

City of Grants Pass, Oregon

Comprehensive Annual Financial Report

Fiscal Year 2013 - 14



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2014

Prepared by:

City of Grants Pass Finance Department

Jay Meredith, Finance Director
Tammy Canady, Accounting Services Supervisor

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

ELECTED OFFICIALS

October 1, 2014

<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

CITY MANAGER

Aaron Cubic

FINANCE DIRECTOR

Jay Meredith

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

December 5, 2014



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, 2014.

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.

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 34,855 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 82,815.

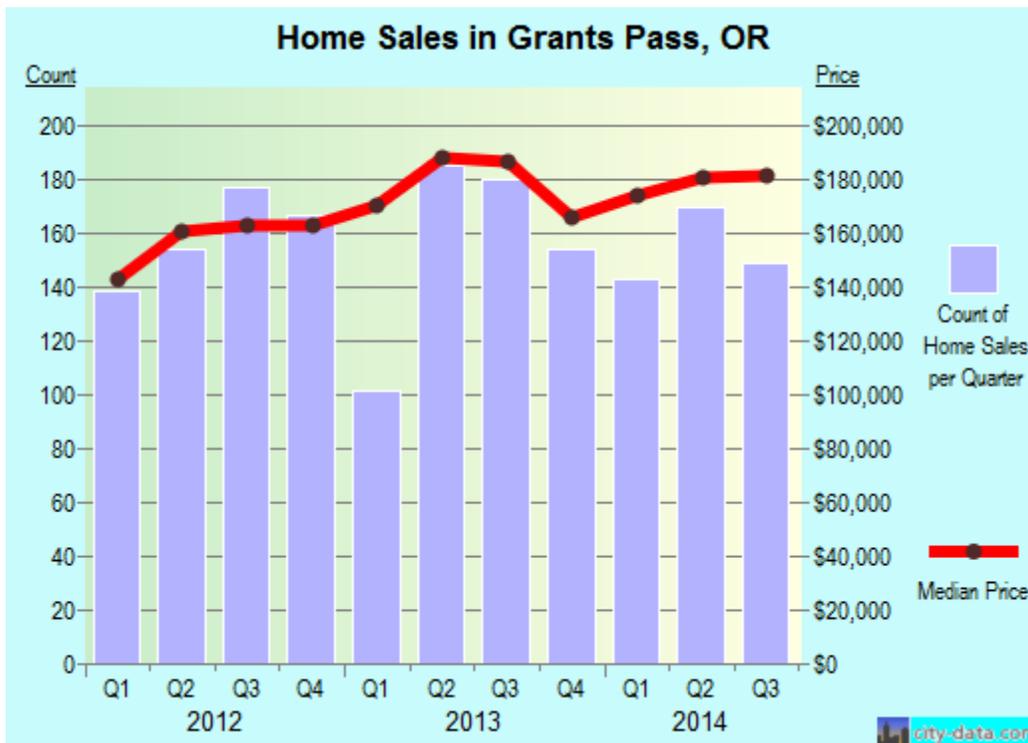
Factors Impacting Financial Conditions

The City of Grants Pass continues to rank 15th in population among 242 cities in Oregon. Grants Pass' real estate assessed value rose by 2.5% as market values increased slightly this year. Approximately 1.1% 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. 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 rapidly in the last decade. The assessed value change for the next fiscal year (Fiscal 2015) will be a total increase of 3.6%, with approximately 1.4% coming from new construction and 2.2% coming from the change in existing properties.

For a second year, Grants Pass continued to see relatively strong new building activity in both commercial and residential development as compared to the more challenging years during the economic and housing downturn between 2008 and 2012. The Building and Safety Division issued 72 new structural permits during the year, similar to the amount in the previous year. Total commercial construction units were at 6 units and \$2.5M in total value, while total residential construction units were 66 units and \$14.0M in value. A total of 66 single-family residential permits were issued compared to 69 for FY'13, while there were no multi-family permits compared to 2 last fiscal year. Commercial permits totaled 6 in the current year as compared to 13 in FY'13.

The immediate demand for planning and building inspections for all classes of construction continues is still somewhat slow relative to activity levels prior to the housing downturn. 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 slightly in recent years, both in terms of number of homes sold and the median price and in line with many other parts of the region and country. The median home sale price in the second calendar quarter of 2014 was approximately \$180,000 which is up from two years ago but slightly down from last year. It is difficult to predict whether increases over recent years 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 eight years since an annexation occurred in the City, however an annexation vote is pending for November of 2014 which would include most of the service and annexation accounts outstanding today.

