>  |
| Ending Fund Balance                      | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 1,402,614</u> | <u>\$ 1,402,614</u>                                      |
| Reconciliation to GAAP Equity            |                            |                         |                     |  |
| Interfund Loan                           |                            |                         | <u>1,146,200</u>    |  |
| GAAP Equity                              |                            |                         | <u>\$ 2,548,814</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, 2013

|  | <u>GENERAL OBLIGATION BOND</u> |                         |                   | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|--------------------------------|-------------------------|-------------------|--|
|  | <u>ORIGINAL<br/>BUDGET</u>     | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     |  |
| <b>REVENUES:</b>                             |                                |                         |                   |  |
| Taxes  | \$ 1,007,800                   | \$ 1,007,800            | \$ 1,012,267      | \$ 4,467   |
| Interest on Investments                      | 100                            | 100                     | 2,450             | 2,350  |
| Miscellaneous Revenue                        | -                              | -                       | -                 | -  |
| Total Revenues                               | <u>1,007,900</u>               | <u>1,007,900</u>        | <u>1,014,717</u>  | <u>6,817</u>   |
| <b>EXPENDITURES:</b>                         |                                |                         |                   |  |
| Debt Service                                 | 1,007,800                      | 1,007,800 (1)           | 1,007,800         | -  |
| Contingency                                  | -                              | - (1)                   | -                 | -  |
| Total Expenditures                           | <u>1,007,800</u>               | <u>1,007,800</u>        | <u>1,007,800</u>  | <u>-</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>100</u>                     | <u>100</u>              | <u>6,917</u>      | <u>6,817</u>   |
| <b>OTHER FINANCING SOURCES (USES):</b>       |                                |                         |                   |  |
| Bond Proceeds                                | -                              | -                       | -                 | -  |
| Transfers In                                 | -                              | -                       | -                 | -  |
| Transfers Out                                | -                              | - (1)                   | -                 | -  |
| Total Other Financing Sources (Uses)         | <u>-</u>                       | <u>-</u>                | <u>-</u>          | <u>-</u>   |
| Net Change in Fund Balance                   | 100                            | 100                     | 6,917             | 6,817  |
| Beginning Fund Balance                       | <u>92,400</u>                  | <u>92,400</u>           | <u>106,004</u>    | <u>13,604</u>  |
| Ending Fund Balance                          | <u>\$ 92,500</u>               | <u>\$ 92,500</u>        | <u>\$ 112,921</u> | <u>\$ 20,421</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, 2013

|  | <u>BANCROFT BOND</u>       |                         |                       | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|----------------------------|-------------------------|-----------------------|--|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>         |  |
| <b>REVENUES:</b>                             |                            |                         |                       |  |
| Special Assessments                          | \$ 160,000                 | \$ 160,000              | \$ 105,042            | \$ (54,958)  |
| Interest on Investments                      | -                          | -                       | 1,070                 | 1,070  |
| Total Revenues                               | <u>160,000</u>             | <u>160,000</u>          | <u>106,112</u>        | <u>(53,888)</u>  |
| <b>EXPENDITURES:</b>                         |                            |                         |                       |  |
| Materials and Services                       | 20,000                     | 20,000 (1)              | 17,589                | 2,411  |
| Debt Service                                 | 200,000                    | 200,000 (1)             | 200,000               | -  |
| Contingency                                  | 149,059                    | 149,059 (1)             | -                     | 149,059  |
| Total Expenditures                           | <u>369,059</u>             | <u>369,059</u>          | <u>217,589</u>        | <u>151,470</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(209,059)</u>           | <u>(209,059)</u>        | <u>(111,477)</u>      | <u>97,582</u>  |
| <b>OTHER FINANCING SOURCES (USES):</b>       |                            |                         |                       |  |
| Bond Proceeds                                | 500,000                    | 500,000                 | -                     | (500,000)  |
| Transfers Out                                | <u>(500,000)</u>           | <u>(500,000) (1)</u>    | <u>-</u>              | <u>500,000</u>   |
| Total Other Financing Sources (Uses)         | <u>-</u>                   | <u>-</u>                | <u>-</u>              | <u>-</u>   |
| Net Change in Fund Balance                   | (209,059)                  | (209,059)               | (111,477)             | 97,582   |
| Beginning Fund Balance                       | <u>209,059</u>             | <u>209,059</u>          | <u>226,499</u>        | <u>17,440</u>  |
| Ending Fund Balance                          | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 115,022</u>     | <u>\$ 115,022</u>  |
| Reconciliation to GAAP Equity                |                            |                         |                       |  |
| Interfund Loan                               |                            |                         | <u>(1,146,200)</u>    |  |
| GAAP Equity                                  |                            |                         | <u>\$ (1,031,178)</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, 2013

|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|----------------------------|-------------------------|---------------------|--|
| <u>TRANSPORTATION PROJECTS FUND</u>          |                            |                         |                     |  |
| <b>REVENUES:</b>                             |                            |                         |                     |  |
| Intergovernmental                            | \$ 1,192,211               | \$ 1,192,211            | \$ 643,878          | \$ (548,333)   |
| Charges for Services                         | 151,000                    | 151,000                 | 634,430             | 483,430  |
| Interest on Investments                      | 45,943                     | 45,943                  | 48,350              | 2,407  |
| Trust Receipts                               | -                          | -                       | 15,385              | 15,385   |
| Miscellaneous Revenues                       | -                          | -                       | 45,002              | 45,002   |
| Total Revenues                               | <u>1,389,154</u>           | <u>1,389,154</u>        | <u>1,387,045</u>    | <u>(2,109)</u>   |
| <b>EXPENDITURES:</b>                         |                            |                         |                     |  |
| Capital Outlay                               | <u>9,578,125</u>           | <u>9,578,125</u>        | (1) 2,510,320       | <u>7,067,805</u>   |
| Total Expenditures                           | <u>9,578,125</u>           | <u>9,578,125</u>        | <u>2,510,320</u>    | <u>7,067,805</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(8,188,971)</u>         | <u>(8,188,971)</u>      | <u>(1,123,275)</u>  | <u>7,065,696</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                            |                         |                     |  |
| Dissolution of Redevelopment Agency          | -                          | -                       | 14,241              | 14,241   |
| Transfers In                                 | 2,274,446                  | 2,274,446               | 1,768,847           | (505,599)  |
| Transfers Out                                | -                          | -                       | (1) -               | -  |
| Total Other Financing Sources (Uses)         | <u>2,274,446</u>           | <u>2,274,446</u>        | <u>1,783,088</u>    | <u>(491,358)</u>   |
| Net Change in Fund Balance                   | (5,914,525)                | (5,914,525)             | 659,813             | 6,574,338  |
| Beginning Fund Balance                       | <u>5,914,525</u>           | <u>5,914,525</u>        | <u>7,993,959</u>    | <u>2,079,434</u>   |
| Ending Fund Balance                          | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 8,653,772</u> | <u>\$ 8,653,772</u>                                      |
| Reconciliation to GAAP Equity                |                            |                         |                     |  |

(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, 2013

LAND AND BUILDING PROJECTS FUND

|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       | <u>VARIANCE<br/>TO FINAL<br/>BUDGET<br/>POSITIVE<br/>(NEGATIVE)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>REVENUES:</b>                             |                            |                         |                     |   |
| Intergovernmental                            | \$ 1,822,500               | \$ 1,822,500            | \$ 437,683          | \$ (1,384,817)  |
| Charges for Services                         | 122,500                    | 122,500                 | 119,601             | (2,899)   |
| Interest on Investments                      | 5,745                      | 5,745                   | 30,604              | 24,859  |
| Miscellaneous                                | 643,000                    | 643,000                 | 48,742              | (594,258)   |
| Total Revenues                               | <u>2,593,745</u>           | <u>2,593,745</u>        | <u>636,630</u>      | <u>(1,957,115)</u>  |
| <b>EXPENDITURES:</b>                         |                            |                         |                     |   |
| Capital Outlay                               | 8,845,157                  | 8,845,157 (1)           | 1,660,748           | 7,184,409   |
| Total expenditures                           | <u>8,845,157</u>           | <u>8,845,157</u>        | <u>1,660,748</u>    | <u>7,184,409</u>  |
| Excess of Revenues Over (Under) Expenditures | <u>(6,251,412)</u>         | <u>(6,251,412)</u>      | <u>(1,024,118)</u>  | <u>5,227,294</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                            |                         |                     |   |
| Transfers In                                 | 1,303,740                  | 1,303,740               | 945,436             | (358,304)   |
| Sale of Assets                               | 925,000                    | 925,000                 | 139,034             | (785,966)   |
| Transfers Out                                | (480,408)                  | (480,408) (1)           | (477,219)           | 3,189   |
| Total Other Financing Sources (Uses)         | <u>1,748,332</u>           | <u>1,748,332</u>        | <u>607,251</u>      | <u>(1,141,081)</u>  |
| Net Change in Fund Balance                   | (4,503,080)                | (4,503,080)             | (416,867)           | 4,086,213   |
| Beginning Fund Balance                       | <u>4,503,080</u>           | <u>4,503,080</u>        | <u>4,142,824</u>    | <u>(360,256)</u>  |
| Ending Fund Balance                          | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 3,725,957</u> | <u>\$ 3,725,957</u>   |
| Reconciliation to GAAP Fund Balance          |                            |                         |                     |   |
| Interfund Loans                              |                            |                         | <u>(1,460,000)</u>  |   |
| Total GAAP Fund Balance                      |                            |                         | <u>\$ 2,265,957</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, 2013

PARKWAY REDEVELOPMENT AGENCY

|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET      | ACTUAL             | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|--------------------|----------------------|--------------------|--|
| <b>REVENUES:</b>                             |                    |                      |                    |  |
| Intergovernmental                            | \$ 125,000         | \$ 125,000           | \$ 97,149          | \$ (27,851)  |
| Interest on Investments                      | 6,050              | 6,050                | 5,365              | (685)  |
| Miscellaneous                                | -                  | -                    | 6,151              | 6,151  |
| Trust Receipts                               | 41,773             | 41,773               | 35,067             | (6,706)  |
| Total revenues                               | <u>172,823</u>     | <u>172,823</u>       | <u>143,732</u>     | <u>(29,091)</u>  |
| <b>EXPENDITURES:</b>                         |                    |                      |                    |  |
| Materials and Services                       | 30,400             | 30,400 (1)           | 19,177             | 11,223   |
| Tax Turnover                                 | 1,625,944          | 1,625,944 (1)        | 1,623,479          | 2,465  |
| Debt Service                                 |                    |                      |                    |  |
| Principal                                    | 250,000            | 250,000 (1)          | 250,000            | -  |
| Interest                                     | 7,500              | 7,500 (1)            | 6,876              | 624  |
| Total Expenditures                           | <u>1,913,844</u>   | <u>1,913,844</u>     | <u>1,899,532</u>   | <u>14,312</u>  |
| Excess of Revenues Over (Under) Expenditures | <u>(1,741,021)</u> | <u>(1,741,021)</u>   | <u>(1,755,800)</u> | <u>(43,403)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                    |                      |                    |  |
| Transfers In                                 | 293,723            | 293,723              | 258,002            | (35,721)   |
| Dissolution of Parkway Redevelopment Agency  | -                  | -                    | (19,827)           | (19,827)   |
| Transfers Out                                | <u>(293,723)</u>   | <u>(293,723) (1)</u> | <u>(258,002)</u>   | <u>35,721</u>  |
| Total Other Financing Sources (Uses)         | <u>-</u>           | <u>-</u>             | <u>(19,827)</u>    | <u>(19,827)</u>  |
| Net Change in Fund Balance                   | (1,741,021)        | (1,741,021)          | (1,775,627)        | (34,606)   |
| Beginning Fund Balance                       | <u>1,741,021</u>   | <u>1,741,021</u>     | <u>1,775,627</u>   | <u>34,606</u>  |
| Ending Fund Balance                          | <u>\$ -</u>        | <u>\$ -</u>          | <u>\$ -</u>        | <u>\$ -</u>  |

(1) Appropriation Level

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2013

|  | SPECIAL REVENUE FUNDS            |                           |   |  |  | TOTAL<br>NONMAJOR<br>FUNDS |
|--|----------------------------------|---------------------------|---|--|--|----------------------------|
|  | TRANSIENT<br>ROOM<br>TAX<br>FUND | STREET<br>UTILITY<br>FUND | COMMUNITY<br>DEVELOPMENT<br>BLOCK GRANT<br>FUND | HOUSING<br>& ECONOMIC<br>DEVELOPMENT<br>FUND | STORM<br>WATER &<br>OPEN SPACE<br>FUND |                            |
| <b>ASSETS</b>                            |                                  |                           |   |  |  |                            |
| Cash and Investments                     | \$ 74                            | \$ 681,081                | \$ 795,801                                      | \$ 920,507                                   | \$ 485,460                             | \$ 2,882,923               |
| Receivables                              |                                  |                           |   |  |  |                            |
| Intergovernmental                        | -                                | 166,795                   | -   | -  | -                                      | 166,795                    |
| Accounts, net                            | -                                | 139,938                   | -   | -  | -                                      | 139,938                    |
| Notes                                    | -                                | -                         | 144,003   | 11,032                                       | 9,748                                  | 164,783                    |
| Accrued Interest                         | -                                | -                         | -   | 609  | 3,748                                  | 4,357                      |
| Restricted Assets                        |                                  |                           |   |  |  |                            |
| Cash and Cash Equivalents                | -                                | -                         | -   | -  | 91,043                                 | 91,043                     |
| Notes and Taxes Receivable               | -                                | -                         | -   | -  | 20,526                                 | 20,526                     |
| Accrued Interest Receivable              | -                                | -                         | -   | -  | 6,292                                  | 6,292                      |
| Total Assets                             | <u>\$ 74</u>                     | <u>\$ 987,814</u>         | <u>\$ 939,804</u>                               | <u>\$ 932,148</u>                            | <u>\$ 616,817</u>                      | <u>\$ 3,476,657</u>        |
| <b>LIABILITIES</b>                       |                                  |                           |   |  |  |                            |
| Liabilities:                             |                                  |                           |   |  |  |                            |
| Accounts Payable                         | -                                | 78,248                    | -   | -  | 42,529                                 | 120,777                    |
| Salaries, withholdings and taxes payable | -                                | 18,553                    | -   | -  | 315                                    | 18,868                     |
| Due To Other Funds                       | -                                | -                         | -   | -  | 146,205                                | 146,205                    |
| Unearned Revenue                         | -                                | -                         | 144,492   | 11,033                                       | 30,274                                 | 185,799                    |
| Total Liabilities                        | <u>-</u>                         | <u>96,801</u>             | <u>144,492</u>                                  | <u>11,033</u>                                | <u>219,323</u>                         | <u>471,649</u>             |
| <b>FUND BALANCES</b>                     |                                  |                           |   |  |  |                            |
| <i>Nonspendable:</i>                     | -                                | -                         | -   | -  | -                                      | -                          |
| <i>Restricted for:</i>                   |                                  |                           |   |  |  |                            |
| System Development                       | -                                | -                         | -   | -  | 97,336                                 | 97,336                     |
| CDBG/HUD                                 | -                                | -                         | 795,312   | 921,115                                      | -                                      | 1,716,427                  |
| Tourism/Recreation/TRT Approved          | 74                               | -                         | -   | -  | -                                      | 74                         |
| <i>Committed to:</i>                     | -                                | 891,013                   | -   | -  | -                                      | 891,013                    |
| <i>Assigned to:</i>                      | -                                | -                         | -   | -  | 300,158                                | 300,158                    |
| Total fund balances                      | <u>74</u>                        | <u>891,013</u>            | <u>795,312</u>                                  | <u>921,115</u>                               | <u>397,494</u>                         | <u>3,005,008</u>           |
| Total liabilities and fund balances      | <u>\$ 74</u>                     | <u>\$ 987,814</u>         | <u>\$ 939,804</u>                               | <u>\$ 932,148</u>                            | <u>\$ 616,817</u>                      | <u>\$ 3,476,657</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, 2013

|  | SPECIAL REVENUE FUNDS            |                           |   |  |  | TOTAL               |
|--|----------------------------------|---------------------------|---|--|--|---------------------|
|  | TRANSIENT<br>ROOM<br>TAX<br>FUND | STREET<br>UTILITY<br>FUND | COMMUNITY<br>DEVELOPMENT<br>BLOCK GRANT<br>FUND | HOUSING<br>& ECONOMIC<br>DEVELOPMENT<br>FUND | STORM<br>WATER &<br>OPEN SPACE<br>FUND |                     |
| <b>REVENUES:</b>                                 |                                  |                           |   |  |  |                     |
| Taxes  | \$ 1,061,816                     | \$ -                      | \$ -  | \$ -   | \$ -                                   | \$ 1,061,816        |
| Licenses and Permits                             | -                                | 13,674                    | -   | -  | -                                      | 13,674              |
| Intergovernmental                                | -                                | 1,982,676                 | -   | -  | -                                      | 1,982,676           |
| Charges for Services                             | -                                | 866,452                   | -   | -  | 60,372                                 | 926,824             |
| Interest on Investments                          | 880                              | 2,789                     | 4,732   | 5,959  | 6,215                                  | 20,575              |
| Industrial and Other Loans                       | -                                | -                         | 10,769  | 6,184  | -                                      | 16,953              |
| Miscellaneous Revenues                           | -                                | 8,664                     | 2,832   | -  | -                                      | 11,496              |
| <b>Total Revenues</b>                            | <u>1,062,696</u>                 | <u>2,874,255</u>          | <u>18,333</u>                                   | <u>12,143</u>                                | <u>66,587</u>                          | <u>4,034,014</u>    |
| <b>EXPENDITURES:</b>                             |                                  |                           |   |  |  |                     |
| Development                                      | 20,700                           | -                         | 15,009  | 25,000                                       | -                                      | 60,709              |
| Field Operations                                 | -                                | 1,477,610                 | -   | -  | -                                      | 1,477,610           |
| Debt Service                                     | -                                | -                         | -   | -  | -                                      | -                   |
| Capital Outlay                                   | -                                | -                         | -   | -  | 169,982                                | 169,982             |
| <b>Total Expenditures</b>                        | <u>20,700</u>                    | <u>1,477,610</u>          | <u>15,009</u>                                   | <u>25,000</u>                                | <u>169,982</u>                         | <u>1,708,301</u>    |
| Excess of Revenues Over,<br>(Under) Expenditures | <u>1,041,996</u>                 | <u>1,396,645</u>          | <u>3,324</u>                                    | <u>(12,857)</u>                              | <u>(103,395)</u>                       | <u>2,325,713</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                                  |                           |   |  |  |                     |
| Transfers In                                     | -                                | -                         | -   | -  | 30,000                                 | 30,000              |
| Sale of Assets                                   | -                                | 207                       | -   | -  | -                                      | 207                 |
| Dissolution of Redevelopment Agency              | -                                | -                         | -   | -  | 3,748                                  | 3,748               |
| Transfers Out                                    | (1,064,000)                      | (1,190,847)               | (150,000)                                       | (5,000)                                      | (220,000)                              | (2,629,847)         |
| <b>Total Other Financing Sources (Uses)</b>      | <u>(1,064,000)</u>               | <u>(1,190,640)</u>        | <u>(150,000)</u>                                | <u>(5,000)</u>                               | <u>(186,252)</u>                       | <u>(2,595,892)</u>  |
| <b>Net Change in Fund Balance</b>                | <u>(22,004)</u>                  | <u>206,005</u>            | <u>(146,676)</u>                                | <u>(17,857)</u>                              | <u>(289,647)</u>                       | <u>(270,179)</u>    |
| Beginning Fund Balance                           | <u>22,078</u>                    | <u>685,008</u>            | <u>941,988</u>                                  | <u>938,972</u>                               | <u>687,141</u>                         | <u>3,275,187</u>    |
| <b>Ending Fund Balance</b>                       | <u>\$ 74</u>                     | <u>\$ 891,013</u>         | <u>\$ 795,312</u>                               | <u>\$ 921,115</u>                            | <u>\$ 397,494</u>                      | <u>\$ 3,005,008</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, 2013