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 (\$0.3857) totaled \$6.3092/\$1,000 assessed value and generated \$15.1M of the resources required for the \$17.0M 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 was the last year of this levy term. Voters also approved an additional levy at the same rate in November 2013 to supplement Public Safety for an additional four years starting in FY'15.

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 fifth consecutive year. At June 30th the rate of 10.1% was down 0.4% 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 last year to ensure these divisions are operating as effectively and efficiently as possible, and the City intends to work 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 with the housing and development downturn, but came in at healthier levels in the last two years with the pickup in development. 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 a slightly higher level of activity for the last two years in both commercial and residential development activity, most of 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 four years. The expansion of the Wastewater Plant in three phases has just begun in FY'15 and the complete replacement of the aging Water Plant is in the early planning phases. The more borrowing that is required for these major infrastructure projects, 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 FY'13 and made a change to Water user rates as a result. The rate change was phased in over two years on January 1, 2013 and January 1, 2014. This will help provide the resources to maintain Water pipelines and parts of the new plant infrastructure, but a further review of rates will be required in coming years as the City discusses the scope and refines the costs of the 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 at a new site. 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.

The Wastewater Plant expansion is set for three phases, and the Wastewater Fund has the resources to complete phase one without borrowing. However, phase two which is likely to begin in about two years is about \$8-\$9 million and would require borrowing and phase three is another \$8-\$9 million and will begin approximately four years after phase two. The more we can adjust rates to prepare for the costs and long-term debt requirements of these projects, the more we can limit the long-term costs of borrowing.

Considering the importance of the City's water and wastewater utility infrastructure, the next project for the PAVE Committee (Performance Audit, Visioning and Enhancement) will be a performance audit and strategic planning project for the Water and Wastewater Utilities to make sure the provision of these services is as cost effective and efficient as possible. This project will also review the feasibility of public-private partnerships to assist in the building of these major infrastructure projects and/or the operation of the utilities.

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).

In September of 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 2014. 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. 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 2014 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 2016 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. Four 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 three 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 three 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 starting with last 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 three 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, 2013. This was the 31st 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

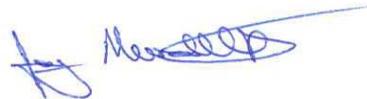
We would like to thank the Mayor and the City Council for their leadership and support. The preparation of this report could not have been accomplished without the dedicated effort of the City Finance Department staff. We also appreciate the contributions made by all other City staff members and wish 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,