TRANSIENT ROOM TAX FUND

|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET    | ACTUAL             | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|--------------------|--------------------|--------------------|--|
| <b>REVENUES:</b>                             |                    |                    |                    |  |
| Taxes  | \$ 1,039,664       | \$ 1,061,742       | \$ 1,061,816       | \$ 74  |
| Interest                                     | 880                | 880                | 880                | -  |
| Total Revenues                               | <u>1,040,544</u>   | <u>1,062,622</u>   | <u>1,062,696</u>   | <u>74</u>  |
| <b>EXPENDITURES:</b>                         |                    |                    |                    |  |
| Materials and Services                       | 11,500             | 20,700 (1)         | 20,700             | -  |
| Contingency                                  | 35,000             | - (1)              | -                  | -  |
| Total Expenditures                           | <u>46,500</u>      | <u>20,700</u>      | <u>20,700</u>      | <u>-</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>994,044</u>     | <u>1,041,922</u>   | <u>1,041,996</u>   | <u>74</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                    |                    |                    |  |
| Transfers Out                                | (935,300)          | (1,064,000) (1)    | (1,064,000)        | -  |
| Total Other Financing Sources (Uses)         | <u>(935,300)</u>   | <u>(1,064,000)</u> | <u>(1,064,000)</u> | <u>-</u>   |
| Net Change in Fund Balance                   | 58,744             | (22,078)           | (22,004)           | 74   |
| Beginning Fund Balance                       | -                  | 22,078             | 22,078             | -  |
| Ending Fund Balance                          | <u>\$ 58,744</u>   | <u>\$ -</u>        | <u>\$ 74</u>       | <u>\$ 74</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, 2013

|  | <u>STREET UTILITY FUND</u> |                         |                    | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|----------------------------|-------------------------|--------------------|--|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>      |  |
| <b>REVENUES:</b>                             |                            |                         |                    |  |
| Licenses and permits                         | \$ 8,000                   | \$ 8,000                | \$ 13,674          | \$ 5,674   |
| Intergovernmental                            | 2,029,770                  | 2,029,770               | 1,982,676          | (47,094)   |
| Charges for services                         | 857,130                    | 857,130                 | 866,452            | 9,322  |
| Interest on investments                      | 1,500                      | 1,500                   | 2,789              | 1,289  |
| Miscellaneous                                | 500                        | 500                     | 8,664              | 8,164  |
| Total Revenues                               | <u>2,896,900</u>           | <u>2,896,900</u>        | <u>2,874,255</u>   | <u>(22,645)</u>  |
| <b>EXPENDITURES:</b>                         |                            |                         |                    |  |
| Street and drainage services                 | 1,253,127                  | 1,253,127 (1)           | 1,044,086          | 209,041  |
| Support services                             | 53,723                     | 53,723 (1)              | 52,765             | 958  |
| General operations                           | 410,252                    | 410,252 (1)             | 379,903            | 30,349   |
| Debt service                                 | 1,100                      | 1,100 (1)               | 856                | 244  |
| Contingency                                  | 420,410                    | 420,410 (1)             | -                  | 420,410  |
| Total Expenditures                           | <u>2,138,612</u>           | <u>2,138,612</u>        | <u>1,477,610</u>   | <u>661,002</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>758,288</u>             | <u>758,288</u>          | <u>1,396,645</u>   | <u>638,357</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                            |                         |                    |  |
| Sale of Assets                               | 100                        | 100                     | 207                | 107  |
| Transfers Out                                | <u>(1,195,946)</u>         | <u>(1,195,946) (1)</u>  | <u>(1,190,847)</u> | <u>5,099</u>   |
| Total Other Financing Sources (Uses)         | <u>(1,195,846)</u>         | <u>(1,195,846)</u>      | <u>(1,190,640)</u> | <u>5,206</u>   |
| Net Change in Fund Balance                   | (437,558)                  | (437,558)               | 206,005            | 643,563  |
| Beginning Fund Balance                       | <u>437,558</u>             | <u>437,558</u>          | <u>685,008</u>     | <u>247,450</u>   |
| Ending Fund Balance                          | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 891,013</u>  | <u>\$ 891,013</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, 2013

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET      | ACTUAL            | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|--------------------|----------------------|-------------------|--|
| <b>REVENUES:</b>                             |                    |                      |                   |  |
| Interest on Investments                      | \$ 4,995           | \$ 4,995             | \$ 4,732          | \$ (263)   |
| Loan Repayments                              | 10,500             | 10,500               | 10,769            | 269  |
| Miscellaneous                                | 2,910              | 2,910                | 2,832             | (78)   |
| Total Revenues                               | <u>18,405</u>      | <u>18,405</u>        | <u>18,333</u>     | <u>(72)</u>  |
| <b>EXPENDITURES:</b>                         |                    |                      |                   |  |
| Materials and Services                       | 20,900             | 20,900 (1)           | 15,009            | 5,891  |
| Contingencies                                | 739,513            | 739,513 (1)          | -                 | 739,513  |
| Total Expenditures                           | <u>760,413</u>     | <u>760,413</u>       | <u>15,009</u>     | <u>745,404</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(742,008)</u>   | <u>(742,008)</u>     | <u>3,324</u>      | <u>745,332</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                    |                      |                   |  |
| Transfers Out                                | <u>(150,000)</u>   | <u>(150,000) (1)</u> | <u>(150,000)</u>  | <u>-</u>   |
| Total Other Financing Sources (Uses)         | <u>(150,000)</u>   | <u>(150,000)</u>     | <u>(150,000)</u>  | <u>-</u>   |
| Net Change in Fund Balance                   | (892,008)          | (892,008)            | (146,676)         | 745,332  |
| Beginning Fund Balance                       | <u>892,008</u>     | <u>892,008</u>       | <u>941,988</u>    | <u>49,980</u>  |
| Ending Fund Balance                          | <u>\$ -</u>        | <u>\$ -</u>          | <u>\$ 795,312</u> | <u>\$ 795,312</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, 2013

HOUSING AND ECONOMIC DEVELOPMENT FUND

|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL            | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|--------------------|------------------|-------------------|--|
| <b>REVENUES:</b>                             |                    |                  |                   |  |
| Interest on Investments                      | \$ 5,935           | \$ 5,935         | \$ 5,959          | \$ 24  |
| Industrial and Other Loan Payments           | 4,000              | 4,000            | 6,184             | 2,184  |
| Miscellaneous Revenues                       | 150                | 150              | -                 | (150)  |
| Total Revenues                               | <u>10,085</u>      | <u>10,085</u>    | <u>12,143</u>     | <u>2,058</u>   |
| <b>EXPENDITURES:</b>                         |                    |                  |                   |  |
| Materials and Services                       | 250,000            | 250,000 (1)      | 25,000            | 225,000  |
| Contingencies                                | 736,726            | 736,726 (1)      | -                 | 736,726  |
| Total Expenditures                           | <u>986,726</u>     | <u>986,726</u>   | <u>25,000</u>     | <u>961,726</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(976,641)</u>   | <u>(976,641)</u> | <u>(12,857)</u>   | <u>963,784</u>   |
| <b>OTHER FINANCING USES:</b>                 |                    |                  |                   |  |
| Transfers Out                                | (5,000)            | (5,000) (1)      | (5,000)           | -  |
| Total Other Financing Uses                   | <u>(5,000)</u>     | <u>(5,000)</u>   | <u>(5,000)</u>    | <u>-</u>   |
| Net Change in Fund Balance                   | (981,641)          | (981,641)        | (17,857)          | 963,784  |
| Beginning Fund Balance                       | <u>981,641</u>     | <u>981,641</u>   | <u>938,972</u>    | <u>(42,669)</u>  |
| Ending Fund Balance                          | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 921,115</u> | <u>\$ 921,115</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, 2013

| <u>STORM WATER AND OPEN SPACE</u>            |                    |                  |                   | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|--------------------|------------------|-------------------|--|
|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL            |  |
| <b>REVENUES:</b>                             |                    |                  |                   |  |
| Charges for Services                         | \$ 15,000          | \$ 15,000        | \$ 60,372         | \$ 45,372  |
| Interest on Investments                      | -                  | -                | 6,215             | 6,215  |
| Miscellaneous                                | -                  | -                | -                 | -  |
| Total Revenues                               | <u>15,000</u>      | <u>15,000</u>    | <u>66,587</u>     | <u>51,587</u>  |
| <b>EXPENDITURES:</b>                         |                    |                  |                   |  |
| Capital Outlay                               | 529,297            | 529,297 (1)      | 169,982           | 359,315  |
| Total Expenditures                           | <u>529,297</u>     | <u>529,297</u>   | <u>169,982</u>    | <u>359,315</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(514,297)</u>   | <u>(514,297)</u> | <u>(103,395)</u>  | <u>410,902</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                    |                  |                   |  |
| Dissolution of Redevelopment Agency          | -                  | -                | 3,748             | 3,748  |
| Transfers In                                 | 30,000             | 30,000           | 30,000            | -  |
| Transfers Out                                | (220,000)          | (220,000) (1)    | (220,000)         | -  |
| Total Other Financing Sources (Uses)         | <u>(190,000)</u>   | <u>(190,000)</u> | <u>(186,252)</u>  | <u>3,748</u>   |
| Net Change in Fund Balance                   | (704,297)          | (704,297)        | (289,647)         | 414,650  |
| Beginning Fund Balance                       | <u>714,860</u>     | <u>714,860</u>   | <u>833,346</u>    | <u>118,486</u>   |
| Ending Fund Balance                          | <u>\$ 10,563</u>   | <u>\$ 10,563</u> | <u>\$ 543,699</u> | <u>\$ 533,136</u>  |
| Reconciliation to GAAP Equity                |                    |                  |                   |  |
| Interfund Loans                              |                    |                  | <u>(146,205)</u>  |  |
| GAAP Equity                                  |                    |                  | <u>\$ 397,494</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, 2013

|  | <u>WATER FUND</u>          |                         |                      | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|----------------------------|-------------------------|----------------------|--|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>        |  |
| <b>REVENUES:</b>                             |                            |                         |                      |  |
| Charges for Services                         | \$ 4,213,969               | \$ 4,213,969            | \$ 4,840,851         | \$ 626,882   |
| SDC Receipts                                 | 150,000                    | 150,000                 | 246,079              | 96,079   |
| Interest on Investments                      | 21,500                     | 21,500                  | 35,308               | 13,808   |
| Trust Receipts                               | 2,000                      | 2,000                   | 18,985               | 16,985   |
| Miscellaneous Revenues                       | 39,470                     | 39,470                  | 28,298               | (11,172)   |
| Total Revenues                               | <u>4,426,939</u>           | <u>4,426,939</u>        | <u>5,169,521</u>     | <u>742,582</u>   |
| <b>EXPENDITURES:</b>                         |                            |                         |                      |  |
| Treatment Services                           | 1,649,406                  | 1,649,406 (1)           | 1,529,965            | 119,441  |
| Distribution Services                        | 1,247,157                  | 1,247,157 (1)           | 1,045,379            | 201,778  |
| Customer Services                            | 396,015                    | 396,015 (1)             | 391,059              | 4,956  |
| General Operations                           | 356,155                    | 356,155 (1)             | 316,136              | 40,019   |
| Debt Service                                 |                            |                         |                      |  |
| Principal                                    | -                          | - (1)                   | -                    | -  |
| Interest                                     | 146,000                    | 146,000 (1)             | 36,404               | 109,596  |
| Capital Outlay                               | 7,619,249                  | 7,619,249 (1)           | 3,261,138            | 4,358,111  |
| Contingency                                  | 963,683                    | 963,683 (1)             | -                    | 963,683  |
| Total Expenditures                           | <u>12,377,665</u>          | <u>12,377,665</u>       | <u>6,580,081</u>     | <u>5,797,584</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(7,950,726)</u>         | <u>(7,950,726)</u>      | <u>(1,410,560)</u>   | <u>6,540,166</u>   |
| <b>OTHER FINANCING SOURCES (USES):</b>       |                            |                         |                      |  |
| Sale of Assets                               | -                          | -                       | 564                  | 564  |
| Net Revenue from Issuance of Debt            | 5,555,000                  | 5,555,000               | 5,035,678            | (519,322)  |
| Dissolution of Redevelopment Agency          | -                          | -                       | 1,838                | 1,838  |
| Transfers In                                 | 544,327                    | 544,327                 | 544,327              | -  |
| Transfers Out                                | (524,327)                  | (524,327) (1)           | (524,327)            | -  |
| Total Other Financing Sources (Uses)         | <u>5,575,000</u>           | <u>5,575,000</u>        | <u>5,058,080</u>     | <u>(516,920)</u>   |
| Net Change in Fund Balance                   | (2,375,726)                | (2,375,726)             | 3,647,520            | 6,023,246  |
| Beginning Fund Balance                       | <u>2,375,726</u>           | <u>2,375,726</u>        | <u>3,527,373</u>     | <u>1,151,647</u>   |
| Ending Fund Balance                          | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 7,174,893</u>  | <u>\$ 7,174,893</u>                                      |
| Reconciliation to Net Position               |                            |                         |                      |  |
| Capital Assets, net                          |                            |                         | 52,829,853           |  |
| Notes Payable                                |                            |                         | (5,018,419)          |  |
| Unearned Revenue                             |                            |                         | 91,365               |  |
| Total Net Position                           |                            |                         | <u>\$ 55,077,692</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, 2013

| <u>SEWER FUND</u>                                      |                    |                    |                      | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|--------------------|--------------------|----------------------|--|
|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET    | ACTUAL               |  |
| <b>REVENUES:</b>                                       |                    |                    |                      |  |
| Charges for Services                                   | \$ 4,857,393       | \$ 4,857,393       | \$ 4,878,692         | \$ 21,299  |
| SDC Receipts   | 150,000            | 150,000            | 254,598              | 104,598  |
| Intergovernmental                                      | 268,000            | 268,000            | 244,638              | (23,362)   |
| Interest on Investments                                | 10,000             | 10,000             | 34,586               | 24,586   |
| Trust Receipts   | 1,000              | 1,000              | 3,960                | 2,960  |
| Miscellaneous  | 47,000             | 47,000             | 48,649               | 1,649  |
| Total Revenues   | <u>5,333,393</u>   | <u>5,333,393</u>   | <u>5,465,123</u>     | <u>131,730</u>   |
| <b>EXPENDITURES:</b>                                   |                    |                    |                      |  |
| Treatment Services                                     | 1,795,092          | 1,795,092 (1)      | 1,653,175            | 141,917  |
| Jo-Gro   | 663,807            | 663,807 (1)        | 598,460              | 65,347   |
| Collection Services                                    | 725,525            | 725,525 (1)        | 664,654              | 60,871   |
| Customer Services                                      | 273,512            | 273,512 (1)        | 264,006              | 9,506  |
| General Operations                                     | 373,525            | 373,525 (1)        | 341,070              | 32,455   |
| Debt service:  |                    |                    |                      |  |
| Principal  | 330,000            | 330,000 (1)        | 330,000              | -  |
| Interest   | 162,813            | 162,813 (1)        | 162,015              | 798  |
| Capital Outlay   | 2,986,180          | 2,986,180 (1)      | 941,423              | 2,044,757  |
| Contingency  | 1,121,194          | 1,121,194 (1)      | -                    | 1,121,194  |
| Total Expenditures                                     | <u>8,431,648</u>   | <u>8,431,648</u>   | <u>4,954,803</u>     | <u>3,476,845</u>   |
| Excess of Revenues Over (Under) Expenditures           | <u>(3,098,255)</u> | <u>(3,098,255)</u> | <u>510,320</u>       | <u>3,608,575</u>   |
| <b>OTHER FINANCING SOURCES (USES):</b>                 |                    |                    |                      |  |
| Transfers In   | 951,750            | 951,750            | 951,750              | -  |
| Sale of Assets   | -                  | -                  | 708                  | 708  |
| Net Revenue from Issuance of Debt                      | -                  | -                  | -                    | -  |
| Dissolution of Redwood Sanitary Sewer Service District |                    |                    | 712,371              |  |
| Transfers Out  | (996,750)          | (996,750) (1)      | (962,852)            | 33,898   |
| Total Other Financing Sources (Uses)                   | <u>(45,000)</u>    | <u>(45,000)</u>    | <u>701,977</u>       | <u>746,977</u>   |
| Net Change in Fund Balance                             | (3,143,255)        | (3,143,255)        | 1,212,297            | 4,355,552  |
| Beginning Fund Balance                                 | <u>3,143,255</u>   | <u>3,143,255</u>   | <u>4,076,202</u>     | <u>932,947</u>   |
| Ending Fund Balance                                    | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ 5,288,499</u>  | <u>\$ 5,288,499</u>                                      |
| Reconciliation to Net Position                         |                    |                    |                      |  |
| Capital Assets, net                                    |                    |                    | 40,333,258           |  |
| Unearned Revenue                                       |                    |                    | 188,476              |  |
| Full Faith & Credit Bonds Payable                      |                    |                    | (5,515,989)          |  |
| Total Net Position                                     |                    |                    | <u>\$ 40,294,244</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, 2013

| <u>REDWOOD SANITARY SEWER DISTRICT</u>       |                    |                  |                  |  |
|--|--------------------|------------------|------------------|--|
|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL           | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
| <b>REVENUES:</b>                             |                    |                  |                  |  |
| Charges for Services                         | \$ 1,058,500       | \$ 1,058,500     | \$ 1,088,087     | \$ 29,587  |
| Interest on Investments                      | 900                | 900              | 4,720            | 3,820  |
| Total Revenues                               | <u>1,059,400</u>   | <u>1,059,400</u> | <u>1,092,807</u> | <u>33,407</u>  |
| <b>EXPENDITURES:</b>                         |                    |                  |                  |  |
| Collection                                   | 89,003             | 89,003 (1)       | 32,925           | 56,078   |
| Pump and Conveyance System                   | 378,413            | 378,413 (1)      | 360,125          | 18,288   |
| Customer Services                            | 106,519            | 106,519 (1)      | 105,833          | 686  |
| General Program Operations                   | 104,680            | 104,680 (1)      | 82,018           | 22,662   |
| Capital Outlay                               | 474,498            | 474,498 (1)      | 241,769          | 232,729  |
| Debt service:                                |                    |                  |                  |  |
| Principal                                    | 396,350            | 396,350 (1)      | 395,000          | 1,350  |
| Interest                                     | 55,700             | 55,700 (1)       | 54,745           | 955  |
| Contingency                                  | 48,913             | 48,913 (1)       | -                | 48,913   |
| Total Expenditures                           | <u>1,654,076</u>   | <u>1,654,076</u> | <u>1,272,415</u> | <u>381,661</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(594,676)</u>   | <u>(594,676)</u> | <u>(179,608)</u> | <u>(348,254)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                    |                  |                  |  |
| Transfers In                                 | -                  | -                | -                | -  |
| Other Financing Sources                      | 50,000             | 50,000           | -                | (50,000)   |
| Disolution of District                       | -                  | -                | (712,371)        | (712,371)  |
| Transfers Out                                | -                  | -                | (1) -            | -  |
| Total Other Financing Sources                | <u>50,000</u>      | <u>50,000</u>    | <u>(712,371)</u> | <u>(762,371)</u>   |
| Net Change in Fund Balance                   | (544,676)          | (544,676)        | (891,979)        | (347,303)  |
| Beginning Fund Balance                       | <u>544,676</u>     | <u>544,676</u>   | <u>891,979</u>   | <u>347,303</u>   |
| Ending Fund Balance                          | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>  |
| <b>Reconciliation to Net Position</b>        |                    |                  |                  |  |
| Capital Assets, net                          |                    |                  | -                |  |
| Unearned Revenue                             |                    |                  | -                |  |
| Full Faith & Credit Bonds Payable            |                    |                  | -                |  |
| Total Net Position                           |                    |                  | <u>\$ -</u>      |  |

(1) Appropriation Level

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2013

|  | FLEET<br>OPERATIONS<br>FUND | SUPPORT<br>SERVICES<br>FUND | ADMINISTRATIVE<br>SERVICES<br>FUND | INSURANCE<br>SERVICES<br>FUND | TOTAL                |
|--|-----------------------------|-----------------------------|------------------------------------|-------------------------------|----------------------|
| <b>ASSETS</b>                            |                             |                             |                                    |                               |                      |
| Current assets:                          |                             |                             |                                    |                               |                      |
| Cash and Investments                     | \$ 4,020,298                | \$ 1,179,102                | \$ 1,209,911                       | \$ 3,839,311                  | \$ 10,248,622        |
| Prepaid Items                            | -                           | 19,183                      | 29,491                             | 30,000                        | 78,674               |
| Receivables                              |                             |                             |                                    |                               |                      |
| Accounts, net                            | -                           | 4,523                       | 11,062                             | 2,072                         | 17,657               |
| Accrued interest                         | -                           | -                           | -                                  | -                             | -                    |
| Due from other funds                     | -                           | -                           | -                                  | 146,205                       | 146,205              |
| Total current assets                     | <u>4,020,298</u>            | <u>1,202,808</u>            | <u>1,250,464</u>                   | <u>4,017,588</u>              | <u>10,491,158</u>    |
| Capital assets, net                      | <u>2,288,429</u>            | <u>475,602</u>              | <u>17,047</u>                      | <u>-</u>                      | <u>2,781,078</u>     |
| Total assets                             | <u>6,308,727</u>            | <u>1,678,410</u>            | <u>1,267,511</u>                   | <u>4,017,588</u>              | <u>13,272,236</u>    |
| <b>LIABILITIES</b>                       |                             |                             |                                    |                               |                      |
| Current Liabilities                      |                             |                             |                                    |                               |                      |
| Accounts Payable                         | 27,577                      | 66,803                      | 59,404                             | 202,706                       | 356,490              |
| Salaries, withholdings and taxes payable | 23,778                      | 138,512                     | 150,960                            | 4,100                         | 317,350              |
| Pending Claims                           | -                           | -                           | -                                  | 114,687                       | 114,687              |
| Total Current Liabilities                | <u>51,355</u>               | <u>205,315</u>              | <u>210,364</u>                     | <u>321,493</u>                | <u>788,527</u>       |
| Long-Term Liabilities                    |                             |                             |                                    |                               |                      |
| Compensated Absences                     | 24,200                      | 26,162                      | 69,506                             | 906                           | 120,774              |
| Other Post Employment Benefits           | 41,676                      | 216,397                     | 255,208                            | 5,152                         | 518,433              |
| Total Long-Term Liabilities              | <u>65,876</u>               | <u>242,559</u>              | <u>324,714</u>                     | <u>6,058</u>                  | <u>639,207</u>       |
| Total Liabilities                        | <u>117,231</u>              | <u>447,874</u>              | <u>535,078</u>                     | <u>327,551</u>                | <u>1,427,734</u>     |
| <b>NET POSITION</b>                      |                             |                             |                                    |                               |                      |
| Net invested in capital assets           | 2,288,429                   | 475,602                     | 17,047                             | -                             | 2,781,078            |
| Unrestricted                             | <u>3,903,067</u>            | <u>754,934</u>              | <u>715,386</u>                     | <u>3,690,037</u>              | <u>9,063,424</u>     |
| Total Net Position                       | <u>\$ 6,191,496</u>         | <u>\$ 1,230,536</u>         | <u>\$ 732,433</u>                  | <u>\$ 3,690,037</u>           | <u>\$ 11,844,502</u> |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2013