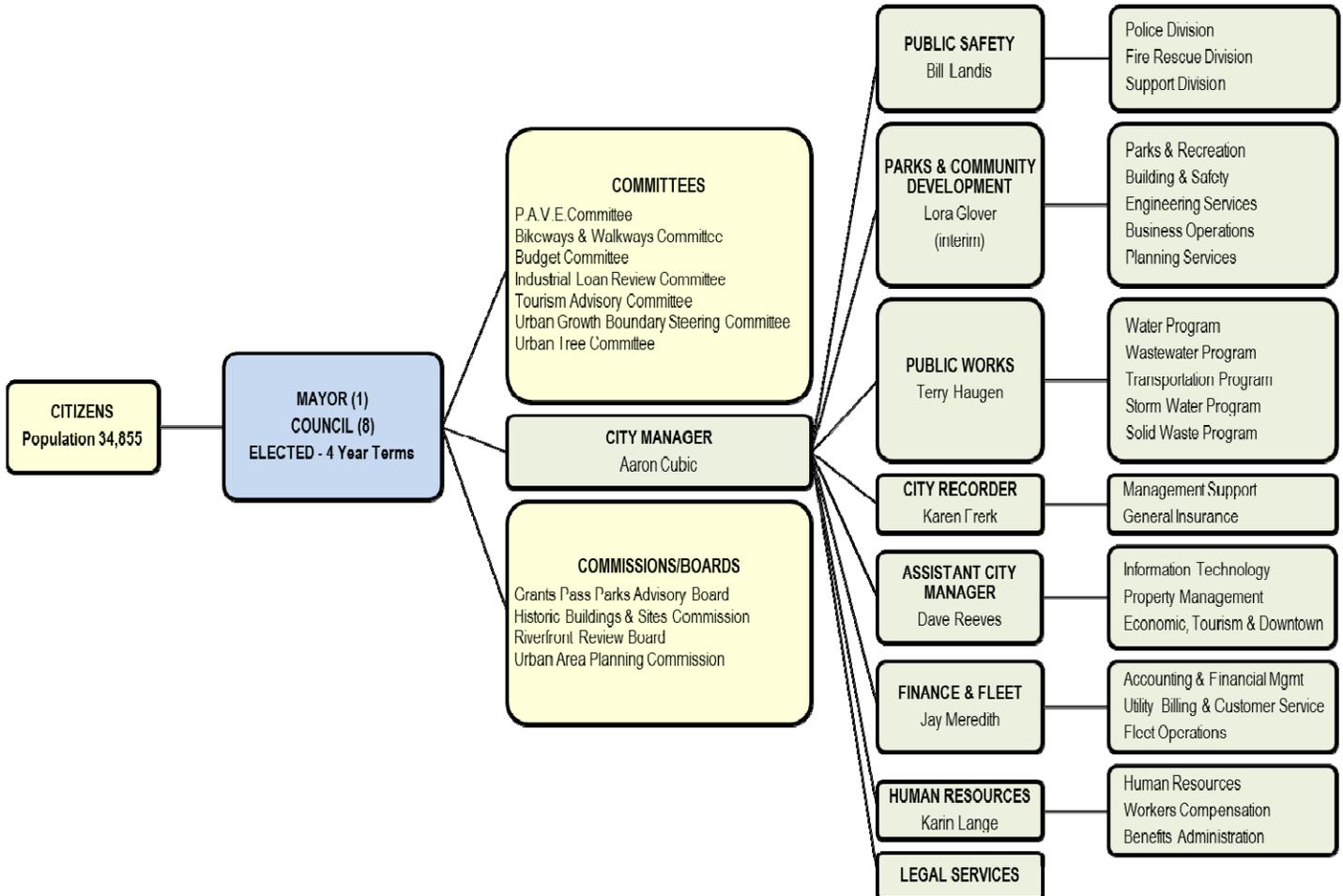


Aaron Cubic
City Manager



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, 2013

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 discretely presented component unit, 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, 2014, 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 unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, 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.

Emphasis of Matter

Change in Accounting Principle

During the year ended June 30, 2014, the City adopted GASB 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement resulted in the reclassification of items previously reported in liabilities as deferred revenues. These items are now reported in deferred inflows of resources as unavailable revenues. Our opinions are not modified with respect to this matter.

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 or 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’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 Schedule of Revenues, Expenditures and Changes in Fund Balance, Combining Balance Sheet, Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Combining Statement of Net Position, Statement of Changes in Assets and Liabilities – Agency Fund, and Schedule of Property Tax Transactions and Balances of Taxes Uncollected (supplementary information) 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 supplementary information is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 08, 2014 on our consideration of the 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in consideration, the City of Grants Pass’s internal control over financial reporting and compliance.



For Eide Bailly, LLP
Boise, Idaho
December 08, 2014

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, 2014. 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 2-10 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$288,688,264 (net position). Of this amount, \$41,118,267 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 \$4,741,938.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$29,313,753 which is a decrease of \$102,891 in comparison with the prior year. Approximately 32% of the combined fund balances or \$9,276,252 is 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 \$12,450,698, or approximately 56% of total general fund expenditures for this year.
- The City's total outstanding long-term debt decreased by \$1,966,407 during the current fiscal year as a result of scheduled annual debt service payments.