|   | FLEET<br>OPERATIONS<br>FUND | SUPPORT<br>SERVICES<br>FUND | ADMINISTRATIVE<br>SERVICES<br>FUND | INSURANCE<br>SERVICES<br>FUND | TOTAL                |
|---|-----------------------------|-----------------------------|------------------------------------|-------------------------------|----------------------|
| <b>OPERATING REVENUES:</b>                |                             |                             |                                    |                               |                      |
| Charges for Services                      | \$ 1,477,719                | \$ 2,935,111                | \$ 3,048,754                       | \$ 904,043                    | \$ 8,365,627         |
| Miscellaneous                             | 24,659                      | 40,222                      | 3,712                              | 6,391                         | 74,984               |
| Total Operating Revenues                  | <u>1,502,378</u>            | <u>2,975,333</u>            | <u>3,052,466</u>                   | <u>910,434</u>                | <u>8,440,611</u>     |
| <b>OPERATING EXPENSES:</b>                |                             |                             |                                    |                               |                      |
| Salaries, Wages, and Benefits             | 330,081                     | 1,695,005                   | 2,043,218                          | 65,742                        | 4,134,046            |
| Operating Supplies                        | 355,559                     | 63,608                      | 47,135                             | 7,921                         | 474,223              |
| Repairs and Maintenance                   | 48,211                      | 74,757                      | 79,245                             | -                             | 202,213              |
| Utilities                                 | 3,826                       | 116,290                     | 16,745                             | 163                           | 137,024              |
| Professional Services                     | 1,000                       | 82,805                      | 534,372                            | 49,793                        | 667,970              |
| General, Administrative and Engineering   | 308,067                     | 644,557                     | 237,672                            | 593,026                       | 1,783,322            |
| Depreciation                              | 183,619                     | 49,765                      | 7,011                              | -                             | 240,395              |
| Total Operating Expenses                  | <u>1,230,363</u>            | <u>2,726,787</u>            | <u>2,965,398</u>                   | <u>716,645</u>                | <u>7,639,193</u>     |
| Total Operating Income (Loss)             | 272,015                     | 248,546                     | 87,068                             | 193,789                       | 801,418              |
| <b>NONOPERATING INCOME (LOSS)</b>         |                             |                             |                                    |                               |                      |
| Gain (Loss) on the Sale of Assets         | 28,957                      | -                           | -                                  | -                             | 28,957               |
| Intergovernmental                         | -                           | 12,925                      | 11,182                             | -                             | 24,107               |
| Interest Income                           | 21,715                      | 5,673                       | 6,515                              | 20,726                        | 54,629               |
| Total nonoperating income (expense)       | <u>50,672</u>               | <u>18,598</u>               | <u>17,697</u>                      | <u>20,726</u>                 | <u>107,693</u>       |
| Income, (Loss) Before Operating Transfers | 322,687                     | 267,144                     | 104,765                            | 214,515                       | 909,111              |
| <b>TRANSFERS</b>                          |                             |                             |                                    |                               |                      |
| Transfers In                              | 11,102                      | 10,000                      | -                                  | -                             | 21,102               |
| Total Transfers                           | <u>11,102</u>               | <u>10,000</u>               | <u>-</u>                           | <u>-</u>                      | <u>21,102</u>        |
| Change in Net Position                    | 333,789                     | 277,144                     | 104,765                            | 214,515                       | 930,213              |
| Beginning Net Position                    | 5,857,707                   | 953,392                     | 627,668                            | 3,475,522                     | 10,914,289           |
| Ending Net Position                       | <u>\$ 6,191,496</u>         | <u>\$ 1,230,536</u>         | <u>\$ 732,433</u>                  | <u>\$ 3,690,037</u>           | <u>\$ 11,844,502</u> |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2013

|  | FLEET<br>OPERATIONS<br>FUND | SUPPORT<br>SERVICES<br>FUND | ADMINISTRATIVE<br>SERVICES<br>FUND | INSURANCE<br>SERVICES<br>FUND | TOTAL                |
|--|-----------------------------|-----------------------------|------------------------------------|-------------------------------|----------------------|
| <b>Cash Flows From Operating Activities:</b>   |                             |                             |                                    |                               |                      |
| Cash Received from Customers   | \$ 1,502,378                | \$ 2,977,796                | \$ 3,050,009                       | \$ 908,362                    | \$ 8,438,545         |
| Cash Paid to Suppliers   | (704,230)                   | (945,360)                   | (942,457)                          | (465,770)                     | (3,057,817)          |
| Cash Paid to Employees   | (313,655)                   | (1,669,330)                 | (1,973,306)                        | (150,604)                     | (4,106,895)          |
| Net cash provided (used) by operating activities   | <u>484,493</u>              | <u>363,106</u>              | <u>134,246</u>                     | <u>291,988</u>                | <u>1,273,833</u>     |
| Increase, (Decrease) in Due to Other Funds   |                             |                             |                                    |                               | -                    |
| <b>Cash Flows From Noncapital Financing Activities</b>                                     |                             |                             |                                    |                               |                      |
| Intergovernmental Revenue  | -                           | 12,925                      | 11,182                             | -                             | 24,107               |
| Gain (Loss) on the Sale of Assets  | 28,957                      | -                           | -                                  | -                             | 28,957               |
| Transfers In   | 11,102                      | 10,000                      | -                                  | -                             | 21,102               |
| Net cash provided (used) by noncapital financing activities                                | <u>40,059</u>               | <u>22,925</u>               | <u>11,182</u>                      | <u>-</u>                      | <u>74,166</u>        |
| <b>Cash Flows From Capital and Related Financing Activities</b>                            |                             |                             |                                    |                               |                      |
| Acquisition and Construction of Capital Assets   | (155,878)                   | (92,247)                    | -                                  | -                             | (248,125)            |
| Net cash provided (used) by capital financing activities                                   | <u>(155,878)</u>            | <u>(92,247)</u>             | <u>-</u>                           | <u>-</u>                      | <u>(248,125)</u>     |
| <b>Cash flows from investing activities</b>  |                             |                             |                                    |                               |                      |
| Interest on Investments  | <u>21,715</u>               | <u>5,673</u>                | <u>6,515</u>                       | <u>20,726</u>                 | <u>54,629</u>        |
| Net increase (decrease) in cash and investments  | 390,389                     | 299,457                     | 151,943                            | 312,714                       | 1,154,503            |
| Cash and investments, beginning of year  | <u>3,629,909</u>            | <u>879,645</u>              | <u>1,057,968</u>                   | <u>3,526,597</u>              | <u>9,094,119</u>     |
| Cash and investments, end of year  | <u>\$ 4,020,298</u>         | <u>\$ 1,179,102</u>         | <u>\$ 1,209,911</u>                | <u>\$ 3,839,311</u>           | <u>\$ 10,248,622</u> |
| <b>Reconciliation of Operating Income to<br/>Net Cash Provided by Operating Activities</b> |                             |                             |                                    |                               |                      |
| Operating Income   | \$ 272,015                  | \$ 248,546                  | \$ 87,068                          | \$ 193,789                    | \$ 801,418           |
| Depreciation and Amortization  | 183,619                     | 49,765                      | 7,011                              | -                             | 240,395              |
| (Increase) Decrease in Receivables   | -                           | 2,463                       | (2,457)                            | (2,072)                       | (2,066)              |
| Increase (Decrease) in Payables  | 12,433                      | 36,657                      | (27,288)                           | 185,133                       | 206,935              |
| Increase (Decrease) in Payroll Liabilities   | 16,426                      | 25,675                      | 69,912                             | (84,862)                      | 27,151               |
| Net Cash Provided by Operating Activities  | <u>\$ 484,493</u>           | <u>\$ 363,106</u>           | <u>\$ 134,246</u>                  | <u>\$ 291,988</u>             | <u>\$ 1,273,833</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, 2013

| <u>FLEET OPERATIONS FUND</u>                 |                     |                     |                     | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|---------------------|---------------------|---------------------|--|
|  | ORIGINAL<br>BUDGET  | FINAL<br>BUDGET     | ACTUAL              |  |
| <b>REVENUES:</b>                             |                     |                     |                     |  |
| Intergovernmental                            | \$ 250,000          | \$ 250,000          | \$ -                | \$ (250,000)   |
| Charges for Services                         | 1,488,306           | 1,488,306           | 1,477,719           | (10,587)   |
| Interest on Investments                      | 20,000              | 20,000              | 21,715              | 1,715  |
| Miscellaneous                                | 15,000              | 15,000              | 24,659              | 9,659  |
| Total Revenues                               | <u>1,773,306</u>    | <u>1,773,306</u>    | <u>1,524,093</u>    | <u>(249,213)</u>   |
| <b>EXPENDITURES:</b>                         |                     |                     |                     |  |
| Garage Operations                            | 850,213             | 850,213 (1)         | 807,093             | 43,120   |
| Equipment Replacement Operations             | 828,179             | 828,179 (1)         | 395,528             | 432,651  |
| Contingency                                  | 437,196             | 437,196 (1)         | -                   | 437,196  |
| Total Expenditures                           | <u>2,115,588</u>    | <u>2,115,588</u>    | <u>1,202,621</u>    | <u>912,967</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(342,282)</u>    | <u>(342,282)</u>    | <u>321,472</u>      | <u>663,754</u>   |
| <b>OTHER FINANCING SOURCES:</b>              |                     |                     |                     |  |
| Transfers In                                 | 45,000              | 45,000              | 11,102              | (33,898)   |
| Sale of Assets                               | 10,000              | 10,000              | 28,957              | 18,957   |
| Total Other Financing Sources                | <u>55,000</u>       | <u>55,000</u>       | <u>40,059</u>       | <u>(14,941)</u>  |
| Net Change in Fund Balance                   | (287,282)           | (287,282)           | 361,531             | 648,813  |
| Beginning Fund Balance                       | <u>3,087,015</u>    | <u>3,087,015</u>    | <u>3,541,536</u>    | <u>454,521</u>   |
| Ending Fund Balance                          | <u>\$ 2,799,733</u> | <u>\$ 2,799,733</u> | <u>\$ 3,903,067</u> | <u>\$ 1,103,334</u>                                      |
| Reconciliation to Net Position               |                     |                     |                     |  |
| Capital Assets, net                          |                     |                     | <u>2,288,429</u>    |  |
| Total Net Position                           |                     |                     | <u>\$ 6,191,496</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, 2013

| <u>SUPPORT SERVICES FUND</u>                 |                            |                         |                     | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|----------------------------|-------------------------|---------------------|--|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       |  |
| <b>REVENUES:</b>                             |                            |                         |                     |  |
| Intergovernmental                            | \$ 10,500                  | \$ 10,500               | \$ 12,925           | \$ 2,425   |
| Charges for Services                         | 2,964,027                  | 2,964,027               | 2,935,111           | (28,916)   |
| Interest on Investments                      | 3,325                      | 3,325                   | 5,673               | 2,348  |
| Miscellaneous Revenues                       | 28,287                     | 28,287                  | 40,222              | 11,935   |
| Total Revenues                               | <u>3,006,139</u>           | <u>3,006,139</u>        | <u>2,993,931</u>    | <u>(12,208)</u>  |
| <b>EXPENDITURES:</b>                         |                            |                         |                     |  |
| Property Management                          | 647,334                    | 647,334 (1)             | 606,043             | 41,291   |
| Engineering Services                         | 853,133                    | 853,133 (1)             | 800,511             | 52,622   |
| Community Development Management             | 987,388                    | 987,388 (1)             | 918,913             | 68,475   |
| Information Technology                       | 589,583                    | 589,583 (1)             | 443,801             | 145,782  |
| Contingency                                  | 328,640                    | 328,640 (1)             | -                   | 328,640  |
| Total expenditures                           | <u>3,406,078</u>           | <u>3,406,078</u>        | <u>2,769,268</u>    | <u>636,810</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(399,939)</u>           | <u>(399,939)</u>        | <u>224,663</u>      | <u>624,602</u>   |
| <b>OTHER FINANCING SOURCE (USES)</b>         |                            |                         |                     |  |
| Transfer In                                  | 10,000                     | 10,000 (1)              | 10,000              | -  |
| Total Other Financing Sources (Uses)         | <u>10,000</u>              | <u>10,000</u>           | <u>10,000</u>       | <u>-</u>   |
| Net Change in Fund Balance                   | (389,939)                  | (389,939)               | 234,663             | 624,602  |
| Beginning Fund Balance                       | <u>423,279</u>             | <u>423,279</u>          | <u>520,271</u>      | <u>96,992</u>  |
| Ending Fund Balance                          | <u>\$ 33,340</u>           | <u>\$ 33,340</u>        | <u>\$ 754,934</u>   | <u>\$ 721,594</u>  |
| <b>Reconciliation to Net Position</b>        |                            |                         |                     |  |
| Interfund Loans                              |                            |                         | -                   |  |
| Capital Assets, net                          |                            |                         | <u>475,602</u>      |  |
| Total Net Position                           |                            |                         | <u>\$ 1,230,536</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, 2013

| <u>ADMINISTRATIVE SERVICES FUND</u>          |                    |                  |                   | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|--------------------|------------------|-------------------|--|
|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL            |  |
| <b>REVENUES:</b>                             |                    |                  |                   |  |
| Intergovernmental                            | \$ 10,000          | \$ 10,000        | \$ 11,182         | \$ 1,182   |
| Charges for Services                         | 3,190,695          | 3,190,695        | 3,048,754         | (141,941)  |
| Interest on Investments                      | 2,600              | 2,600            | 6,515             | 3,915  |
| Miscellaneous Revenues                       | 1,500              | 1,500            | 3,712             | 2,212  |
| Total Revenues                               | <u>3,204,795</u>   | <u>3,204,795</u> | <u>3,070,163</u>  | <u>(134,632)</u>   |
| <b>EXPENDITURES:</b>                         |                    |                  |                   |  |
| Management Services                          | 758,920            | 758,920 (1)      | 686,829           | 72,091   |
| Legal Services                               | 333,651            | 333,651 (1)      | 243,731           | 89,920   |
| Finance Services                             | 1,437,121          | 1,437,121 (1)    | 1,386,348         | 50,773   |
| General Program Operations                   | 264,271            | 264,271 (1)      | 198,170           | 66,101   |
| Human Resources                              | 462,971            | 462,971 (1)      | 443,309           | 19,662   |
| Contingency                                  | 345,455            | 345,455 (1)      | -                 | 345,455  |
| Total expenditures                           | <u>3,602,389</u>   | <u>3,602,389</u> | <u>2,958,387</u>  | <u>644,002</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(397,594)</u>   | <u>(397,594)</u> | <u>111,776</u>    | <u>509,370</u>   |
| Net Change in Fund Balance                   | (397,594)          | (397,594)        | 111,776           | 509,370  |
| Beginning Fund Balance                       | <u>397,594</u>     | <u>397,594</u>   | <u>603,610</u>    | <u>206,016</u>   |
| Ending Fund Balance                          | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 715,386</u> | <u>\$ 715,386</u>  |
| Reconciliation to Net Position               |                    |                  |                   |  |
| Capital Assets, net                          |                    |                  | <u>17,047</u>     |  |
| Total Net Position                           |                    |                  | <u>\$ 732,433</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, 2013

| <u>INSURANCE SERVICES FUND</u>               |                            |                         |                     | VARIANCE<br>TO FINAL<br>BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--|----------------------------|-------------------------|---------------------|--|
|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       |  |
| <b>REVENUES:</b>                             |                            |                         |                     |  |
| Charges for Services                         | \$ 890,455                 | \$ 890,455              | \$ 904,043          | \$ 13,588  |
| Interest on Investments                      | 31,300                     | 31,300                  | 20,726              | (10,574)   |
| Miscellaneous                                | -                          | -                       | 6,391               | 6,391  |
| Total Revenues                               | <u>921,755</u>             | <u>921,755</u>          | <u>931,160</u>      | <u>9,405</u>   |
| <b>EXPENDITURES:</b>                         |                            |                         |                     |  |
| General Insurance Services                   | 548,349                    | 548,349 (1)             | 400,460             | 147,889  |
| Benefits Administration                      | 44,550                     | 44,550 (1)              | 21,033              | 23,517   |
| Workers' Compensation Insurance              | 398,359                    | 398,359 (1)             | 295,152             | 103,207  |
| Contingency                                  | 966,945                    | 966,945 (1)             | -                   | 966,945  |
| Total expenditures                           | <u>1,958,203</u>           | <u>1,958,203</u>        | <u>716,645</u>      | <u>1,241,558</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>(1,036,448)</u>         | <u>(1,036,448)</u>      | <u>214,515</u>      | <u>1,250,963</u>   |
| Net Change in Fund Balance                   | (1,036,448)                | (1,036,448)             | 214,515             | 1,250,963  |
| Beginning Fund Balance                       | <u>2,836,172</u>           | <u>2,836,172</u>        | <u>3,329,317</u>    | <u>493,145</u>   |
| Ending Fund Balance                          | <u>\$ 1,799,724</u>        | <u>\$ 1,799,724</u>     | <u>\$ 3,543,832</u> | <u>\$ 1,744,108</u>                                      |
| Reconciliation to Net Position               |                            |                         |                     |  |
| Interfund Loans                              |                            |                         | <u>146,205</u>      |  |
| Total Net Position                           |                            |                         | <u>\$ 3,690,037</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, 2013

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|                      | Balance at<br>June 30, 2012 | Additions           | Deductions          | Balance at<br>June 30, 2013 |
|----------------------|-----------------------------|---------------------|---------------------|-----------------------------|
| <b>Assets</b>        |                             |                     |                     |                             |
| Cash and Investments | \$ 3,716,504                | \$ 3,778,153        | \$ 3,716,504        | \$ 3,778,153                |
| Accounts Receivable  | -                           | -                   | -                   | -                           |
|                      | <u>\$ 3,716,504</u>         | <u>\$ 3,778,153</u> | <u>\$ 3,716,504</u> | <u>\$ 3,778,153</u>         |
| Total Assets         | <u>\$ 3,716,504</u>         | <u>\$ 3,778,153</u> | <u>\$ 3,716,504</u> | <u>\$ 3,778,153</u>         |
| <b>Liabilities</b>   |                             |                     |                     |                             |
| Due to Others        | <u>\$ 3,716,504</u>         | <u>\$ 3,778,153</u> | <u>\$ 3,716,504</u> | <u>\$ 3,778,153</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, 2013

| <u>GENERAL FUNDS</u> |   |                     |                            |                   |   |  |
|----------------------|---|---------------------|----------------------------|-------------------|---|--|
| TAX<br>YEAR          | IMPOSED<br>LEVY OR<br>BALANCE<br>UNCOLLECTED<br>AT 7/1/12 | DEDUCT<br>DISCOUNTS | ADJUSTMENTS<br>TO<br>ROLLS | ADD<br>INTEREST   | CASH<br>COLLECTIONS<br>BY COUNTY<br>TREASURER | BALANCE<br>UNCOLLECTED<br>OR<br>UNSEGREGATED<br>AT 6/30/13 |
| Current:             |   |                     |                            |                   |   |  |
| 2012-13              | \$ 16,195,925   | \$ 385,060          | \$ -                       | \$ 8,801          | \$ 15,138,669                                 | \$ 680,997   |
| Prior Years:         |   |                     |                            |                   |   |  |
| 2011-12              | 708,209   | -                   | (33,624)                   | 19,720            | 329,455                                       | 364,850  |
| 2010-11              | 420,614   | -                   | (3,324)                    | 26,650            | 199,998                                       | 243,942  |
| 2009-10              | 272,490   | -                   | 7,944                      | 38,095            | 197,289                                       | 121,240  |
| 2008-09              | 62,061  | -                   | (8,533)                    | 11,834            | 49,502  | 15,860   |
| 2007-08              | 11,010  | -                   | (207)                      | 3,276             | 9,691   | 4,388  |
| Prior                | 10,072  | -                   | (397)                      | 2,725             | 7,060   | 5,340  |
| Total Prior          | 1,484,456   | 0                   | (38,141)                   | 102,300           | 792,995                                       | 755,620  |
| Total All<br>Funds   | <u>\$ 17,680,381</u>                                      | <u>\$ 385,060</u>   | <u>\$ (38,141)</u>         | <u>\$ 111,101</u> | <u>\$ 15,931,664</u>                          | <u>\$ 1,436,617</u>  |

RECONCILIATION TO REVENUE:

|  |                      |
|--|----------------------|
| Cash Collections by County Treasurer Above | \$ 15,931,664        |
| Accrual of Receivables:                    |                      |
| June 30, 2012                              | (694,241)            |
| June 30, 2013                              | 286,375              |
| Miscellaneous Taxes                        | -                    |
| Total Revenue                              | <u>\$ 15,523,798</u> |

**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.

| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| <b>Financial Trends</b>   |             |
| <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>  | 97          |
| <b>Revenue Capacity</b>   |             |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>  | 104         |
| <b>Debt Capacity</b>  |             |
| <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>                    | 111         |
| <b>Demographic and Economic Information</b>   |             |
| <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>  | 119         |
| <b>Operating Information</b>  |             |
| <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> | 124         |