Overview of the Financial Statements

The basic financial statements and supplementary information are presented using the integrated approach as prescribed by GASB. 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 of the 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 thorough user fees and charges (*business-type activities*). The governmental activities of the City's 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 government-wide financial statement can be found on pages 30-32 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 11 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, and the Lands & Buildings Projects 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 33-39 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 and wastewater 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 parks 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 40-42 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 44-63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The City's assets exceeded liabilities by \$288,688,264 at June 30, 2014. By far, the largest portion of the City's net position, approximately 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 \$2.59M or 1.0% from June 30, 2013. 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 Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 41,329	\$ 40,879	\$ 17,958	\$ 18,010	\$ 59,287	\$ 58,889
Capital Assets	156,144	155,952	95,564	93,163	251,708	249,115
Total Assets	<u>\$ 197,473</u>	<u>\$ 196,831</u>	<u>\$ 113,522</u>	<u>\$ 111,173</u>	<u>\$ 310,995</u>	<u>\$ 308,004</u>
Current and Other Liabilities	\$ 3,982	\$ 4,639	\$ 2,305	\$ 2,345	\$ 6,287	\$ 6,984
Long-Term Liabilities	7,232	7,239	8,788	9,834	16,020	17,073
Total Liabilities	<u>11,214</u>	<u>11,878</u>	<u>11,093</u>	<u>12,179</u>	<u>22,307</u>	<u>24,057</u>
<u>Net Position:</u>						
Net Investment						
in Capital Assets	151,474	150,460	86,203	82,629	237,677	233,089
Restricted	9,893	9,179	-	-	9,893	9,179
Unrestricted	24,892	25,314	16,226	16,365	41,118	41,679
Total Net Position	<u>\$ 186,259</u>	<u>\$ 184,953</u>	<u>\$ 102,429</u>	<u>\$ 98,994</u>	<u>\$ 288,688</u>	<u>\$ 283,947</u>

Net position of \$9.9M or 3.43% of the total represent resources that are subject to external restrictions on how they may be used. This represents an increase of \$0.7M in the City's restricted net position from June 30, 2013. The remaining balance of \$41.1M 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 \$4.7M from the prior fiscal year. 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 Activities		Business-Type Activities		Total		
	2014	2013	2014	2013	2014	2013	
REVENUES:							
Program Revenues:							
Charges for Services	\$ 3,871	\$ 3,777	\$ 11,520	\$ 10,773	\$ 15,391	\$ 14,550	
Operating Grants & Contributions	763	1,301	846	24	1,609	1,325	
General Revenues:							
Taxes	21,186	21,090	-	-	21,186	21,090	
Intergovernmental	3,655	3,502	3	252	3,658	3,754	
Other	654	651	828	725	1,482	1,376	
Total Revenues	<u>30,129</u>	<u>30,321</u>	<u>13,197</u>	<u>11,774</u>	<u>43,326</u>	<u>42,095</u>	
EXPENSES:							
Public Safety	20,270	20,678	-	-	20,270	20,678	
Transportation	1,912	1,765	-	-	1,912	1,765	
Building	512	558	-	-	512	558	
Parks	2,102	2,036	-	-	2,102	2,036	
Development	1,706	1,945	-	-	1,706	1,945	
General Government	1,671	879	-	-	1,671	879	
Solid Waste	442	467	-	-	442	467	
Water	-	-	4,415	4,909	4,415	4,909	
Sewer	-	-	5,339	6,820	5,339	6,820	
Interest	216	252	-	-	216	252	
Total Expenses	<u>28,831</u>	<u>28,580</u>	<u>9,754</u>	<u>11,729</u>	<u>38,585</u>	<u>40,309</u>	
Change in Net Position before Transfers	1,298	1,741	3,443	45	4,741	1,786	
Transfers	8	(17)	(8)	17	-	-	
Change in Net Position	1,306	1,724	3,435	62	4,741	1,786	
Net Position - Beginning	<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 - Ending	<u>\$ 186,259</u>	<u>\$ 184,953</u>	<u>\$ 102,429</u>	<u>\$ 98,994</u>	<u>\$ 288,688</u>	<u>\$ 283,947</u>	