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

**NATURAL. ROGUE RIVER. LEGENDS.**



© City of Grants Pass

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

NET POSITION BY COMPONENT

|   | For the last ten fiscal years<br>(Unaudited) |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2004   | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  |
| <b>Governmental Activities</b>                    |  |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net Investments in Capital Assets                 | \$ 70,817,161                                | \$ 41,109,766         | \$ 94,714,953         | \$ 109,719,868        | \$ 129,195,607        | \$ 133,844,008        | \$ 138,145,695        | \$ 146,190,808        | \$ 148,515,608        | \$ 150,437,183        |
| Restricted for Capital Purposes                   | -  | -                     | -                     | -                     | 3,706,534             | 1,524,619             | 482,870               | 5,392,281             | 10,317,156            | 8,378,801             |
| Unrestricted                                      | 18,056,168                                   | 57,569,142            | 20,457,257            | 37,053,641            | 26,433,560            | 28,878,112            | 30,945,320            | 25,480,630            | 22,263,617            | 26,136,620            |
| <b>Total governmental activities net position</b> | <b>\$ 88,873,329</b>                         | <b>\$ 98,678,908</b>  | <b>\$ 115,172,210</b> | <b>\$ 146,773,509</b> | <b>\$ 159,335,701</b> | <b>\$ 164,246,739</b> | <b>\$ 169,573,885</b> | <b>\$ 177,063,719</b> | <b>\$ 181,096,381</b> | <b>\$ 184,952,604</b> |
| <b>Business-Type Activities</b>                   |  |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net Investments in Capital Assets                 | \$ 62,607,143                                | \$ 66,870,761         | \$ 71,185,429         | \$ 76,870,093         | \$ 82,828,074         | \$ 84,254,981         | \$ 86,290,233         | \$ 87,379,784         | \$ 86,784,900         | \$ 82,628,764         |
| Restricted  | -  | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Unrestricted                                      | 8,969,442                                    | 11,226,231            | 11,829,156            | 13,009,932            | 11,255,966            | 11,529,197            | 10,670,206            | 11,352,071            | 12,147,027            | 16,364,958            |
| <b>Total business-type activities net assets</b>  | <b>\$ 71,576,585</b>                         | <b>\$ 78,096,992</b>  | <b>\$ 83,014,585</b>  | <b>\$ 89,880,025</b>  | <b>\$ 94,084,040</b>  | <b>\$ 95,784,178</b>  | <b>\$ 96,960,439</b>  | <b>\$ 98,731,855</b>  | <b>\$ 98,931,927</b>  | <b>\$ 98,993,722</b>  |
| <b>Primary government</b>                         |  |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net Investments in Capital Assets                 | \$ 133,424,304                               | \$ 107,980,527        | \$ 165,900,382        | \$ 186,589,961        | \$ 212,023,742        | \$ 218,098,989        | \$ 224,435,928        | \$ 233,570,592        | \$ 235,300,508        | \$ 233,065,947        |
| Restricted for Capital Purposes                   | -  | -                     | -                     | -                     | 3,706,534             | 1,524,619             | 482,870               | 5,392,281             | 10,317,156            | 8,378,801             |
| Unrestricted                                      | 27,025,610                                   | 68,795,373            | 32,286,413            | 50,063,573            | 37,689,465            | 40,407,309            | 41,615,526            | 36,832,701            | 34,410,644            | 42,501,578            |
| <b>Total primary government net position</b>      | <b>\$ 160,449,914</b>                        | <b>\$ 176,775,900</b> | <b>\$ 198,186,795</b> | <b>\$ 236,653,534</b> | <b>\$ 253,419,741</b> | <b>\$ 260,030,917</b> | <b>\$ 266,534,324</b> | <b>\$ 275,795,574</b> | <b>\$ 280,028,308</b> | <b>\$ 283,946,326</b> |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

CHANGES IN NET POSITION

| For the last ten fiscal years (unaudited)      |                       |                        |                      |                      |                        |                        |                        |                        |                        |                        |  |
|--|-----------------------|------------------------|----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|
| Expenses                                       | 2004                  | 2005                   | 2006                 | 2007                 | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                   |  |
| <b>Governmental Activities</b>                 |                       |                        |                      |                      |                        |                        |                        |                        |                        |                        |  |
| Public Safety                                  | \$ 8,967,348          | \$ 11,308,389          | \$ 8,505,477         | \$ 13,897,740        | \$ 12,104,326          | \$ 15,715,693          | \$ 16,622,773          | \$ 15,765,649          | \$ 20,258,332          | \$ 20,678,509          |  |
| Transportation                                 | 1,672,361             | 1,357,134              | 1,007,261            | 1,662,747            | 1,430,601              | 1,720,308              | 1,668,081              | 1,587,847              | 1,890,095              | 1,764,757              |  |
| Building                                       | 862,341               | 1,110,231              | 765,541              | 1,178,647            | 910,259                | 806,483                | 496,906                | 547,455                | 586,034                | 557,675                |  |
| Parks  | 361,174               | 1,518,671              | 1,135,134            | 1,666,934            | 1,450,608              | 2,063,311              | 1,714,511              | 1,679,201              | 1,942,127              | 2,036,468              |  |
| Development                                    | 2,493,017             | 2,392,553              | 2,815,350            | 2,099,393            | 3,278,657              | 2,789,112              | 1,534,263              | 1,611,616              | 2,299,728              | 1,944,782              |  |
| General Government                             | 245,936               | 143,923                | 193,264              | 226,893              | 218,905                | 228,948                | 1,039,310              | 252,392                | 753,414                | 878,725                |  |
| Solid Waste                                    | 378,738               | 2,050,240              | (139,183)            | 787,168              | 1,474,560              | 178,512                | 284,876                | 264,647                | 439,330                | 467,019                |  |
| Interest                                       | 364,393               | 173,982                | 339,344              | 212,221              | 445,088                | 504,102                | 657,027                | 350,140                | 283,013                | 252,176                |  |
| <b>Total Governmental Activities Expenses</b>  | <b>15,345,308</b>     | <b>20,055,123</b>      | <b>14,622,188</b>    | <b>21,731,743</b>    | <b>21,313,004</b>      | <b>24,006,469</b>      | <b>24,017,747</b>      | <b>22,058,947</b>      | <b>28,452,073</b>      | <b>28,580,111</b>      |  |
| <b>Business-Type Activities</b>                |                       |                        |                      |                      |                        |                        |                        |                        |                        |                        |  |
| Water  | 2,908,859             | 3,397,559              | 3,660,103            | 3,795,099            | 3,019,237              | 4,171,634              | 3,837,597              | 3,945,483              | 4,095,785              | 4,909,084              |  |
| Sewer  | 3,606,999             | 5,015,385              | 4,544,046            | 4,673,214            | 5,617,811              | 5,486,284              | 5,567,558              | 5,474,335              | 6,485,441              | 6,820,408              |  |
| Interest                                       | 547,767               | ***                    | ***                  | ***                  | ***                    | ***                    | ***                    | ***                    | ***                    | ***                    |  |
| <b>Total Business-Type Activities Expenses</b> | <b>7,063,625</b>      | <b>8,412,944</b>       | <b>8,204,149</b>     | <b>8,468,313</b>     | <b>8,637,048</b>       | <b>9,657,918</b>       | <b>9,405,155</b>       | <b>9,419,818</b>       | <b>10,581,226</b>      | <b>11,729,492</b>      |  |
| <b>Total Primary Government Expenses</b>       | <b>\$ 22,408,933</b>  | <b>\$ 28,468,067</b>   | <b>\$ 22,826,337</b> | <b>\$ 30,200,056</b> | <b>\$ 29,950,052</b>   | <b>\$ 33,664,387</b>   | <b>\$ 33,422,902</b>   | <b>\$ 31,478,765</b>   | <b>\$ 39,033,299</b>   | <b>\$ 40,309,603</b>   |  |
| <b>Program Revenues</b>                        |                       |                        |                      |                      |                        |                        |                        |                        |                        |                        |  |
| <b>Governmental Activities</b>                 |                       |                        |                      |                      |                        |                        |                        |                        |                        |                        |  |
| Charges for Service:                           | \$ 4,786,614          | \$ 6,946,869           | \$ 9,180,248         | \$ -                 | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   |  |
| Transportation                                 | -                     | -                      | -                    | 23,214,300           | 3,541,708              | 2,532,870              | 1,679,342              | 1,576,637              | 1,570,789              | 1,590,660              |  |
| General Government                             | -                     | -                      | -                    | 5,281,710            | 1,161,947              | 506,123                | 360,782                | 1,769,217              | 1,854,686              | 579,607                |  |
| Other  | -                     | -                      | -                    | 2,127,083            | 1,938,835              | 1,396,315              | 1,923,164              | 1,455,580              | 1,259,460              | 1,606,865              |  |
| Operating Grants and Contributions             | 274,952               | 377,726                | 2,239,659            | 142,581              | 184,284                | 256,481                | 2,189,745              | 1,237,791              | 1,308,621              | 862,824                |  |
| Capital Grants                                 | -                     | -                      | -                    | 398,285              | -                      | 339,749                | 2,600                  | -                      | 273,191                | 437,683                |  |
| <b>Total Governmental Activities Revenues</b>  | <b>5,061,566</b>      | <b>7,324,595</b>       | <b>11,419,907</b>    | <b>31,163,959</b>    | <b>6,826,774</b>       | <b>5,031,538</b>       | <b>6,155,633</b>       | <b>6,039,225</b>       | <b>6,266,747</b>       | <b>5,077,639</b>       |  |
| <b>Business-Type Activities</b>                |                       |                        |                      |                      |                        |                        |                        |                        |                        |                        |  |
| Charges for Service:                           | 8,364,037             | 8,781,698              | 10,341,297           | -                    | -                      | -                      | -                      | -                      | -                      | -                      |  |
| Water  | -                     | -                      | -                    | 5,052,827            | 4,461,350              | 4,312,938              | 4,041,855              | 3,941,619              | 4,112,911              | 4,833,256              |  |
| Sewer  | -                     | -                      | -                    | 6,281,328            | 5,940,872              | 5,332,252              | 5,360,977              | 5,437,415              | 5,693,126              | 5,940,026              |  |
| Operating Grants and Contributions             | -                     | -                      | 1,761,536            | 2,873,646            | 1,010,140              | 909,274                | 240,729                | 955,442                | 335,558                | 23,864                 |  |
| <b>Total Business-Type Activities Revenues</b> | <b>8,364,037</b>      | <b>8,781,698</b>       | <b>12,102,833</b>    | <b>14,207,801</b>    | <b>11,412,362</b>      | <b>10,554,464</b>      | <b>9,643,561</b>       | <b>10,334,476</b>      | <b>10,141,595</b>      | <b>10,797,146</b>      |  |
| <b>Total Primary Government Revenues</b>       | <b>\$ 13,425,603</b>  | <b>\$ 16,106,293</b>   | <b>\$ 23,522,740</b> | <b>\$ 45,371,760</b> | <b>\$ 18,239,136</b>   | <b>\$ 15,586,002</b>   | <b>\$ 15,799,194</b>   | <b>\$ 16,373,701</b>   | <b>\$ 16,408,342</b>   | <b>\$ 15,874,785</b>   |  |
| <b>Net (Expense)/Revenue</b>                   |                       |                        |                      |                      |                        |                        |                        |                        |                        |                        |  |
| Governmental Activities                        | \$ (10,283,742)       | \$ (12,730,528)        | \$ (3,202,281)       | \$ 9,432,216         | \$ (14,486,230)        | \$ (18,974,931)        | \$ (17,862,114)        | \$ (16,019,722)        | \$ (22,185,326)        | \$ (23,502,472)        |  |
| Business-Type Activities                       | 1,300,412             | 368,754                | 3,898,684            | 5,739,488            | 2,775,314              | 896,546                | 238,406                | 914,658                | (439,631)              | (932,346)              |  |
| <b>Total Primary Government Net Expense</b>    | <b>\$ (8,983,330)</b> | <b>\$ (12,361,774)</b> | <b>\$ 696,403</b>    | <b>\$ 15,171,704</b> | <b>\$ (11,710,916)</b> | <b>\$ (18,078,385)</b> | <b>\$ (17,623,708)</b> | <b>\$ (15,105,064)</b> | <b>\$ (22,624,957)</b> | <b>\$ (24,434,818)</b> |  |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

CHANGES IN NET POSITION (continued)

|   | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Revenues and Other Changes in Net Assets</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental Activities</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Taxes   | \$ 11,035,419        | \$ 11,922,037        | \$ 14,003,723        | \$ 16,153,726        | \$ 18,241,381        | \$ 17,808,752        | \$ 18,913,372        | \$ 19,516,508        | \$ 20,173,717        | \$ 21,090,523        |
| Intergovernmental                                       | 3,636,796            | 3,805,599            | 3,727,927            | 3,551,395            | 5,071,345            | 3,928,465            | 3,359,165            | 3,160,079            | 4,901,496            | 3,502,104            |
| Interest  | 307,318              | 535,698              | 914,546              | 1,459,814            | 1,856,733            | 896,915              | 550,250              | 424,147              | 269,265              | 227,220              |
| Interest on Assessments                                 | 50,633               | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 |
| Trust Receipts  | 153,920              | 222,376              | 204,401              | 77,560               | 233,637              | 38,805               | 131,584              | 123,798              | 379,510              | 50,452               |
| Contributions   | 6,168,301            | 5,520,142            | *****                | *****                | *****                | *****                | *****                | *****                | *****                | *****                |
| Industrial Payments                                     | 100,441              | 36,716               | 29,835               | 69,068               | 7,151                | 24,446               | 13,163               | 33,619               | 16,377               | 16,953               |
| Sale of Assets  | 171,194              | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 |
| Miscellaneous   | 76,351               | 51,624               | 749,580              | 735,071              | 1,985,656            | 799,012              | 152,842              | 98,405               | 307,538              | 355,768              |
| Transfers   | 377,096              | 441,915              | 65,571               | 122,447              | (347,481)            | 389,574              | 68,884               | 153,000              | 170,085              | (15,351)             |
| <b>Total Governmental Activities</b>                    | <b>\$ 22,077,469</b> | <b>\$ 22,536,107</b> | <b>\$ 19,695,583</b> | <b>\$ 22,169,081</b> | <b>\$ 27,048,422</b> | <b>\$ 23,885,969</b> | <b>\$ 23,189,260</b> | <b>\$ 23,509,556</b> | <b>\$ 26,217,988</b> | <b>\$ 25,227,669</b> |
| <b>Business-Type Activities</b>                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Taxes   | \$ 380               | \$ 146               | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Intergovernmental                                       | 212,002              | 240,625              | 260,966              | 275,843              | 257,045              | 327,430              | 315,658              | 344,520              | 300,162              | 252,009              |
| Special Assessments                                     | **                   | **                   | **                   | **                   | **                   | **                   | **                   | **                   | **                   | **                   |
| Interest  | 107,273              | 168,727              | 361,315              | 559,754              | 407,972              | 225,424              | 145,702              | 102,804              | 92,838               | 91,318               |
| Trust Receipts  | 113,339              | 91,044               | 176,422              | 100,445              | 67,968               | 522,714              | 467,982              | 424,177              | 266,441              | 523,622              |
| Contributions   | 1,553,530            | 5,831,783            | *****                | *****                | *****                | *****                | *****                | *****                | *****                | *****                |
| Sale of Assets  | (70,560)             | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 | ****                 |
| Miscellaneous   | 388,255              | 261,243              | 285,777              | 312,358              | 350,236              | 117,598              | 77,397               | 138,257              | 150,347              | 110,003              |
| Transfers   | (377,096)            | (441,915)            | (65,571)             | (122,447)            | 347,481              | (389,574)            | (68,884)             | (153,000)            | (170,085)            | 15,351               |
| <b>Total Business-Type Activities</b>                   | <b>\$ 1,927,123</b>  | <b>\$ 6,151,653</b>  | <b>\$ 1,018,909</b>  | <b>\$ 1,125,953</b>  | <b>\$ 1,430,702</b>  | <b>\$ 803,592</b>    | <b>\$ 937,855</b>    | <b>\$ 856,758</b>    | <b>\$ 639,703</b>    | <b>\$ 992,303</b>    |
| <b>Total Primary Government</b>                         | <b>\$ 24,004,592</b> | <b>\$ 28,687,760</b> | <b>\$ 20,714,492</b> | <b>\$ 23,295,034</b> | <b>\$ 28,479,124</b> | <b>\$ 24,689,561</b> | <b>\$ 24,127,115</b> | <b>\$ 24,366,314</b> | <b>\$ 26,857,691</b> | <b>\$ 26,219,972</b> |
| <b>Change in Net Position</b>                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities                                 | \$ 11,793,727        | \$ 9,805,579         | \$ 16,493,302        | \$ 31,601,297        | \$ 12,562,192        | \$ 4,911,038         | \$ 5,327,146         | \$ 7,489,834         | \$ 4,032,662         | \$ 1,725,197         |
| Business-Type Activities                                | 3,227,535            | 6,520,407            | 4,917,593            | 6,865,441            | 4,206,016            | 1,700,138            | 1,176,261            | 1,771,416            | 200,072              | 59,957               |
| <b>Total Primary Government</b>                         | <b>\$ 15,021,262</b> | <b>\$ 16,325,986</b> | <b>\$ 21,410,895</b> | <b>\$ 38,466,738</b> | <b>\$ 16,768,208</b> | <b>\$ 6,611,176</b>  | <b>\$ 6,503,407</b>  | <b>\$ 9,261,250</b>  | <b>\$ 4,232,734</b>  | <b>\$ 1,785,154</b>  |

\* Dedicated property taxes are reported in General Revenue under Taxes in 2004.

\*\*\* 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

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

PROGRAM REVENUE BY FUNCTION

For the last ten fiscal years  
(Unaudited)

|  | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Program Revenues</b>                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental Activities</b>           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Public Safety *                          | \$ 792,525           | \$ 529,560           | \$ 484,070           | \$ 343,114           | \$ 488,697           | \$ 873,106           | \$ 766,545           | \$ 684,010           | \$ 1,038,011         | \$ 1,149,324         |
| Transportation                           | 2,063,175            | 3,182,643            | 6,353,654            | 23,224,198           | 3,541,968            | 2,532,870            | 3,503,448            | 2,477,196            | 2,184,970            | 2,234,538            |
| Building                                 | 1,155,723            | 1,394,747            | 1,241,980            | 903,800              | 835,566              | 335,550              | 317,067              | 348,445              | 317,104              | 520,536              |
| Parks                                    | 36,387               | 19,550               | 827,167              | 4,750                | 452,763              | 134,809              | 27,095               | 27,278               | 31,403               | 28,056               |
| Development                              | 655,463              | 1,311,569            | 290,772              | 1,061,950            | 20,758               | 312,071              | 357,221              | 406,799              | 494,050              | 229,247              |
| General Government                       | 10,745               | 552,682              | 1,876,329            | 5,281,710            | 1,161,947            | 506,123              | 898,500              | 1,769,217            | 1,854,686            | 579,607              |
| Solid Waste                              | 347,548              | 333,844              | 345,935              | 344,437              | 325,075              | 337,009              | 285,757              | 326,280              | 346,523              | 336,331              |
| <b>Subtotal Governmental activities</b>  | <b>5,061,566</b>     | <b>7,324,595</b>     | <b>11,419,907</b>    | <b>31,163,959</b>    | <b>6,826,774</b>     | <b>5,031,538</b>     | <b>6,155,633</b>     | <b>6,039,225</b>     | <b>6,266,747</b>     | <b>5,077,639</b>     |
| <b>Business- Type Activities</b>         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water                                    | 4,000,671            | 4,114,400            | 5,854,617            | 7,029,744            | 5,204,874            | 4,736,238            | 4,186,369            | 4,307,259            | 4,364,930            | 4,844,261            |
| Sewer                                    | 4,363,366            | 4,667,298            | 6,248,216            | 7,178,057            | 6,207,488            | 5,818,226            | 5,457,192            | 6,027,217            | 5,776,665            | 5,952,885            |
| <b>Subtotal Business-Type Activities</b> | <b>8,364,037</b>     | <b>8,781,698</b>     | <b>12,102,833</b>    | <b>14,207,801</b>    | <b>11,412,362</b>    | <b>10,554,464</b>    | <b>9,643,561</b>     | <b>10,334,476</b>    | <b>10,141,595</b>    | <b>10,797,146</b>    |
| <b>Total Primary Government</b>          | <b>\$ 13,425,603</b> | <b>\$ 16,106,293</b> | <b>\$ 23,522,740</b> | <b>\$ 45,371,760</b> | <b>\$ 18,239,136</b> | <b>\$ 15,586,002</b> | <b>\$ 15,799,194</b> | <b>\$ 16,373,701</b> | <b>\$ 16,408,342</b> | <b>\$ 15,874,785</b> |

\* Note- Property Taxes are recorded in the General Revenues section of the Statement of Activities;

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

FUND BALANCES, GOVERNMENTAL FUNDS

For the last ten fiscal years  
(Unaudited)

|                                     | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011*                | 2012                 | 2013                 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Fund</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                        | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 1,125             | \$ 294,528           | \$ 220,896           |
| Restricted                          | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 549,511              | 390,256              | 457,447              |
| Committed                           | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Assigned                            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 2,315,067            | 2,533,625            | 2,726,276            |
| Unassigned                          | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 8,657,596            | 9,535,817            | 10,456,731           |
| Reserved                            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Unreserved                          | 2,423,670            | 3,019,923            | 4,438,485            | 5,581,614            | 7,482,929            | 7,736,946            | 10,197,778           | -                    | -                    | -                    |
| <b>Total General Fund</b>           | <b>2,423,670</b>     | <b>3,019,923</b>     | <b>4,438,485</b>     | <b>5,581,614</b>     | <b>7,482,929</b>     | <b>7,736,946</b>     | <b>10,197,778</b>    | <b>11,523,299</b>    | <b>12,754,226</b>    | <b>13,861,350</b>    |
| <b>All Other Governmental Funds</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                        | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 250,000           | \$ 250,000           | \$ 25,943            |
| Restricted                          | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 8,097,389            | 9,926,900            | 8,721,353            |
| Committed                           | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 2,061,453            | 1,792,896            | 2,061,032            |
| Assigned                            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 7,039,518            | 6,132,898            | 5,778,144            |
| Unassigned                          | -                    | -                    | -                    | -                    | -                    | -                    | -                    | (1,220,513)          | (1,119,701)          | (1,031,178)          |
| Reserved                            | (1,381,330)          | (1,493,576)          | (2,391,514)          | (1,500,626)          | 3,706,534            | 1,584,732            | 551,807              | -                    | -                    | -                    |
| Unreserved, reported in:            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special Revenue Funds               | 5,637,517            | 5,767,543            | 5,645,630            | 5,728,115            | 5,692,914            | 5,668,343            | 6,026,470            | -                    | -                    | -                    |
| Capital Projects Funds              | 7,573,454            | 8,942,175            | 7,810,238            | 20,735,290           | 12,204,633           | 12,788,348           | 10,803,433           | -                    | -                    | -                    |
| Debt Service Funds                  | -                    | -                    | -                    | -                    | (1,386,260)          | (1,782,901)          | (1,360,828)          | -                    | -                    | -                    |
| <b>Total All Governmental Funds</b> | <b>\$ 14,253,311</b> | <b>\$ 16,236,065</b> | <b>\$ 15,502,839</b> | <b>\$ 30,544,393</b> | <b>\$ 27,700,750</b> | <b>\$ 25,995,468</b> | <b>\$ 26,218,660</b> | <b>\$ 27,751,146</b> | <b>\$ 29,737,219</b> | <b>\$ 29,416,644</b> |

\* Effective FY11 the fund balance categories changed per GASB 54.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

|                           | For the last ten fiscal years<br>(Unaudited) |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                           | 2004   | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
| <b>Revenues</b>           |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Taxes                     | \$ 11,093,602                                | \$ 11,854,212        | \$ 14,006,903        | \$ 16,118,499        | \$ 18,143,991        | \$ 17,450,007        | \$ 18,803,838        | \$ 19,469,079        | \$ 20,422,012        | \$ 20,730,497        |
| Licenses and Permits      | 898,559                                      | 1,076,622            | 1,020,253            | 711,524              | 492,375              | 286,445              | 274,049              | 276,619              | 258,616              | 389,943              |
| Intergovernmental         | 3,844,673                                    | 4,128,652            | 5,387,371            | 4,045,054            | 5,225,029            | 4,312,300            | 5,733,089            | 4,322,842            | 6,401,775            | 4,785,875            |
| Charges for Services      | 3,299,013                                    | 4,970,440            | 5,002,020            | 3,889,361            | 3,505,815            | 2,827,772            | 2,580,954            | 1,778,060            | 2,083,858            | 2,514,987            |
| Fines and Forfeitures     | 164,852                                      | 163,055              | 200,322              | 233,887              | 253,766              | 237,776              | 300,528              | 306,097              | 301,478              | 260,283              |
| Special Assessments       | 517,331                                      | 428,056              | 591,532              | 1,051,627            | 202,536              | 795,947              | 374,550              | 276,647              | 117,109              | 105,042              |
| Interest                  | 311,951                                      | 443,858              | 779,618              | 1,275,934            | 1,672,282            | 794,905              | 497,016              | 376,403              | 229,340              | 189,295              |
| Other Revenues            | 369,895                                      | 473,826              | 103                  | 277,830              | 1,299,891            | 229,240              | 330,241              | 187,278              | 792,004              | 331,703              |
| <b>Total Revenues</b>     | <b>\$ 20,499,876</b>                         | <b>\$ 23,538,721</b> | <b>\$ 26,988,122</b> | <b>\$ 27,603,716</b> | <b>\$ 30,795,685</b> | <b>\$ 26,934,392</b> | <b>\$ 28,894,265</b> | <b>\$ 26,993,025</b> | <b>\$ 30,606,192</b> | <b>\$ 29,307,625</b> |
| <b>Expenditures</b>       |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General Governmental      | \$ 110,938                                   | \$ 113,413           | \$ 238,166           | \$ 190,691           | \$ 237,401           | \$ 549,079           | \$ 1,953,637         | \$ 243,351           | \$ 365,668           | \$ 2,335,742         |
| Public Safety             | 8,536,933                                    | 9,129,171            | 10,350,614           | 11,826,804           | 12,596,250           | 14,008,746           | 14,737,717           | 15,074,699           | 15,888,900           | 16,562,958           |
| Community Development     | 2,428,001                                    | 1,934,013            | 3,439,641            | 1,786,695            | 3,393,756            | 2,486,875            | 1,372,620            | 1,542,330            | 1,808,785            | 1,568,627            |
| Debt Service              |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal                 | 481,496                                      | 462,466              | 669,499              | 714,972              | 1,328,521            | 1,466,960            | 1,110,305            | 1,035,000            | 694,528              | 746,020              |
| Interest                  | 152,928                                      | 173,982              | 149,304              | 225,289              | 467,588              | 462,106              | 674,031              | 372,640              | 295,985              | 268,656              |
| Solid Waste               | 1,884,141                                    | 392,357              | 399,179              | 376,302              | 369,431              | 352,704              | 327,254              | 339,354              | 365,668              | 369,432              |
| Capital Outlay            | 4,786,154                                    | 9,132,159            | 9,499,093            | 3,703,899            | 11,752,279           | 6,674,210            | 4,989,921            | 3,350,522            | 5,346,729            | 4,297,583            |
| Transportation            | 996,651                                      | 1,084,732            | 1,240,225            | 1,405,089            | 1,529,698            | 1,526,810            | 1,545,768            | 1,527,138            | 1,528,315            | 1,477,610            |
| Building                  | 792,896                                      | 893,389              | 938,973              | 999,912              | 961,444              | 716,102              | 472,525              | 527,569              | 481,216              | 476,457              |
| Parks                     | 1,115,138                                    | 1,225,688            | 1,389,164            | 1,417,736            | 1,512,891            | 1,615,733            | 1,547,370            | 1,606,686            | 1,808,785            | 1,640,207            |
| <b>Total Expenditures</b> | <b>\$ 21,285,276</b>                         | <b>\$ 24,541,370</b> | <b>\$ 28,313,858</b> | <b>\$ 22,647,389</b> | <b>\$ 34,149,259</b> | <b>\$ 29,859,325</b> | <b>\$ 28,731,148</b> | <b>\$ 25,619,289</b> | <b>\$ 28,584,579</b> | <b>\$ 29,743,292</b> |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)

|  | For the last ten fiscal years<br>(Unaudited) |                     |                       |                      |                       |                       |                   |                     |                     |                     |
|--|--|---------------------|-----------------------|----------------------|-----------------------|-----------------------|-------------------|---------------------|---------------------|---------------------|
|  | 2004   | 2005                | 2006                  | 2007                 | 2008                  | 2009                  | 2010              | 2011                | 2012                | 2013                |
| <b>Other Financing Sources (Uses)</b>                          |  |                     |                       |                      |                       |                       |                   |                     |                     |                     |
| Loan Proceeds  | \$ 1,500,000                                 | \$ -                | \$ -                  | \$ 9,998,031         | \$ -                  | \$ -                  | \$ -              | \$ -                | \$ -                | \$ -                |
| Sale of Assets   | 966,789                                      | 2,624,201           | 4,842                 | 1,195                | 878,942               | 910,239               | 5,075             | 5,750               | 7,131               | 145,092             |
| Operating Transfer In  | 3,064,292                                    | 3,801,142           | 4,109,259             | 3,331,276            | 2,760,935             | 8,302,583             | 4,152,451         | 3,532,156           | 3,306,449           | 4,413,993           |
| Operating Transfers Out  | (2,649,709)                                  | (3,451,142)         | (4,083,259)           | (3,245,276)          | (3,129,937)           | (7,993,171)           | (4,097,451)       | (3,379,156)         | (3,306,448)         | (4,443,993)         |
| <b>Total Other Financing Sources (Uses)</b>                    | <b>\$ 2,881,372</b>                          | <b>\$ 2,974,201</b> | <b>\$ 30,842</b>      | <b>\$ 10,085,226</b> | <b>\$ 509,940</b>     | <b>\$ 1,219,651</b>   | <b>\$ 60,075</b>  | <b>\$ 158,750</b>   | <b>\$ 7,132</b>     | <b>\$ 115,092</b>   |
| <b>Net Change in Fund Balances</b>                             | <b>\$ 2,095,972</b>                          | <b>\$ 1,971,552</b> | <b>\$ (1,294,894)</b> | <b>\$ 15,041,553</b> | <b>\$ (2,843,634)</b> | <b>\$ (1,705,282)</b> | <b>\$ 223,192</b> | <b>\$ 1,532,486</b> | <b>\$ 2,028,745</b> | <b>\$ (320,575)</b> |
| <b>Debt Service as a percentage of noncapital expenditures</b> | <b>6.26%</b>                                 | <b>4.30%</b>        | <b>5.77%</b>          | <b>4.60%</b>         | <b>8.80%</b>          | <b>8.21%</b>          | <b>7.83%</b>      | <b>6.76%</b>        | <b>3.68%</b>        | <b>3.53%</b>        |

Source: Annual financial statements of the City of Grants Pass

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS

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For the last ten fiscal years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>June 30, | Property   | Business | Franchise | Transient<br>Room<br>Tax | E911    | Total      |
|-------------------------------------|------------|----------|-----------|--------------------------|---------|------------|
| 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 |
| 2010                                | 15,198,417 | 299,697  | 2,364,958 | 940,765                  | -       | 18,803,837 |
| 2011                                | 15,284,264 | 290,831  | 2,954,859 | 939,125                  | -       | 19,469,079 |
| 2012                                | 15,764,689 | 289,609  | 3,247,038 | 951,487                  | 169,189 | 20,422,012 |
| 2013                                | 15,982,105 | 285,867  | 3,317,002 | 1,061,816                | 83,706  | 20,730,496 |

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

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For the last ten fiscal years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>June 30, | Taxes<br>Levied by<br>Assessor | Current<br>Tax<br>Collections | Current<br>Tax<br>Collections            |                                  | Total<br>Tax<br>Collections | Total<br>Collections                     |                                    | Uncollected<br>Taxes<br>as a<br>Percentage<br>of Current<br>Levy |
|-------------------------------------|--------------------------------|-------------------------------|--|----------------------------------|-----------------------------|--|------------------------------------|--|
|                                     |                                |                               | as a<br>Percentage<br>of Current<br>Levy | Delinquent<br>Taxes<br>Collected |                             | as a<br>Percentage<br>of Current<br>Levy | Uncollected<br>Delinquent<br>Taxes |  |
| 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%   |
| 2010                                | 15,247,413                     | 14,177,029                    | 93%                                      | 467,737                          | 14,644,766                  | 96%                                      | 1,165,775                          | 8%   |
| 2011                                | 15,698,562                     | 14,666,467                    | 93%                                      | 611,622                          | 15,278,089                  | 97%                                      | 1,265,983                          | 8%   |
| 2012                                | 15,891,002                     | 14,791,059                    | 93%                                      | 471,031                          | 15,262,090                  | 96%                                      | 1,484,456                          | 9%   |
| 2013                                | 16,195,925                     | 15,138,669                    | 93%                                      | 792,995                          | 15,931,664                  | 98%                                      | 1,436,617                          | 9%   |

Source: Annual financial statements and internal accounting reports of the City of Grants Pass  
Beginning 2008 does not include the Parkway Redevelopment Fund

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

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

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For the last ten fiscal years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>June 30, | Total | General<br>Fund | Debt<br>Service<br>Fund |
|-------------------------------------|-------|-----------------|-------------------------|
| 2004                                | 5.02  | 5.02            | -                       |
| 2005                                | 5.02  | 5.02            | -                       |
| 2006                                | 5.62  | 5.62            | -                       |
| 2007                                | 5.62  | 5.62            | -                       |
| 2008                                | 6.13  | 5.62            | 0.51                    |
| 2009                                | 6.12  | 5.62            | 0.50                    |
| 2010                                | 6.32  | 5.92            | 0.40                    |
| 2011                                | 6.33  | 5.92            | 0.41                    |
| 2012                                | 6.32  | 5.91            | 0.41                    |
| 2013                                | 6.32  | 5.92            | 0.40                    |

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

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

CONSOLIDATED TAX LEVIES

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For the last ten fiscal years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>June 30, | Total      | General<br>Fund | Bond<br>Debt/Service<br>Fund | Parkway<br>Redevelopment<br>Fund |
|-------------------------------------|------------|-----------------|------------------------------|----------------------------------|
| 2004                                | 8,188,825  | 6,804,725       | -                            | 1,384,100                        |
| 2005                                | 8,997,490  | 7,427,728       | -                            | 1,569,762                        |
| 2006                                | 9,852,219  | 8,171,224       | -                            | 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                    | -                                |
| 2010                                | 15,247,413 | 14,285,977      | 961,436                      | -                                |
| 2011                                | 15,690,087 | 14,682,269      | 1,007,818                    | -                                |
| 2012                                | 15,877,288 | 14,860,497      | 1,016,791                    | -                                |
| 2013                                | 16,195,925 | 15,167,836      | 1,028,089                    | -                                |

Source: Josephine County

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

ASSESSSED 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         |                   |             |
| 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%         |
| 2010                       | 6.32                  | 2,262,030,421  | 22,032,290              | 77,411,818 | 48,140,570 | 2,409,615,099 | 3,502,284,110     | 69%         |
| 2011                       | 6.33                  | 2,321,080,007  | 20,544,460              | 83,329,732 | 51,882,790 | 2,476,836,989 | 3,258,983,323     | 76%         |
| 2012                       | 6.33                  | 2,412,852,066  | 12,016,560              | 77,526,136 | 58,225,400 | 2,560,620,162 | 2,741,990,442     | 93%         |
| 2013                       | 6.31                  | 2,472,359,085  | 12,312,460              | 78,136,923 | 62,128,500 | 2,624,936,968 | 2,758,118,702     | 95%         |

Source: Josephine County

**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<br>Year<br>Ended<br>June 30, | General<br>Fund | Debt<br>Service<br>Fund | Total (4) | Josephine<br>County | School<br>District<br>No.7 | Rogue<br>Community<br>College | Education<br>Service<br>District | 4H<br>Extension | Total     | Measure 5<br>Total (2) |
|-------------------------------------|-----------------|-------------------------|-----------|---------------------|----------------------------|-------------------------------|----------------------------------|-----------------|-----------|------------------------|
| 2004                                | 5.02            | -                       | 5.02      | 0.88                | 6.83 (3)                   | 0.51                          | 0.35                             | 0.05            | 13.64 (2) | 11.44                  |
| 2005                                | 5.02            | -                       | 5.02      | 0.85                | 7.16 (3)                   | 0.51                          | 0.35                             | 0.05            | 13.94 (2) | 11.44                  |
| 2006                                | 5.62            | -                       | 5.62      | 0.83                | 6.67 (3)                   | 0.51                          | 0.35                             | 0.05            | 14.03 (2) | 11.64                  |
| 2007                                | 5.62            | -                       | 5.62      | 0.81                | 6.48 (3)                   | 0.51                          | 0.35                             | 0.05            | 13.82 (2) | 11.64                  |
| 2008                                | 5.62            | 0.51                    | 6.13      | 0.80                | 6.41 (3)                   | 0.51                          | 0.35                             | 0.05            | 14.25 (2) | 11.64                  |
| 2009                                | 5.62            | 0.50                    | 6.12      | 0.79                | 6.21 (3)                   | 0.51                          | 0.35                             | 0.05            | 14.03 (2) | 11.65                  |
| 2010                                | 5.92            | 0.40                    | 6.32      | 0.77                | 6.43 (3)                   | 0.51                          | 0.35                             | 0.05            | 14.43 (2) | 11.94                  |
| 2011                                | 5.92            | 0.41                    | 6.33      | 0.76                | 5.92 (3)                   | 0.51                          | 0.35                             | 0.05            | 13.92 (2) | 11.94                  |
| 2012                                | 5.92            | 0.40                    | 6.33      | 0.75                | 5.90 (3)                   | 0.51                          | 0.35                             | 0.05            | 13.89 (2) | 11.95                  |
| 2013                                | 5.92            | 0.39                    | 6.31      | 0.75                | 4.52 (3)                   | 0.51                          | 0.35                             | 0.05            | 12.49 (2) | 11.95                  |

(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

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For the last ten fiscal years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>June 30, | Assessments<br>Outstanding<br>Beginning<br>of Year | Additional<br>Assessments<br>Made<br>During Year | Assessments<br>Collected<br>During Year | Adjustments<br>During Year | Assessments<br>Outstanding<br>End of Year | Ratio<br>Collections to<br>Outstanding<br>Assessments<br>During Year |
|-------------------------------------|--|--|---|----------------------------|---|--|
| 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                                 | -                          | 1,872,966                                 | 30.0%  |
| 2007*                               | 1,872,966  | 11,692   | 963,791                                 | -                          | 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%  |
| 2010                                | 1,230,176  | -  | 374,550                                 | -                          | 855,626                                   | 43.8%  |
| 2011                                | 855,626  | 119,805  | 218,468                                 | -                          | 756,963                                   | 28.9%  |
| 2012                                | 756,963  | -  | 66,178                                  | -                          | 690,785                                   | 9.6%   |
| 2013                                | 690,785  | -  | 142,963                                 | -                          | 547,822                                   | 26.1%  |

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 Bonds     | Notes Payable | General Obligation Bonds | Solid Waste Agency Loan | 2009 Water Bonds         | Refunding Bonds | SRF Loans  |                          |                               |            |
| 2004        | 2,070,000               | 225,000       | -                        | 1,500,000               | 3,080,000                | -               | 5,523,312  | 12,398,312               | 2.10%                         | 491        |
| 2005        | 1,695,000               | 202,500       | -                        | 1,419,991               | 2,800,000                | -               | 12,142,747 | 18,260,238               | 2.81%                         | 710        |
| 2006        | 1,300,000               | 180,000       | -                        | 1,154,991               | 2,505,000                | -               | 10,923,053 | 16,063,044               | 1.95%                         | 519        |
| 2007        | 885,000                 | 157,500       | 9,820,000                | 864,991                 | 2,200,000                | -               | 10,428,215 | 24,355,706               | 2.76%                         | 774        |
| 2008        | 455,000                 | 135,000       | 9,190,000                | 601,705                 | 1,880,000                | -               | 9,796,518  | 22,058,223               | 2.33%                         | 679        |
| 2009        | -                       | 112,500       | 8,490,000                | 359,737                 | 1,540,000                | -               | 9,201,369  | 19,703,606               | 1.97%                         | 611        |
| 2010        | -                       | 90,000        | 7,930,000                | -                       | -                        | 8,120,000       | -          | 16,140,000               | 1.62%                         | 486        |
| 2011        | -                       | 67,500        | 6,895,000                | -                       | -                        | 7,040,000       | -          | 14,002,500               | 1.35%                         | 421        |
| 2012        | -                       | 45,000        | 6,210,000                | -                       | -                        | 5,945,000       | -          | 12,200,000               | 1.15%                         | 353        |
| 2013        | -                       | 22,500        | 5,470,000                | -                       | -                        | 5,220,000       | -          | 10,712,500               | 1.01%                         | * 309      |

\*This information calculated using 2012 demographic information due to Federal Government shutdown

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 |
|----------------------------|------------|-----------------------------|-----------------------|---|--|--|------------------------------------|-----------------|--|----------------------------|
| 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                                      | 60,113                             | 8,429,887       | 0.36%  | \$254                      |
| 2010                       | 33,225     | 2,409,615                   | 8,120,000             | 8,120,000                                     | -  | 7,930,000                                      | 68,937                             | 7,861,063       | 0.33%  | \$237                      |
| 2011                       | 34,533     | 2,476,837                   | 7,040,000             | 7,040,000                                     | -  | 6,895,000                                      | 92,265                             | 6,802,735       | 0.27%  | \$197                      |
| 2012                       | 34,660     | 2,560,620                   | 5,945,000             | 5,945,000                                     | -  | 6,210,000                                      | 106,004                            | 6,103,996       | 0.24%  | \$176                      |
| 2013                       | 34,740     | 2,624,937                   | 5,220,000             | 5,220,000                                     | -  | 5,470,000                                      | 112,921                            | 5,357,079       | 0.20%  | \$154                      |

- (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

As of June 30, 2013

For the last ten fiscal years  
(Unaudited)

Legal Debt Margin Calculation

|   |  |                  |  |  |  |
|---|--|------------------|--|--|--|
| Total Real Market Value (as defined in ORS 308.207) as of June 30, 2013 |  | \$ 2,758,118,702 |  |  |  |
| Less Non-Profit Housing   |  | (1,943,580)      |  |  |  |
|   |  | \$ 2,756,175,122 |  |  |  |

Debt limit, 3% of total assessed value - ORS 287A \$ 82,685,254

Amount of debt applicable to debt limit

|   |           |               |  |  |  |
|---|-----------|---------------|--|--|--|
| Total bonded debt, including special assessment bonds<br>and public safety general obligation bonds |           | \$ 15,310,000 |  |  |  |
| Less other deductions allowed by law  |           |               |  |  |  |
| Special assessment and revenue bonds  | 9,840,000 |               |  |  |  |
| Total deductions  | 9,840,000 |               |  |  |  |
| Total amount of debt applicable to debt limit   |           | 5,470,000     |  |  |  |

Legal debt margin \$ 77,215,254

|   | Fiscal Year |            |            |             |             |             |            |            |            |            |
|---|-------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|------------|
|   | 2004        | 2005       | 2006       | 2007        | 2008        | 2009        | 2010       | 2011       | 2012       | 2013       |
| Debt limit  | 43,386,434  | 47,379,356 | 90,246,736 | 110,642,556 | 114,449,016 | 114,449,016 | 97,696,996 | 97,703,644 | 93,957,097 | 82,685,254 |
| Total net debt applicable to limit                                      | 2,070,000   | 1,695,000  | 1,300,000  | 10,705,000  | 9,645,000   | 8,490,000   | 7,930,000  | 6,895,000  | 5,470,000  | 5,470,000  |
| Legal debt margin   | 41,316,434  | 45,684,356 | 88,946,736 | 99,937,556  | 104,804,016 | 105,959,016 | 89,766,996 | 90,808,644 | 88,487,097 | 77,215,254 |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 4.77%       | 3.58%      | 1.44%      | 9.68%       | 8.43%       | 7.42%       | 8.12%      | 7.06%      | 5.82%      | 6.62%      |

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

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As of June 30, 2013

| <u>Jurisdiction</u>               | <u>Gross<br/>Property-Tax<br/>Backed Debt</u> | <u>Percentage<br/>Applicable to<br/>City of Grants Pass</u> | <u>Amount<br/>Applicable to<br/>City of Grants Pass</u> |
|-----------------------------------|---|---|---|
| Overlapping:                      |   |   |   |
| Counties:                         |   |   |   |
| Josephine                         | 14,538,145                                    | 38.94%  | 5,661,154   |
| School Districts:                 |   |   |   |
| Three Rivers School District      | 40,590,000                                    | 5.74%   | 2,329,866   |
| Community Colleges:               |   |   |   |
| Rogue Community College           | 18,950,000                                    | 10.61%  | <u>2,010,595</u>  |
|                                   |   | <i>Sub-total Overlapping Debt</i>                           | 10,001,615  |
| Direct:                           |   |   |   |
| City of Grants Pass Bonded Debt   |   |   | 5,470,000   |
| City of Grants Pass Notes Payable |   |   | <u>22,500</u>   |
| Total                             |   |   | <u><u>\$ 15,494,115</u></u>                             |

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

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For the last ten fiscal years  
(Unaudited)

| Year of<br>Maturity | Principal | Interest | Total<br>Debt<br>Service | Total<br>General<br>Expenditures | Debt Service<br>as a<br>Percentage of<br>General<br>Expenditures |
|---------------------|-----------|----------|--------------------------|----------------------------------|--|
| 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%  |
| 2010                | 560,000   | 359,000  | 919,000                  | 28,731,148                       | 3.20%  |
| 2011                | 1,035,000 | 367,952  | 1,402,952                | 25,619,289                       | 5.48%  |
| 2012                | 685,000   | 295,200  | 980,200                  | 28,584,579                       | 3.43%  |
| 2013                | 740,000   | 267,800  | 1,007,800                | 29,743,292                       | 3.39%  |

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<br>Year<br>Ended<br>June 30, | Gross<br>Revenue<br>(1) | Direct<br>Operation<br>Expenditures<br>(2) | Net Revenue<br>Available<br>for Debt<br>Service | Debt Service Requirements |          |         | Coverage |
|-------------------------------------|-------------------------|--|---|---------------------------|----------|---------|----------|
|                                     |                         |  |   | Principal                 | Interest | Total   |          |
| 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     |
| 2010 (4)                            | n/a                     | n/a  | n/a   | n/a                       | n/a      | n/a     | n/a      |
| 2011 (4)                            | n/a                     | n/a  | n/a   | n/a                       | n/a      | n/a     | n/a      |
| 2012 (4)                            | n/a                     | n/a  | n/a   | n/a                       | n/a      | n/a     | n/a      |
| 2013 (4)                            | n/a                     | n/a  | n/a   | n/a                       | n/a      | n/a     | n/a      |

(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

(4) In December 2009 the pledged revenue water bonds were refunded with a full faith and credit offering.