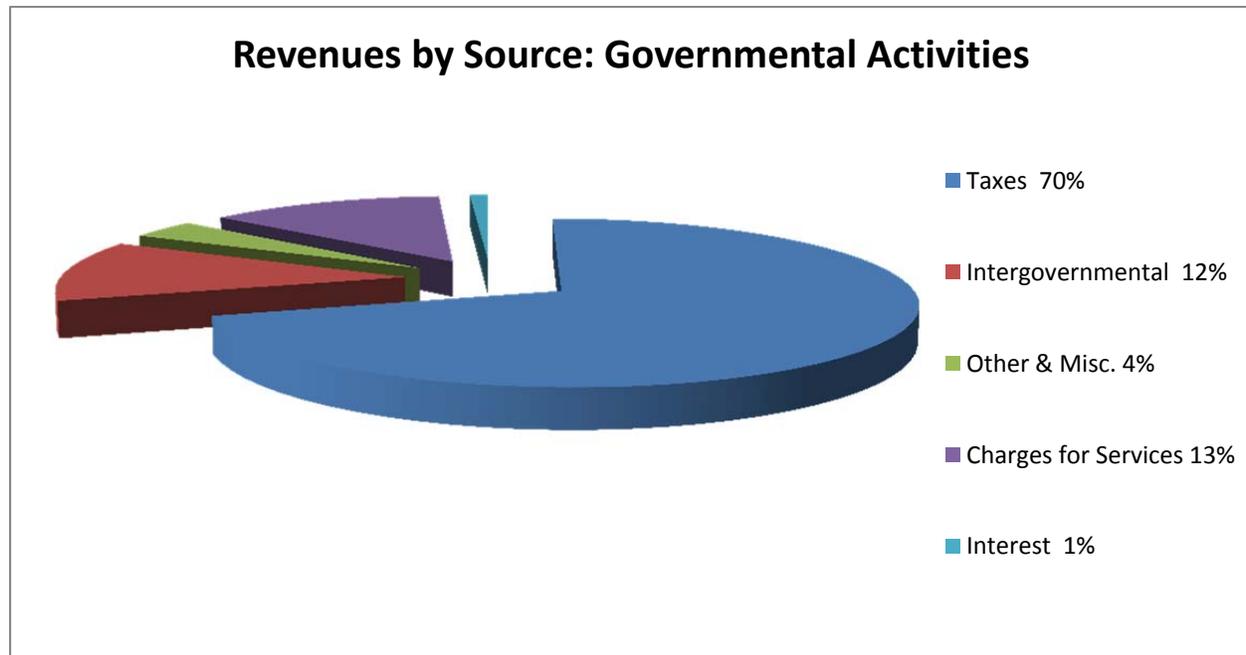
The statement of activities is a full accounting of all short-term and long-term expense accruals and differs significantly from budgetary statements or even the statement of revenues, expenditures, and changes in fund balances. For example, the statement of activities factors in program allocations 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 \$43.3M, of which a significant portion, 48.9%, came from taxes, while 35.5% relates to charges for services, including user fees and licenses and permits. Operating Grants & Contributions increased slightly during the year primarily as a result of higher levels of new development activity increasing capital contributions to utility infrastructure offset partially by a 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 net position increase from governmental activities was approximately 0.7%, or approximately \$1.3M for the fiscal year. While governmental revenues were \$1.3M higher than expenses for the year, the increase in net position was slightly lower than the previous year's \$1.7M increase in net position from governmental activities. While some areas such as Development and Public

Safety had slightly lower expenses for the year, General Governmental expenses increased in FY'14 due to an intentional one time subsidy provided to a new jail bed rental contract to serve the City's Police Division. This new temporary contract added approximately \$0.8M to governmental expenses for the year. While the contract was continued for one more year in FY'15 there was also a new utility fee approved in FY'15 to cover the cost of this contract.

Revenue from governmental activities declined approximately 0.6% for the year, largely due to lower operating grants and contributions for the year. Excluding operating grants and contributions, revenue from governmental activities increased 1.2% for the year. The following chart shows the revenue from governmental activities by source.