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, 2013

|                                      | Bond Transactions            |                     |             |                     |                     | Outstanding<br>June 30, 2013 |
|--------------------------------------|------------------------------|---------------------|-------------|---------------------|---------------------|------------------------------|
|                                      | Outstanding<br>June 30, 2012 | Issued              | Called      | Matured             | Paid                |                              |
| General Obligation Bonds             |                              |                     |             |                     |                     |                              |
| 2013 Full Faith & Credit Water Bonds | \$ -                         | \$ 4,620,000        | \$ -        | \$ -                | \$ -                | \$ 4,620,000                 |
| Amount Issued                        | \$ 4,620,000                 |                     |             |                     |                     |                              |
| Interest Rates                       | 1.28-4.0%                    |                     |             |                     |                     |                              |
| Date of Issue                        | 03/27/13                     |                     |             |                     |                     |                              |
| 2009 Full Faith & Credit Refunding   | \$ 5,945,000                 | \$ -                | \$ -        | \$ 725,000          | \$ 725,000          | \$ 5,220,000                 |
| Amount Issued                        | \$ 8,815,000                 |                     |             |                     |                     |                              |
| Interest Rates                       | 2.0-4.0%                     |                     |             |                     |                     |                              |
| Date of Issue                        | 12/22/09                     |                     |             |                     |                     |                              |
| Supported Bonds                      |                              |                     |             |                     |                     |                              |
| 2007 Public Safety                   | 6,210,000                    | -                   | -           | 740,000             | 740,000             | 5,470,000                    |
| Amount Issued                        | \$ 9,820,000                 |                     |             |                     |                     |                              |
| Interest Rates                       | 4%                           |                     |             |                     |                     |                              |
| Date of Issue                        | 06/20/07                     |                     |             |                     |                     |                              |
| <b>Total Bonds</b>                   | <b>\$ 12,155,000</b>         | <b>\$ 4,620,000</b> | <b>\$ -</b> | <b>\$ 1,465,000</b> | <b>\$ 1,465,000</b> | <b>\$ 15,310,000</b>         |

Interest Coupons

|                                  | Outstanding<br>June 30, 2012 |                   |                   | Outstanding<br>June 30, 2013 |         |      |
|----------------------------------|------------------------------|-------------------|-------------------|------------------------------|---------|------|
|                                  | Matured                      | Paid              | Matured           | Paid                         | Matured | Paid |
| General Obligation Bonds         |                              |                   |                   |                              |         |      |
| Supported Bonds                  |                              |                   |                   |                              |         |      |
| 1992 A Water Refunding           | \$ 4,616                     | \$ -              | \$ -              | \$ 4,616                     |         |      |
| Interest Rates                   | 3.10-5.85%                   |                   |                   |                              |         |      |
| Date of Issue                    | 4/01/92                      |                   |                   |                              |         |      |
| 2007 Public Safety               | -                            | 267,800           | 267,800           | -                            |         |      |
| Interest Rates                   | 4%                           |                   |                   |                              |         |      |
| Date of Issue                    | 6/20/07                      |                   |                   |                              |         |      |
| 2009 Public Works Debt Refunding | -                            | 218,512           | 218,512           | -                            |         |      |
| Interest Rates                   | 2.0-4.0%                     |                   |                   |                              |         |      |
| Date of Issue                    | 12/22/09                     |                   |                   |                              |         |      |
| Bancroft Improvement Bonds       |                              |                   |                   |                              |         |      |
| Series of 1982                   | 731                          | -                 | -                 | 731                          |         |      |
| Interest Rates                   | 9.75-15.00%                  |                   |                   |                              |         |      |
| Date of Issue                    | 06/01/82                     |                   |                   |                              |         |      |
| Series of 1990                   | 3,617                        | -                 | -                 | 3,617                        |         |      |
| Interest Rates                   | 7.00-15.00%                  |                   |                   |                              |         |      |
| Date of Issue                    | 11/01/90                     |                   |                   |                              |         |      |
| <b>Total Bonds</b>               | <b>\$ 8,964</b>              | <b>\$ 486,312</b> | <b>\$ 486,312</b> | <b>\$ 8,964</b>              |         |      |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

SCHEDULE OF FUTURE DEBT SERVICE

For the Year Ended June 30, 2013

| Year of<br>Maturity | Governmental Activities                             |                   |                  |                 | Proprietary Activities                    |                   |                     |                   |
|---------------------|---|-------------------|------------------|-----------------|---|-------------------|---------------------|-------------------|
|                     | General Obligation Bond<br>Public Safety Facilities |                   | Private Loan     |                 | General Obligation Bond<br>2009 Refunding |                   |                     |                   |
|                     | General Fund  |                   | General Fund     |                 | Wastewater Fund                           |                   | Water Fund          |                   |
|                     | Principal   | Interest          | Principal        | Interest        | Principal                                 | Interest          | Principal           | Interest          |
| 2013-2014           | 800,000   | 238,200           | 22,500           | 1,109           | 745,000                                   | 196,763           | 370,000             | 137,220           |
| 2014-2015           | 865,000   | 206,200           |                  |                 | 775,000                                   | 166,963           | 375,000             | 129,770           |
| 2015-2016           | 930,000   | 171,600           |                  |                 | 790,000                                   | 143,713           | 385,000             | 122,170           |
| 2016-2017           | 1,010,000   | 125,100           |                  |                 | 375,000                                   | 116,063           | 390,000             | 114,420           |
| 2017-2018           | 1,095,000   | 74,600            |                  |                 | 385,000                                   | 101,063           | 400,000             | 106,520           |
| 2018-2019           | 770,000   | 30,800            |                  |                 | 400,000                                   | 85,663            | 410,000             | 96,360            |
| 2019-2020           |   |                   |                  |                 | 415,000                                   | 69,663            | 425,000             | 81,700            |
| 2020-2021           |   |                   |                  |                 | 430,000                                   | 53,400            | 440,000             | 65,100            |
| 2021-2022           |   |                   |                  |                 | 445,000                                   | 36,200            | 455,000             | 47,900            |
| 2022-2023           |   |                   |                  |                 | 460,000                                   | 18,400            | 475,000             | 29,300            |
| 2023-2024           |   |                   |                  |                 |   |                   | 495,000             | 9,900             |
| 2024-2025           |   |                   |                  |                 |   |                   |                     |                   |
| 2025-2026           |   |                   |                  |                 |   |                   |                     |                   |
| 2026-2027           |   |                   |                  |                 |   |                   |                     |                   |
| 2027-2028           |   |                   |                  |                 |   |                   |                     |                   |
| 2028-2030           |   |                   |                  |                 |   |                   |                     |                   |
|                     | <u>\$ 5,470,000</u>                                 | <u>\$ 846,500</u> | <u>\$ 22,500</u> | <u>\$ 1,109</u> | <u>\$ 5,220,000</u>                       | <u>\$ 987,891</u> | <u>\$ 4,620,000</u> | <u>\$ 940,360</u> |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

PROPERTY VALUES, CONSTRUCTION VALUES AND BANK DEPOSITS

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For the last ten fiscal years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>June 30, | Commercial<br>Construction (1) |            | Residential<br>Construction (1) |            | Bank<br>Deposits<br>(in \$1,000)<br>(2) | Property Value (3) |             |            |
|-------------------------------------|--------------------------------|------------|---------------------------------|------------|---|--------------------|-------------|------------|
|                                     | Number of<br>Units             | Value      | Number of<br>Units              | Value      |   | Commercial         | Residential | Nontaxable |
| 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)        |
| 2010                                | 11                             | 3,987,404  | 53                              | 9,512,778  | 1,210,261                               | (4)                | (4)         | (4)        |
| 2011                                | 10                             | 14,161,168 | 39                              | 4,678,107  | 1,165,441                               | (4)                | (4)         | (4)        |
| 2012                                | 9                              | 10,559,340 | 28                              | 4,437,141  | 1,126,689                               | (4)                | (4)         | (4)        |
| 2013                                | 13                             | 21,633,479 | 83                              | 14,379,796 | 1,106,874                               | (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<br>Year<br>Ended<br>June 30, | Population<br>(1) | Personal<br>Income**<br>(thousands of<br>dollars) | Per Capita<br>Income (2) | Median<br>Age (2) | School<br>Enrollment<br>(3) | Unemployment<br>Rate (2) |
|-------------------------------------|-------------------|---|--------------------------|-------------------|-----------------------------|--------------------------|
| 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            | 944,798,620                                       | 29,287                   | 44.6              | 5,647                       | 7.3%                     |
| 2009                                | 33,225            | 999,009,300                                       | 30,068                   | 44.6              | 5,486                       | 14.7%                    |
| 2010                                | 33,225            | 999,009,300                                       | 30,068                   | 44.6              | 5,801                       | 14.3%                    |
| 2011                                | 34,533            | 1,034,988,543                                     | 29,971                   | 47.3              | 5,825                       | 12.8%                    |
| 2012                                | 34,660            | 1,057,580,580                                     | 30,513                   | 47.3              | 5,838                       | 11.7%                    |
| 2013                                | 34,740            | *   | *                        | *                 | 5,817                       | 10.5%                    |

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

\*Due to the Federal Government shutdown, the Bureau of Economic Analysis data is unavailable at this time.

\*\*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, 2013  
(Unaudited)

| Company                             | Policy Number | Amount       | Coverage                                 | Policy Term             | Premium    |
|-------------------------------------|---------------|--------------|--|-------------------------|------------|
| City - County Insurance Services    | 12LGSP        | \$ 2,000,000 | Comprehensive general liability          | 7/01/2012- 6/30/2013    | \$ 161,472 |
| City - County Insurance Services    | 12APDGSP      | Various      | Auto physical damage                     | 7/01/2012- 6/30/2013    | 5,990      |
| City - County Insurance Services    | 12PGSP        | 5,000,000    | Property insurance (includes             | 7/01/2012- 6/30/2013    | 81,645     |
| Western Surety                      | 24781224      | 50,000       | Public Official Bond<br>Finance Director | 6/22/2012 - 6/22/2013   | 175        |
| Western Surety                      | 24779104      | 50,000       | Public Official Bond<br>City Manager     | 6/22/2012 - 6/22/2013   | 175        |
| QEB Insurance Corporation           | MHH010303     | 50,000       | Volunteer accident                       | 7/01/2012- 6/30/2013    | 592        |
| Safety National Casualty            | AGC4041961    | 1,000,000    | Excess workers'<br>compensation          | 7/01/2012- 6/30/2013    | 62,510     |
| Chartis Specialty Insurance Company | PLS1957953    | 10,000,000   | Pollution Legal Liability                | 12/31/2011 - 12/31/2021 | 177,271    |
| Chartis Specialty Insurance Company | EPP1957147    | 13,000,000   | Solid waste-closure/post-                | 7/01/2001 - 7/01/2031   | 6,756,809  |
| City - County Insurance Services    | 12LGSP        | 1,500,000    | Auto Liability Coverage                  | 7/01/2012- 6/30/2013    | 23,942     |
| City - County Insurance Services    | 12CGSP        | 200,000      | Excess Crime                             | 7/01/2012- 6/30/2013    | 1,088      |
| City - County Insurance Services    | 12EQGSP       | 5,000,000    | Excess Earthquake                        | 7/01/2012- 6/30/2013    | 2,250      |
| City - County Insurance Services    | 12ECLGSP      | 250,000      | Excess Cyber Liability                   | 7/01/2012- 6/30/2013    | 990        |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

JOSEPHINE COUNTY PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago  
(Unaudited)

| Employer                          | Type of Business              | 2013                   |      |                                       | 2004                   |      |                                       |
|-----------------------------------|-------------------------------|------------------------|------|---------------------------------------|------------------------|------|---------------------------------------|
|                                   |                               | Approximate Employment | Rank | Percentage of Total County Employment | Approximate Employment | Rank | Percentage of Total County Employment |
| Three Rivers Community Hospital   | * Health Care                 | 975                    | 1    | 2.90%                                 | 750                    | 1    | 3.41%                                 |
| Grants Pass School District No. 7 | * Education                   | 677                    | 2    | 2.01%                                 | 650                    | 6    | 2.71%                                 |
| Three Rivers School District      | Education                     | 565                    | 3    | 1.68%                                 | 670                    | 5    | 2.81%                                 |
| Fire Mountain Gems                | * Catalog Sales               | 497                    | 4    | 1.48%                                 | 350                    | 7    | 1.46%                                 |
| Diversified Collection Services   | * Collections agency          | 354                    | 5    | 1.05%                                 | 210                    | 10   | 0.88%                                 |
| Rogue Community College           | Education                     | 351                    | 6    | 1.04%                                 | 715                    | 3    | 2.98%                                 |
| Wal-Mart                          | * Department Store            | 324                    | 7    | 0.96%                                 | 330                    | 8    | 1.38%                                 |
| Master Brand Cabinets             | * Wood products manufacturing | 312                    | 8    | 0.93%                                 | 725                    | 2    | 3.02%                                 |
| Josephine County                  | * Government                  | 284                    | 9    | 0.84%                                 | 700                    | 4    | 2.92%                                 |
| Rogue Valley Door                 | * Wood products manufacturing | 255                    | 10   | 0.76%                                 | 305                    | 9    | 1.27%                                 |
| Highland House Nursing Center     | * Health Care                 |                        |      | --                                    | 210                    | 10   | 0.88%                                 |
| ECS Composites                    | Plastics manufacturing        |                        |      |                                       | 210                    | 10   | 0.88%                                 |
| Royale Gardens                    | * Health Care                 |                        |      | --                                    | 210                    | 10   | 0.88%                                 |
| Total employees                   |                               | 4,594                  |      | 13.66%                                | 6,035                  |      | 25.48%                                |
|                                   | Total Employment              | 33,634                 |      |                                       | 23,944                 |      |                                       |

\* Indicates businesses within the Grants Pass city limits.

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 Ten Years Ago  
(Unaudited)

| Name   | Type of Business | 2013                    |      |   | 2004                    |      |   |
|--|------------------|-------------------------|------|---|-------------------------|------|---|
|  |                  | City Assessed Value     | Rank | Percentage of Total City Assessed Value | City Assessed Value     | Rank | Percentage of Total City Assessed Value |
| Charter Communications                             | Utility          | \$ 20,744,200           | 1    | 0.79%                                   |                         |      |   |
| Masterbrand Cabinets Inc                           | Industrial       | 20,264,240              | 2    | 0.77%                                   | \$ 6,261,500            | 9    | 0.43%                                   |
| Auerbach Grants Pass LLC & Freeman Grants Pass LLC | Commercial       | 18,181,620              | 3    | 0.69%                                   | 10,578,340              | 3    | 0.73%                                   |
| Pacificcorp (PP&L)                                 | Utility          | 14,469,000              | 4    | 0.55%                                   | 6,974,000               | 8    | 0.48%                                   |
| Grants Pass FMS LLC                                | Commercial       | 13,781,210              | 5    | 0.53%                                   |                         |      |   |
| Lynn-Ann Development LLC                           | Developer        | 13,546,860              | 6    | 0.52%                                   |                         |      |   |
| Home Depot USA Inc                                 | Commercial       | 12,683,195              | 7    | 0.48%                                   |                         |      |   |
| HCP SH ELP3 Properties LLC                         | Commercial       | 11,689,630              | 8    | 0.45%                                   |                         |      |   |
| Avista Corp. dba Avista Utilities                  | Utility          | 11,700,000              | 9    | 0.45%                                   |                         |      |   |
| Johnson Trust, Carl D                              | Commercial       | 11,132,930              | 10   | 0.42%                                   | 5,948,330               | 10   | 0.41%                                   |
| QWEST Corporation                                  | Utility          |                         |      |   | 20,419,916              | 1    | 1.41%                                   |
| Grant Kent Partners LP                             | Commercial       |                         |      |   | 11,857,360              | 2    | 0.82%                                   |
| Albertson's Inc.                                   | Commercial       |                         |      |   | 8,285,211               | 4    | 0.57%                                   |
| Wal-Mart Stores Inc.                               | Commercial       |                         |      |   | 8,113,563               | 5    | 0.56%                                   |
| Jensen, Robert A & Shirley Y                       | Commercial       |                         |      |   | 7,611,908               | 6    | 0.53%                                   |
| Hillebrand Children Riverwood Apts                 | Rental           |                         |      |   | 7,508,090               | 7    | 0.52%                                   |
| Total of top-ten taxpayers                         |                  | <u>148,192,885</u>      |      | <u>5.65%</u>                            | <u>93,558,218</u>       |      | <u>6.46%</u>                            |
| Other Taxpayers                                    |                  | <u>2,476,744,083</u>    |      | <u>94.35%</u>                           | <u>1,352,656,245</u>    |      | <u>93.54%</u>                           |
| Source: Josephine County Assessor                  |                  | <u>\$ 2,624,936,968</u> |      | <u>100.00%</u>                          | <u>\$ 1,446,214,463</u> |      | <u>100.00%</u>                          |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

OPERATING INDICATORS BY FUNCTION

|                |  | For the last ten fiscal years<br>(Unaudited) |         |        |        |        |        |        |        |        |        |
|----------------|--|--|---------|--------|--------|--------|--------|--------|--------|--------|--------|
|                |  | 2004   | 2005    | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   |
| Public Safety  |  |  |         |        |        |        |        |        |        |        |        |
|                | Traffic stops '(1)                           |  | 5,519   | 6,318  | 6,755  | 7,580  | 8,229  | 10,712 | 9,225  | 9,488  | 6,057  |
|                | Warnings issued '(1)                         |  | 3,870   | 4,232  | 4,340  | 5,278  | 7,699  | 7,813  | 6,671  | 7,627  | 3,993  |
|                | Citations issued '(1)                        | 5,469  | 5,180   | 4,416  | 4,119  | 4,082  | 1,915  | 2,425  | 2,146  | 2,825  | 1,921  |
|                | Calls for service - Police Reactive '(1)     | 28,209                                       | 25,562  | 27,703 | 29,950 | 29,316 | 27,429 | 39,647 | 50,634 | 50,058 | 28,844 |
|                | Calls for service - Police Proactive '(1)    |  | 15,424  | 13,232 | 15,104 | 15,424 | 14,658 | 17,341 | 19,719 | 19,391 | 14,412 |
|                | Calls for service - Fire (1)                 | 3,426  | 3,190   | 3,126  | 3,591  | 3,698  | 3,659  | 3,742  | 3,949  | 4,001  | 4,074  |
|                | Businesses inspected (1)                     | 557  | 249**   | 839    | 1295   | 1342   | 1470   | 1451   | 1,440  | 945    | 1,156  |
|                | Business self-inspections (1)                | 503  | 454**   | 614    | 607    | 67     | 48     | 57     | 69     | 78     | 71     |
|                | Citizen Public Safety Academy attendance (1) | 52   | 50      | 40     | 29     | 28     | 26     | 25     | 21     | 25     | 14     |
|                | Student Public Safety Academy attendance (1) |  |         |        | 30     | 27     | 25     | 27     | 8      | 17     | 22     |
| Transportation |  |  |         |        |        |        |        |        |        |        |        |
|                | Street overlays (square yards) (4)           | 52,648                                       | 41289** | 0***   | 30,369 | 21,700 | 27,283 | 26,628 | 28,931 | 71,416 | 53,830 |
|                | Street overlays (tons of asphalt) (4)        | 8,773  | 7506**  | 0***   | 7,228  | 2,411  | n/a    | 13,588 | 4,881  | 7,935  | 3,030  |
|                | Chip Seal (4)                                | n/a  | n/a     | n/a    | n/a    | 2,178  | 1,573  | 1,680  | 1,520  | 1,050  | n/a    |
|                | Signage additions (4)                        | 141  | 279**   | 177    | 121    | 91     | 131    | 59     | 51     | 84     | 66     |
|                | Signage replacements (4)                     | 135  | 189**   | 352    | 265    | 185    | 505    | 364    | 75     | 553    | 272    |
|                | Miles of restriping (4)                      | 13.14  | 7.34**  | 12.3   | 20     | 25     | 26.5   | 25     | 27     | 19     | 12     |