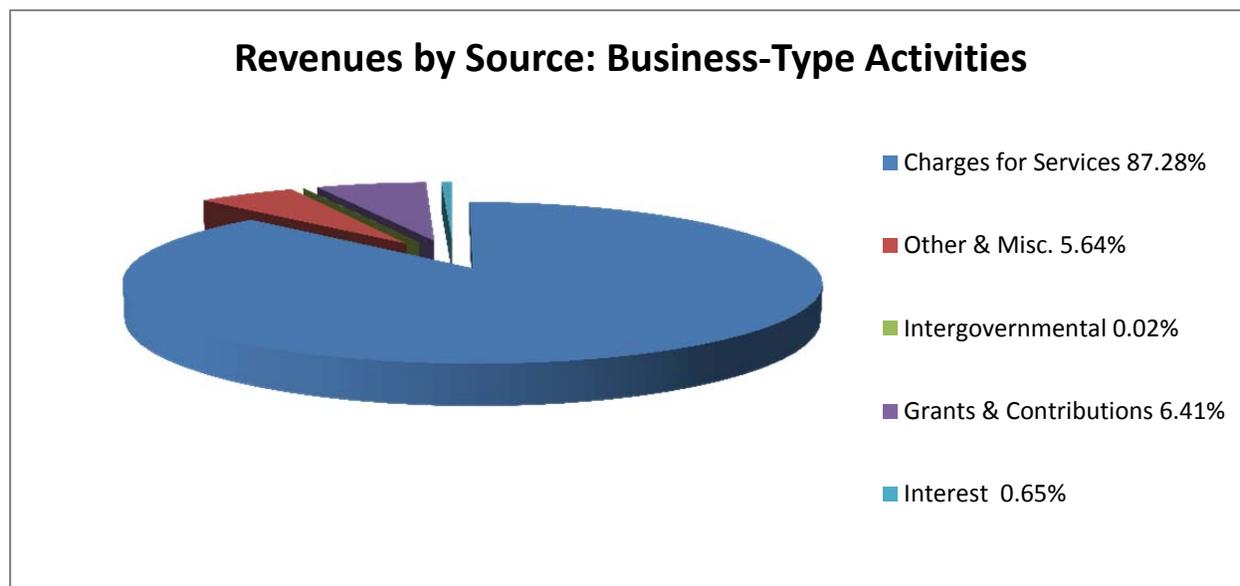


Total tax revenue increased 0.46% in FY'14 generating approximately \$0.96M more in revenues than in FY'13. Franchise taxes increased \$0.21M, Transient Room Taxes increased \$0.05M, Business Taxes decreased \$0.09M, and Property Taxes decreased \$0.08M. The property tax decrease was partially due to a one time turnover from closing down the Redevelopment Agency in the previous year and a slightly lower rate for the general obligation bond levy. In general, grants and contributions were slightly lower than last year due to a major one time Public Safety facility grant in the previous year. Grant related activity is overall still high and in FY'15 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 began in the summer of 2014.

Governmental expenses increased by \$0.25M or 0.9%. The increase was primarily due to a new contract with Josephine County for the rental of jail beds in the County adult jail to serve the City's police division. This contract added approximately \$0.9M to General Government expenses for the year, while a number of other functions saw small expense reductions for FY'14 as compared to FY'13.

Business-type Activities. The business-type activities experienced a 3.5% increase, or \$3.44M, in net position for the fiscal year. The Water Fund added \$0.5M in capital assets (before depreciation) and another \$3.4M 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 for the new reservoir). The Sewer Fund added a net amount of \$0.86M to capital assets before depreciation, which was primarily underground wastewater collection infrastructure, and another \$.04M to construction in progress.



Charges for services accounted for 87.3% of the revenues in the City's business-type activities. As the current economy continues to somewhat hold back development but offers a small amount of growth, growth in total City utility accounts has remained minimal. The increase of \$0.75M in charges for service over the prior fiscal year can be largely attributed to the Cost of Living (CPI) Index applied to the water and sewer rates each January along with an increase to Water rates that was phased in on January 1, 2013 and January 1, 2014.

Water operational expenses decreased 10.1%, or \$0.49M, largely as a result of lower general, administrative, engineering, and professional services expenses for the year related to beginning master capital improvement plan updates and the planning for a new water treatment plant performed in FY'13. In wastewater operational expenses decreased 21.7% or \$1.48M for similar reasons. In addition to relatively normal inflation adjustments in wastewater personnel and utility expenses, master planning activity was also high in wastewater in the prior year (FY'13) 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. In FY'14 the Wastewater Utility closed the Jo-Gro operation part way during the fiscal year and is now disposing of the solids by hauling them to a landfill. This closure reduced both revenue and expenditures for the Sewer Fund as the composting operation is now closed.