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:

- \*2013 New Computer Aided Dispatch System changed the way data was counted.
- \*\*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.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

OPERATING INDICATORS BY FUNCTION (CONTINUED)

|   |     | For the last ten fiscal years<br>(Unaudited) |           |           |           |           |           |           |           |           |           |
|---|-----|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |     | 2004   | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      |
| <b>Building</b>                         |     |  |           |           |           |           |           |           |           |           |           |
| Total Permits issued                    | (2) | 5,154  | 5,606     | 5,334     | 3,804     | 2,857     | 1,225     | 1,130     | 1,403     | 1,316     | 1,343     |
| New single family permits               | (2) | 325  | 361       | 362       | 234       | 166       | 75        | 58        | 25        | 26        | 69        |
| New multi-family permits                | (2) | 59   | 44        | 54        | 20        | 6         | 1         | 1         | 7         | 1         | 2         |
| New commercial permits                  | (2) | 17   | 31        | 17        | 32        | 17        | 11        | 13        | 10        | 9         | 13        |
| Total Inspections                       | (2) | 14,024                                       | 15,507    | 17,043    | 12,366    | 10,609    | 6,409     | 3,988     | 4,207     | 3,447     | 4,410     |
| <b>Parks</b>                            |     |  |           |           |           |           |           |           |           |           |           |
| Swimming pool attendance                | (5) | 9,601  | 16,464    | 11,555    | 18,083    | 19,748    | 18,409    | 22,583    | 20,229    | 22,286    | 11,320    |
| Rental of facilities                    | (5) | 200  | 199       | 207       | 232       | 214       | 239       | 239       | 356       | 109       | 290       |
| Number of games scheduled               | (5) | 1,387  | 1,458     | 1,727     | 1,575     | 1,563     | 1,916     | 1,752     | 1,489     | 697       | 1,088     |
| <b>Development</b>                      |     |  |           |           |           |           |           |           |           |           |           |
| Total land use applications             | (2) | 289  | 325       | 347       | 221       | 163       | 121       | 104       | 79        | 69        | 91        |
| Subdivision final plats                 | (2) | 20   | 29        | 20        | 22        | 7         | 6         | 5         | 2         | 1         | 0         |
| Commercial site plan review             | (2) | 53   | 51        | 56        | 49        | 30        | 22        | 30        | 12        | 23        | 25        |
| <b>Water</b>                            |     |  |           |           |           |           |           |           |           |           |           |
| New connections                         | (3) | 482  | 561       | 581       | 308       | 175       | 167       | 79        | 57        | 42        | 90        |
| Number of consumers                     | (3) | 9,158  | 9,521     | 10,038    | 10,413    | 10,545    | 10,533    | 10,614    | 10,659    | 10,606    | 10,678    |
| Total water produced (1000s of gallons) | (4) | 1,779,523                                    | 1,766,136 | 1,800,673 | 2,114,600 | 2,017,090 | 1,971,250 | 1,910,534 | 1,868,036 | 1,907,000 | 2,004,772 |
| Total water billed (1000s of gallons)   | (3) | n/a  | n/a       | n/a       | n/a       | n/a       | 1,780,787 | 1,559,451 | 1,808,217 | 1,745,282 | 2,470,812 |
| Average daily production (gallons)      | (4) | 5,166,992                                    | 4,959,750 | 5,007,417 | 5,809,341 | 5,565,092 | 5,384,083 | 5,263,200 | 5,132,000 | 5,224,600 | 5,534,000 |
| <b>Wastewater</b>                       |     |  |           |           |           |           |           |           |           |           |           |
| Wastewater treated (1000s of gallons)   | (4) | 2,029,600                                    | 2,114,400 | 2,569,300 | 2,252,000 | 2,122,830 | 1,898,600 | 2,103,800 | 2,419,700 | 2,118,600 | 2,125,000 |
| Sludge to co-compost (yards)            | (4) | 6,800  | 5,617     | 6,725     | 7,631     | 7,267     | 7,770     | 6,498     | 7,112     | 6,722     | 5,823     |
| Greenwaste received (cubic yards)       | (4) | 37,495                                       | 43,961    | 37,081    | 37,764    | 38,807    | 37,869    | 36,032    | 35,743    | 38,902    | 47,769    |
| Woodwaste received (cubic yards)        | (4) | 43,103                                       | 50,871    | 61,916    | 58,028    | 48,453    | 34,769    | 30,920    | 28,211    | 23,919    | 24,805    |
| JO-GRO™ sales (cubic yards)             | (4) | 7,471  | 5,248     | 5,754     | 5,748     | 6,530     | 9,733     | 7,094     | 6,472     | 5,642     | 8,737     |

Sources:

- (1) City Public Safety Department
- (4) City Public Works Department

- (3) City Administrative Services Department
- (5) City Parks and Community Services Department

- (2) City Community Development Department

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

CAPITAL ASSETS STATISTICS BY FUNCTION

|  | For the last ten years<br>(Unaudited) |       |       |       |       |       |        |        |        |        |
|--|---------------------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
|  | 2004                                  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010   | 2011   | 2012   | 2013   |
| <b>Public Safety</b>                     |                                       |       |       |       |       |       |        |        |        |        |
| Police stations                          | (1)                                   | 1     | 1     | 1     | 1     | 3     | 4      | 4      | 4      | 4      |
| Sub-stations                             | (1)                                   | 1     | 1     | 1     | 1     | 0     | 0      | 0      | 0      | 0      |
| Marked Patrol Units                      | (1)                                   | 9     | 9     | 10    | 11    | 11    | 11     | 11     | 11     | 11     |
| Un-marked Patrol Units                   | (1)                                   | n/a   | n/a   | n/a   | 11    | 11    | 11     | 11     | 11     | 11     |
| K-9 units                                | (1)                                   | 2     | 2     | 2     | 2     | 2     | 2      | 2      | 2      | 2      |
| Motorcycles                              | (1)                                   | 2     | 2     | 2     | 3     | 3     | 3      | 3      | 3      | 3      |
| Specialty Vehicles                       | (1)                                   | n/a   | n/a   | n/a   | 7     | 7     | 7      | 7      | 7      | 7      |
| T3                                       | (1)                                   | n/a   | n/a   | n/a   | 1     | 1     | 2      | 2      | 2      | 2      |
| Equipment Trailers                       | (1)                                   | n/a   | n/a   | n/a   | 5     | 5     | 5      | 5      | 5      | 5      |
| Fire stations                            | (1)                                   | 2     | 2     | 2     | 2     | 3     | 3      | 3      | 3      | 3      |
| Pumpers                                  | (1)                                   | 3     | 3     | 3     | 3     | 6     | 6      | 6      | 6      | 6      |
| Ladder Trucks                            | (1)                                   | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      | 1      |
| Wildland Engine                          | (1)                                   | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      | 1      |
| <b>Transportation</b>                    |                                       |       |       |       |       |       |        |        |        |        |
| Streets (miles)                          | (4)                                   | 102   | 105   | 106   | 131   | 145   | 162    | 166    | 167    | 167    |
| Streetlights                             | (4)                                   | 1,452 | 1,460 | 1,517 | 1,537 | 1,550 | 1,788  | 1,790  | 1,795  | 1,800  |
| City Owned                               | (4)                                   | n/a   | 118   | 125   | 125   | 133   | 183    | 183    | 183    | 183    |
| PP&L Owned                               | (4)                                   | n/a   | 1,342 | 1,392 | 1,412 | 1,417 | 1,605  | 1,607  | 1,607  | 1,613  |
| Traffic signals                          | (4)                                   | 6     | 7     | 7     | 8     | 9     | 9      | 9      | 9      | 12     |
| <b>Parks</b>                             |                                       |       |       |       |       |       |        |        |        |        |
| Number of parks-developed                | (5)                                   | 13    | 14    | 15    | 15    | 21    | 17     | 24     | 24     | 24     |
| Number of parks-undeveloped              | (5)                                   | n/a   | n/a   | n/a   | n/a   | n/a   | 15     | 8      | 8      | 8      |
| Acreage of parks-developed               | (5)                                   | 128   | 134   | 134   | 134   | 445   | 151.92 | 194.76 | 194.76 | 194.76 |
| Acreage of parks-undeveloped             | (5)                                   | n/a   | n/a   | n/a   | n/a   | n/a   | 355.36 | 312.52 | 312.52 | 312.52 |
| Swimming pools                           | (5)                                   | 1     | 1     | 1     | 1     | 1     | 1      | 1      | 1      | 1      |
| Playgrounds                              | (5)                                   | 7     | 7     | 8     | 9     | 11    | 11     | 11     | 13     | 13     |
| Baseball/softball fields                 | (5)                                   | 10    | 12    | 12    | 12    | 12    | 12     | 12     | 12     | 12     |
| Soccer fields                            | (5)                                   | 4     | 4     | 5     | 6     | 5     | 5      | 5      | 5      | 5      |
| Tennis courts                            | (5)                                   | 12    | 14    | 14    | 14    | 14    | 15     | 14     | 14     | 14     |
| <b>Water</b>                             |                                       |       |       |       |       |       |        |        |        |        |
| Water mains (miles)                      | (4)                                   | 153   | 172   | 175   | 180   | 184   | 186    | 187    | 187    | 187    |
| Fire hydrants                            | (4)                                   | 1,295 | 1,359 | 1,472 | 1,489 | 1,569 | 1,602  | 1,608  | 1,620  | 1,623  |
| Storage capacity (millions of gallons)   | (4)                                   | 19.2  | 19.2  | 19    | 19    | 19    | 19     | 19     | 19     | 15.5** |
| Reservoirs                               | (4)                                   | 8     | 8     | 8     | 8     | 8     | 8      | 8      | 8      | 7**    |
| <b>Wastewater</b>                        |                                       |       |       |       |       |       |        |        |        |        |
| Sanitary sewers (miles)                  | (4)                                   | 153   | 166   | 167   | 168   | 170   | 170    | 170    | 170    | 170    |
| Storm drains (miles)                     | (4)                                   | 36    | 101   | 103   | 104   | 105   | 105    | 105    | 105    | 105    |
| Lift stations                            | (4)                                   | 2     | 2     | 2     | 2     | 2     | 2      | 2      | 2      | 2      |
| Pumping Station (includes RSSSD)         | (4)                                   | 3     | 3     | 3     | 3     | 3     | 3      | 3      | 3      | 3      |
| Treatment capacity (millions of gallons) | (4)                                   | 4     | 4     | 4     | 6.4*  | 6.4*  | 6.4*   | 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 capacity analysis after Phase 1 of the plant upgrade at DEQ's request and it was determined the capacity was actually 6.4 MGD.

\*\*Reservoir #3 was taken out of service to be replaced with a new 5 million gallon reservoir.

Sources:

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

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

WORKERS COMPENSATION FUND BALANCE & RESERVES

For the last ten fiscal years  
(Unaudited)

| Fiscal Year<br>Ended<br>June 30, | Fund Balance | Loss Reserve | Total<br>Fund Balance &<br>Loss Reserve |
|----------------------------------|--------------|--------------|---|
| 2004                             | 622,507      | 120,959      | 743,466                                 |
| 2005                             | 698,544      | 33,246       | 731,790                                 |
| 2006                             | 596,412      | 56,713       | 653,125                                 |
| 2007                             | 632,567      | 116,841      | 749,408                                 |
| 2008                             | 775,676      | 79,755       | 855,431                                 |
| 2009                             | 848,040      | 75,823       | 923,863                                 |
| 2010                             | 987,599      | 39,480       | 1,027,079                               |
| 2011                             | 973,130      | 26,886       | 1,000,016                               |
| 2012                             | 905,850      | 95,020       | 1,000,870                               |
| 2013                             | 888,383      | 114,687      | 1,003,070                               |

Source: Internal accounting reports of the City of Grants Pass

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

**MISCELLANEOUS STATISTICS**

June 30, 2013  
(Unaudited)

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

|                           |     | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------------|-----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Area (in Acres)           | (2) | 5,856       | 6,166       | 7,026       | 7,026       | 7,026       | 7,026       | 7,026       | 7,026       | 7,026       | 7,026       |
| Police and officers       | (1) | 40          | 41          | 43          | 44          | 44          | 41          | 46          | 46          | 46          | 50          |
| Firefighters and officers | (1) | 17          | 17          | 17          | 17          | 19          | 27          | 27          | 27          | 27          | 28          |
| Employees (Permanent)     |     |             |             |             |             |             |             |             |             |             |             |
| Classified service        | (1) | 168         | 165         | 169         | 187.5       | 217         | 194         | 180         | 180         | 181         | 184         |
| Exempt                    | (1) | 9           | 9           | 9           | 9           | 10          | 10          | 27*         | 31          | 30          | 31          |

Sources:

- (1) City Personnel Records
- (2) City Community Development Department

\* In 2010 a compensation study was completed that resulted in the reclassification of multiple supervisors to exempt status.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

STAFF ALLOCATION BY ACTIVITY\*

| Department/Activity                      | As of June 30th (Unaudited) |               |               |               |               |               |               |               |               |               |
|--|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2004                        | 2005          | 2006          | 2007          | 2008          | 2009*         | 2010          | 2011          | 2012          | 2013          |
| <i>Administration</i>                    |                             |               |               |               |               |               |               |               |               |               |
| Management                               | 5.90                        | 5.90          | 5.90          | 5.90          | 6.90          | 6.70          | 5.75          | 5.61          | 5.55          | 4.45          |
| Legal                                    | 0.80                        | 0.80          | 0.80          | 0.75          | 0.75          | 1.34          | 1.34          | 0.05          | 0.05          | 0.05          |
| Information Technology                   | 2.00                        | 3.00          | 3.55          | 2.65          | 4.45          | 3.95          | 3.95          | 4.88          | 4.73          | 5.93          |
| Risk Insurance                           | 0.30                        | 0.30          | 0.30          | 0.30          | 0.30          | 0.41          | 0.41          | 0.32          | 0.55          | 0.00          |
| General Insurance                        | 0.00                        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.20          |
| Economic Development                     | 1.00                        | 1.00          | 1.00          | 0.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Tourism Development                      | 2.00                        | 2.00          | 2.00          | 2.00          | 1.85          | 1.85          | 1.85          | 1.85          | 1.80          | 1.95          |
| Downtown                                 | 0.50                        | 0.50          | 0.00          | 1.00          | 1.45          | 1.45          | 1.45          | 1.55          | 1.50          | 1.53          |
| Property Management                      | 1.20                        | 1.00          | 1.05          | 0.90          | 1.25          | 1.30          | 1.30          | 2.06          | 1.86          | 2.05          |
|  | <b>13.70</b>                | <b>14.50</b>  | <b>14.60</b>  | <b>13.50</b>  | <b>17.95</b>  | <b>18.00</b>  | <b>17.05</b>  | <b>17.32</b>  | <b>17.04</b>  | <b>17.16</b>  |
| <i>Finance</i>                           |                             |               |               |               |               |               |               |               |               |               |
| Finance                                  | 13.00                       | 14.00         | 15.00         | 15.00         | 16.00         | 15.00         | 13.00         | 13.00         | 13.50         | 16.10         |
| Garage Operations                        | 0.40                        | 0.35          | 0.55          | 0.40          | 3.30          | 3.05          | 3.05          | 2.13          | 2.84          | 2.97          |
| Equipment Repair                         | 0.35                        | 0.40          | 0.45          | 0.55          | 0.60          | 0.70          | 0.70          | 0.47          | 0.61          | 0.72          |
|  | <b>13.75</b>                | <b>14.75</b>  | <b>16.00</b>  | <b>15.95</b>  | <b>19.90</b>  | <b>18.75</b>  | <b>16.75</b>  | <b>15.60</b>  | <b>16.95</b>  | <b>19.79</b>  |
| <i>Human Resources</i>                   |                             |               |               |               |               |               |               |               |               |               |
| Human Resources                          | -                           | -             | -             | -             | 2.00          | 2.50          | 2.50          | 2.38          | 2.86          | 3.08          |
| Worker's Compensation                    | 0.00                        | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.37          |
|  | <b>0.00</b>                 | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>   | <b>2.00</b>   | <b>2.50</b>   | <b>2.50</b>   | <b>2.38</b>   | <b>2.86</b>   | <b>3.45</b>   |
| <i>Parks &amp; Community Development</i> |                             |               |               |               |               |               |               |               |               |               |
| Management                               | 6.00                        | 7.00          | 7.00          | 7.00          | 8.00          | 4.80          | 5.00          | 9.00          | 9.00          | 9.00          |
| Engineering                              | 8.00                        | 8.00          | 9.20          | 9.00          | 10.00         | 8.50          | 6.50          | 4.50          | 4.50          | 3.50          |
| Planning                                 | 7.00                        | 7.00          | 9.00          | 8.00          | 11.00         | 5.00          | 4.00          | 3.00          | 3.00          | 2.90          |
| Building & Safety                        | 7.00                        | 7.00          | 6.00          | 6.00          | 7.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.10          |
| Park Maintenance                         | 6.30                        | 6.40          | 6.40          | 6.45          | 8.00          | 6.65          | 6.85          | 6.64          | 6.24          | 7.60          |
| Aquatics                                 | 0.25                        | 0.30          | 0.35          | 0.30          | 0.30          | 0.30          | 0.10          | 0.40          | 0.40          | 0.40          |
| Recreation                               | 0.05                        | 0.05          | 0.05          | 0.05          | 0.15          | 0.15          | 0.15          | 0.15          | 0.15          | 0.15          |
|  | <b>34.60</b>                | <b>35.75</b>  | <b>38.00</b>  | <b>36.80</b>  | <b>44.45</b>  | <b>27.40</b>  | <b>24.60</b>  | <b>25.69</b>  | <b>25.29</b>  | <b>25.65</b>  |
| <i>Public Works</i>                      |                             |               |               |               |               |               |               |               |               |               |
| Water Treatment                          | 5.40                        | 5.40          | 5.17          | 4.39          | 5.94          | 6.46          | 6.46          | 6.46          | 6.46          | 5.46          |
| Water Distribution                       | 8.00                        | 8.00          | 8.44          | 8.98          | 8.93          | 8.30          | 8.30          | 8.80          | 8.80          | 8.80          |
| Wastewater Collection                    | 4.00                        | 4.00          | 4.44          | 5.98          | 5.94          | 5.16          | 5.16          | 5.66          | 5.66          | 5.66          |
| Wastewater Treatment                     | 8.25                        | 8.75          | 8.84          | 8.73          | 8.88          | 7.41          | 9.91          | 9.41          | 7.71          | 7.71          |
| JO-GRO™                                  | 3.35                        | 3.85          | 3.91          | 3.91          | 4.05          | 4.11          | 2.61          | 3.11          | 3.81          | 1.81          |
| Capital Projects                         | 1.00                        | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Solid Waste                              | -                           | 0.00          | 0.00          | 0.01          | 0.00          | 0.10          | 0.10          | 0.10          | 0.10          | 0.10          |
| Storm Water                              | -                           | 0.00          | 0.00          | 0.00          | 0.15          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          |
| Street Maintenance                       | 6.45                        | 7.50          | 6.60          | 6.70          | 6.76          | 7.56          | 7.56          | 7.56          | 6.56          | 6.46          |
|  | <b>36.45</b>                | <b>38.50</b>  | <b>38.40</b>  | <b>39.70</b>  | <b>41.65</b>  | <b>40.10</b>  | <b>41.10</b>  | <b>42.10</b>  | <b>40.10</b>  | <b>37.00</b>  |
| <i>Public Safety</i>                     |                             |               |               |               |               |               |               |               |               |               |
| Field Operations                         | 52.50                       | 54.50         | 59.00         | 60.00         | 68.00         | 67.75         | 73.50         | 76.50         | 77.75         | 82.25         |
| Support Operations                       | 26.00                       | 26.00         | 28.00         | 26.00         | 31.00         | 25.60         | 29.10         | 29.00         | 27.00         | 27.00         |
| Code Enforcement                         | -                           | -             | 1.00          | 3.05          | 2.05          | 1.00          | 0.00          | 0.00          | 0.00          | 0.00          |
|  | <b>78.50</b>                | <b>80.50</b>  | <b>88.00</b>  | <b>89.05</b>  | <b>101.05</b> | <b>94.35</b>  | <b>102.60</b> | <b>105.50</b> | <b>104.75</b> | <b>109.25</b> |
| <b>Total</b>                             | <b>177.00</b>               | <b>184.00</b> | <b>195.00</b> | <b>195.00</b> | <b>227.00</b> | <b>201.10</b> | <b>204.60</b> | <b>208.59</b> | <b>206.99</b> | <b>212.30</b> |

\* Reporting full-time-equivalency (FTE) for all permanent positions.

This information is provided by the City's Personnel Records.

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

WATER UTILITY  
TEN LARGEST REVENUE SOURCES

Current Year and Ten Years Ago  
(Unaudited)

| Customer (classification)                     | 2013                               |                     |      |                          | 2004                               |                     |      |                          |
|---|------------------------------------|---------------------|------|--------------------------|------------------------------------|---------------------|------|--------------------------|
|   | 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)                  | 122,307                            | \$ 115,245          | 1    | 2.45%                    | 77,221                             | \$ 98,849           | 1    | 3.05%                    |
| School District 7 (public)                    | 65,192                             | 52,524              | 2    | 1.12%                    | 51,132                             | 67,457              | 2    | 2.08%                    |
| Josephine County (public)                     | 20,309                             | 27,244              | 3    | 0.58%                    | 31,826                             | 55,766              | 3    | 1.72%                    |
| Emeritus @ Spring Pointe/Village (retirement) | 23,888                             | 24,766              | 4    | 0.53%                    | 13,139                             | 14,593              | 9    | 0.45%                    |
| Three Rivers Hospital (commercial)            | 25,214                             | 22,785              | 5    | 0.48%                    | 35,030                             | 41,526              | 4    | 1.28%                    |
| Timber Products (commercial)                  | 26,948                             | 20,535              | 6    | 0.44%                    |                                    |                     |      |                          |
| Countryside Village (retirement)              | 15,517                             | 10,178              | 7    | 0.22%                    |                                    |                     |      |                          |
| Grants Pass Shopping Center (commercial)      | 7,388                              | 9,508               | 8    | 0.20%                    | 13,431                             | 25,582              | 7    | 0.79%                    |
| Sherbourne, Mel (multi-family)                | 5,689                              | 7,700               | 9    | 0.16%                    |                                    |                     |      |                          |
| Hamlyn Family LLC (multi-family)              | 7,273                              | 7,300               | 10   | 0.16%                    |                                    |                     |      |                          |
| Riverwood Apts. (multi-family)                |                                    |                     |      |                          | 20,444                             | 31,213              | 5    | 0.96%                    |
| State of Oregon (Public)                      |                                    |                     |      |                          | 20,985                             | 29,775              | 6    | 0.92%                    |
| Wal-Mart (commercial)                         |                                    |                     |      |                          | 9,496                              | 12,238              | 10   | 0.38%                    |
| Grants Pass Hardwoods (commercial)            |                                    |                     |      |                          | 37,424                             | 23,926              | 8    | 0.74%                    |
| Sub-total                                     | <u>319,725</u>                     | <u>297,785</u>      |      | <u>6.33%</u>             | <u>310,128</u>                     | <u>400,925</u>      |      | <u>12.35%</u>            |
| All other sources                             |                                    | <u>4,409,563</u>    |      | <u>93.67%</u>            |                                    | <u>2,976,687</u>    |      | <u>87.65%</u>            |
| Total Water Revenues                          |                                    | <u>\$ 4,707,350</u> |      | <u>100.00%</u>           |                                    | <u>\$ 3,377,612</u> |      | <u>100.00%</u>           |

hcf = hundred cubic feet

\* 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)**

| Fiscal Year<br>Ended June 30, | Number of Accounts |              |            |        |     | Fire<br>Protection | Outside City<br>Surcharge | Total |
|-------------------------------|--------------------|--------------|------------|--------|-----|--------------------|---------------------------|-------|
|                               | Residential        | Multi-Family | Commercial | Public |     |                    |                           |       |
| 2004                          |                    | 808          |            | 168    | 100 | 255                | 1,331                     |       |
| 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                          | 7,966              | 977          | 1,175      | 188    | 135 | 166                | 10,607                    |       |
| 2009                          | 8,042              | 1,002        | 1,194      | 186    | 141 | 100                | 10,665                    |       |
| 2010                          | 7,957              | 1,007        | 1,176      | 118    | 140 | 94                 | 10,492                    |       |
| 2011                          | 7,957              | 1,016        | 1,173      | 160    | 140 | 90                 | 10,536                    |       |
| 2012                          | 7,913              | 1,012        | 1,188      | 145    | 145 | 92                 | 10,495                    |       |
| 2013                          | 7,978              | 989          | 1,207      | 153    | 151 | 136                | 10,614                    |       |

| Fiscal Year<br>Ended June 30, | Water Consumption (hcf) |              |            |         |       | Fire<br>Protection | Outside City<br>Surcharge | Total |
|-------------------------------|-------------------------|--------------|------------|---------|-------|--------------------|---------------------------|-------|
|                               | Residential             | Multi-Family | Commercial | Public  |       |                    |                           |       |
| 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                 |       |
| 2010                          | 1,172,178               | 356,442      | 547,589    | 217,613 | 564   | 33,370             | 2,327,756                 |       |
| 2011                          | 1,587,239               | 457,629      | 728,032    | 236,237 | 1,548 | 97,860             | 3,108,545                 |       |
| 2012                          | 1,517,165               | 415,083      | 645,085    | 225,095 | 1,007 | 90,169             | 2,893,604                 |       |
| 2013                          | 1,219,436               | 391,318      | 584,197    | 232,502 | 950   | 42,409             | 2,470,812                 |       |

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

Water and Sewer Rates

Water and Sewer Rates from 1993 through November 1, 2005

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

- (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 |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 10.60  |
| Volume Charge x awwc              | 2.18      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 10.60  |
| Volume Charge x awwc              | 2.18      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 10.60  |
| Volume Charge x awc               | 2.18      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 10.60  |
| Volume Charge x awc               | 2.18      |
| <b>Public</b>                     |           |
| 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"            | 103.00            | 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 |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 10.96  |
| Volume Charge x awwc*             | 2.25      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 10.96  |
| Volume Charge x awwc*             | 2.25      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 10.96  |
| Volume Charge x awc**             | 2.25      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 10.96  |
| Volume Charge x awc**             | 3.15      |
| <b>Public</b>                     |           |
| Monthly Service Charge            | \$ 10.96  |
| Volume Charge x awc**             | 2.25      |

\*awwc: average winter water consumption

\*\*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"            | 103.00            | 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 |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awwc*             | 2.31      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awwc*             | 2.31      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awc**             | 2.31      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awc**             | 3.23      |
| <b>Public</b>                     |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awc**             | 2.31      |

\*awwc: average winter water consumption

\*\*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 2009.

**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 |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 11.74  |
| Volume Charge x awwc**            | 2.41      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 11.74  |
| Volume Charge x awwc**            | 2.41      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 11.74  |
| Volume Charge x awc***            | 2.41      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 11.74  |
| Volume Charge x awc***            | 3.37      |
| <b>Public</b>                     |           |
| 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 |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awwc**            | 2.31      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awwc**            | 2.31      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awc***            | 2.31      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 11.24  |
| Volume Charge x awc***            | 3.23      |
| <b>Public</b>                     |           |
| 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**

**Water and Sewer Rates**

Effective January 1, 2010 sewer rates were increased 6.29% (4.45% permanent and 1.84% thru December 31, 2011. Water rates remained unchanged.)

**Water Rates as of January 1, 2010**

| 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 January 1, 2010**

| Class                             | Per Month |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 11.96  |
| Volume Charge x awwc**            | 2.45      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 11.96  |
| Volume Charge x awwc**            | 2.45      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 11.96  |
| Volume Charge x awc***            | 2.45      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 11.96  |
| Volume Charge x awc***            | 3.43      |
| <b>Public</b>                     |           |
| Monthly Service Charge            | \$ 11.96  |
| Volume Charge x awc***            | 2.45      |

\*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**

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 1.70% for 2011.

**Water Rates as of January 1, 2011**

| Customer Service Charge* |                   |  |
|--------------------------|-------------------|--|
| Meter Size               | Monthly Base Rate | Add'l Unit Chrg for multi-family & PUD |
| 3/4 " or less            | \$ 8.95           | \$ 3.35                                |
| 1"                       | 19.95             | 3.35                                   |
| 1.5"                     | 37.65             | 3.35                                   |
| 2"                       | 60.40             | 3.35                                   |
| 3"                       | 116.49            | 3.35                                   |
| 4"                       | 193.07            | 3.35                                   |
| 6"                       | 366.72            | 3.35                                   |
| 8"                       | 583.52            | 3.35                                   |
| 10"                      | 903.87            | 3.35                                   |

| Single Family Residential |            |           |
|---------------------------|------------|-----------|
| 0-10                      | 11-25 unit | >26 units |
| \$0.83                    | \$1.06     | \$1.25    |

| Customer Class                                      |         |
|---|---------|
| Multi-Family & PUD                                  | \$ 0.82 |
| Commercial/Public                                   | 0.98    |
| Interruptible Irrigation for Public Parks & Schools | 0.83    |
| Irrigation-All Classes                              | 1.42    |
| Standby-All Classes                                 | 1.42    |

| Service Level Charge |               |
|----------------------|---------------|
| Service Level        | Per Unit Chrg |
| 1                    | 0             |
| 2                    | \$0.09        |
| 3                    | \$0.21        |
| 4                    | \$0.31        |
| 5                    | \$0.40        |

**Sewer Rates as of January 1, 2011**

| Class                             | Per Month |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 12.16  |
| Volume Charge x awwc**            | 2.49      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 12.16  |
| Volume Charge x awwc**            | 2.49      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 12.16  |
| Volume Charge x awc***            | 2.49      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 12.16  |
| Volume Charge x awc***            | 3.49      |
| <b>Public</b>                     |           |
| Monthly Service Charge            | \$ 12.16  |
| Volume Charge x awc***            | 2.49      |

\*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 July 1, 2011, Sewer Rates increased 5% by Council Resolution 5802. Water Rates remain unchanged.

**Water Rates as of July 1, 2011**

| Customer Service Charge* |           |                    |
|--------------------------|-----------|--------------------|
| Meter Size               | Base Rate | for multi-family & |
| 3/4 " or less            | \$ 8.95   | \$ 3.35            |
| 1"                       | 19.95     | 3.35               |
| 1.5"                     | 37.65     | 3.35               |
| 2"                       | 60.40     | 3.35               |
| 3"                       | 116.49    | 3.35               |
| 4"                       | 193.07    | 3.35               |
| 6"                       | 366.72    | 3.35               |
| 8"                       | 583.52    | 3.35               |
| 10"                      | 903.87    | 3.35               |

| Single Family Residential |            |           |
|---------------------------|------------|-----------|
| 0-10                      | 11-25 unit | >26 units |
| \$0.83                    | \$1.06     | \$1.25    |

| Customer Class                                      |         |
|---|---------|
| Multi-Family & PUD                                  | \$ 0.82 |
| Commercial/Public                                   | 0.98    |
| Interruptible Irrigation for Public Parks & Schools | 0.83    |
| Irrigation-All Classes                              | 1.42    |
| Standby-All Classes                                 | 1.42    |

| Service Level Charge |               |
|----------------------|---------------|
| Service Level        | Per Unit Chrg |
| 1                    | 0             |
| 2                    | \$0.09        |
| 3                    | \$0.21        |
| 4                    | \$0.31        |
| 5                    | \$0.40        |

**Sewer Rates as of July 1, 2011**

| Class                             | Month    |
|-----------------------------------|----------|
| <b>Residential</b>                |          |
| Monthly Service Charge            | \$ 12.77 |
| Volume Charge x awwc**            | 2.61     |
| <b>Multi-Family</b>               |          |
| Monthly Service Charge            | \$ 12.77 |
| Volume Charge x awwc**            | 2.61     |
| <b>Commercial Normal Strength</b> |          |
| Monthly Service Charge            | \$ 12.77 |
| Volume Charge x awc***            | 2.61     |
| <b>Commercial High Strength</b>   |          |
| Monthly Service Charge            | \$ 12.77 |
| Volume Charge x awc***            | 3.66     |
| <b>Public</b>                     |          |
| Monthly Service Charge            | \$ 12.77 |
| Volume Charge x awc***            | 2.61     |

\*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

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 2.85% for 2012.

Water Rates as of January 1, 2012

| Customer Service Charge* |                   |  |
|--------------------------|-------------------|--|
| Meter Size               | Monthly Base Rate | Add'l Unit Chrg for multi-family & PUD |
| 3/4 " or less            | \$ 9.21           | \$ 3.35                                |
| 1"                       | 20.52             | 3.35                                   |
| 1.5"                     | 38.72             | 3.35                                   |
| 2"                       | 62.12             | 3.35                                   |
| 3"                       | 119.81            | 3.35                                   |
| 4"                       | 198.57            | 3.35                                   |
| 6"                       | 377.17            | 3.35                                   |
| 8"                       | 600.15            | 3.35                                   |
| 10"                      | 929.63            | 3.35                                   |

| Single Family Residential |            |           |
|---------------------------|------------|-----------|
| 0-10                      | 11-25 unit | >26 units |
| \$0.85                    | \$1.09     | \$1.29    |

| Customer Class                                      |         |
|---|---------|
| Multi-Family & PUD                                  | \$ 0.84 |
| Commercial/Public                                   | 1.01    |
| Interruptible Irrigation for Public Parks & Schools | 0.85    |
| Irrigation-All Classes                              | 1.46    |
| Standby-All Classes                                 | 1.46    |

| Service Level Charge |               |
|----------------------|---------------|
| Service Level        | Per Unit Chrg |
| 1                    | 0             |
| 2                    | \$0.0941      |
| 3                    | \$0.2197      |
| 4                    | \$0.3138      |
| 5                    | \$0.4079      |

Sewer Rates as of January 1, 2012

| Class                             | Per Month |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 12.89  |
| Volume Charge x awwc**            | 2.63      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 12.89  |
| Volume Charge x awwc**            | 2.63      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 12.89  |
| Volume Charge x awc***            | 2.63      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 12.89  |
| Volume Charge x awc***            | 3.70      |
| <b>Public</b>                     |           |
| Monthly Service Charge            | \$ 12.89  |
| Volume Charge x awc***            | 2.63      |

\*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

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 2.33% for 2013. (In addition, Council passed Resolution 5995 increasing base water rates and additional unit charges by 39%.)

Water Rates as of January 1, 2013

| Customer Service Charge* |                   |  |
|--------------------------|-------------------|--|
| Meter Size               | Monthly Base Rate | Add'l Unit Chrg for multi-family & PUD |
| 3/4" or less             | \$ 13.02          | \$ 4.88                                |
| 1"                       | 29.02             | 4.88                                   |
| 1.5"                     | 54.75             | 4.88                                   |
| 2"                       | 87.85             | 4.88                                   |
| 3"                       | 169.43            | 4.88                                   |
| 4"                       | 280.82            | 4.88                                   |
| 6"                       | 533.39            | 4.88                                   |
| 8"                       | 848.72            | 4.88                                   |
| 10"                      | 1314.66           | 4.88                                   |

| Single Family Residential |            |           |
|---------------------------|------------|-----------|
| 0-10                      | 11-25 unit | >26 units |
| \$0.87                    | \$1.12     | \$1.32    |

| Customer Class                                      |         |
|---|---------|
| Multi-Family & PUD                                  | \$ 0.87 |
| Commercial/Public                                   | 1.03    |
| Interruptible Irrigation for Public Parks & Schools | 0.87    |
| Irrigation-All Classes                              | 1.49    |
| Standby-All Classes                                 | 1.49    |

| Service Level Charge |               |
|----------------------|---------------|
| Service Level        | Per Unit Chrg |
| 1                    | 0             |
| 2                    | \$0.0963      |
| 3                    | \$0.2248      |
| 4                    | \$0.3211      |
| 5                    | \$0.4174      |

Sewer Rates as of January 1, 2013  
(1st 2 units included in base charge)

| Class                             | Per Month |
|-----------------------------------|-----------|
| <b>Residential</b>                |           |
| Monthly Service Charge            | \$ 13.19  |
| Volume Charge x awwc**            | 2.69      |
| <b>Multi-Family</b>               |           |
| Monthly Service Charge            | \$ 13.19  |
| Volume Charge x awwc**            | 2.69      |
| <b>Commercial Normal Strength</b> |           |
| Monthly Service Charge            | \$ 13.19  |
| Volume Charge x awc***            | 2.69      |
| <b>Commercial High Strength</b>   |           |
| Monthly Service Charge            | \$ 13.19  |
| Volume Charge x awc***            | 3.79      |
| <b>Public</b>                     |           |
| Monthly Service Charge            | \$ 13.19  |
| Volume Charge x awc***            | 2.69      |

\*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

SUPPLEMENTARY INFORMATION

2011-2012 AUDITORS' COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS



## **Independent Auditor's Comments Required by Oregon State Regulations**

We have audited the basic financial statements of City of Grants Pass (the City) as of and for the year ended June 30, 2013, and have issued our report thereon dated December 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

## **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we consider the City's internal control over financial reporting as a basis for designing out 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 City's control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

This report is intended solely for the information and use of the Honorable Mayor and Members of the City Council and management of the City of Grants Pass and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
December 27, 2013

CITY OF GRANTS PASS  
JOSEPHINE COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2013

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/<br>PROGRAM TITLE                                      | FEDERAL<br>CFDA<br>NUMBER | SUBRECIPIENT<br>AGREEMENT<br>NUMBER | EXPENDITURES |
|---|---------------------------|-------------------------------------|--------------|
| SRS TITLE III   |                           |                                     |              |
| Josephine County  |                           |                                     |              |
| Firewise Community Coordinator  | 10.665                    |                                     | 75,250       |
| US DEPARTMENT OF JUSTICE  |                           |                                     |              |
| Community Oriented Policing Services  | 16.710                    |                                     | 89,888       |
| Passed through Oregon Criminal Justice Commission   |                           |                                     |              |
| Edward Byrne Memorial Justice Assistance - ARRA   | 16.738                    | LE-2011-GPDPS-00017                 | 61,263       |
| US DEPARTMENT OF TRANSPORTATION   |                           |                                     |              |
| Federal Highway Administration through ODOT   |                           |                                     |              |
| Congestion Mitigation and Air Quality Improvement   | 20.205                    | ODOT Agreement 25406                | 11,677       |
| Federal Transit Administration through ODOT   |                           |                                     |              |
| Transit System Agreement No. 27683  | 20.513                    | ODOT Agreement 27683                | 288,404 (1)  |
| US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  |                           |                                     |              |
| Passed thru Oregon Business Development Department  |                           |                                     |              |
| Josephine County Food Bank  | 14.228                    | C12005                              | 40,680       |
| US DEPARTMENT OF AGRICULTURE  |                           |                                     |              |
| Rural Business Enterprise Grant Oregon Country Trails                                       | 10.769                    |                                     | 5,567        |
| NATIONAL HIGHWAY TRANSPORTATION SAFETY ADMINISTRATION<br>AND FEDERAL HIGHWAY ADMINISTRATION |                           |                                     |              |
| Pass-through Oregon Department Of Transportation  |                           |                                     |              |
| Speed Equipment Mini-Grant  | 20.600                    | SC-13-35-13-DDD                     | 3,790        |
| Child Safety Seats  | 20.613                    | OP-13-45-13-BBB                     | 3,000        |
| TOTAL FEDERAL EXPENDITURES  |                           |                                     | \$ 579,519   |

(1) Major Program



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

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

We have audited, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Grants Pass (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Grants Pass's basic financial statements, and have issued our report thereon dated December 27, 2013.

**Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and question costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **City's Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
June 30, 2013

**SECTION I - Summary of Auditor's Results**

Financial Statements

|  |               |
|--|---------------|
| Type of auditor's report issued  | Unmodified    |
| Internal control over financial reporting:<br>Material weaknesses identified?    | Yes           |
| Significant deficiencies identified not considered to<br>be material weaknesses? | None Reported |
| Noncompliance material to financial statements noted?                            | No            |

Federal Awards

|   |               |
|---|---------------|
| Internal control over major programs:<br>Material weaknesses identified?  | No            |
| Significant deficiencies identified not considered to<br>be material weaknesses?                                    | None Reported |
| Type of auditor's report issued on compliance for<br>major programs:  | Unmodified    |
| Any audit findings disclosed that are required to be<br>reported in accordance with Circular A-133, Section 510(a)? | No            |

Identification of major programs:

| Name of Federal Program  | CFDA Number |
|--|-------------|
| U.S. Department of Transportation<br>Federal Transit Administration through ODOT<br>Transit System Agreement No. 27683 | 20.513      |

|   |           |
|---|-----------|
| Dollar threshold used to distinguish between<br>Type A and Type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee?                                      | No        |

## SECTION II - Financial Statement Findings

### 2013 – 1 Audit Adjustments

Condition- During the course of the audit we proposed material audit adjustments to properly state various account balances.

Criteria – The internal control structure should include procedures to ensure account balances are properly stated at year-end.

Cause – The controls currently in place were not sufficient to detect misstatements to various accounts.

Effect – The trial balance presented for audit was misstated.

Recommendation – Management should perform year-end reconciling procedures to ensure balance sheet accounts are properly stated at year-end.

Management's Response – We agree with the findings and will implement the proper procedures to ensure this is managed correctly in the future. The following is a summary of our corrective action plan.

#### **Corrective Action Plan (CAP)**

Actions Planned in Response to Finding – Management will perform year-end reconciling procedures to ensure balance sheet accounts are properly stated at year-end.

Explanation of Disagreement – We concur with the finding.

Official Responsible for Ensuring Corrective Action – Director of Finance

Planned Completion for Corrective Action – The internal controls necessary to reconcile balance sheet accounts will be implemented prior to the year ended June 30, 2014.

Plan to Monitor Completion of Corrective Action – The Director of Finance will review the financial statements year-end reconciliations to ensure balance sheet accounts are properly stated.

## SECTION II - Federal Award Findings and Questioned Costs

None



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133**

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

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

We have audited City of Grants Pass's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 the City's 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2013.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Boise, Idaho  
December 27, 2013

**WHERE THE ROGUE RIVER RUNS**



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