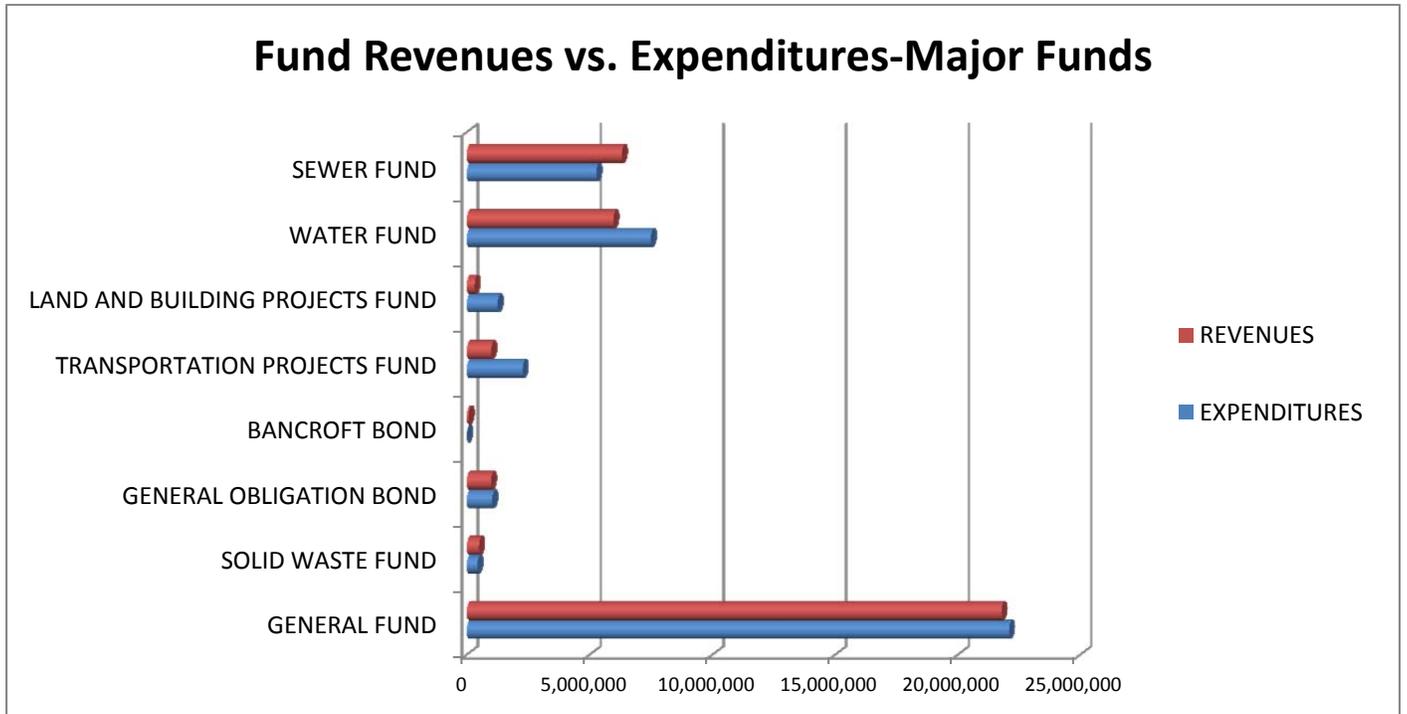
FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 \$29,313,753, a decrease of \$102,891 in comparison with the prior year. Approximately 32% of this amount or \$9,276,252 constitutes unassigned fund balance which is available for spending at the government's discretion. The small decrease is the net result of both increases and decreases in individual governmental fund balances. There was a decrease in the General Fund balance of about \$0.6M due mostly to a one time subsidy provided to a new jail bed rental contract to serve the City's Police Division.



The General Fund is the chief operating fund of the City. It ended the year with a GAAP balance of \$13.3 million, a decrease of \$0.6M for the year. The decrease in the General Fund balance was due mostly to an intentional one time subsidy provided to a new jail bed rental contract to serve the City's Police Division. Because the General Fund balance was slightly above the recommended financial policy range as a percent of annual expenditures, it was decided in the first year of the contract there would be a small General Fund subsidy provided while revenue options are reviewed for jail services in future years.

The unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$12,450,698. The ending budgetary fund balance for the General Fund was closer to \$11.8M, with the difference being an interfund loan due from the Lands and Buildings Fund. The budgetary fund balance represents approximately 46% of total general fund expenditures budgeted for FY'15, slightly 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, 2014 and 2013**

	2014	2013	Change
Bancroft Bond Fund	\$ (968,050)	\$ (1,031,178)	\$ 63,128
General Obligation Bond Fund	62,495	112,921	(50,426)
Transportation Projects Fund	9,046,268	8,653,772	392,496
Solid Waste	2,486,886	2,548,814	(61,928)
Lands & Buildings Project Fund	2,757,811	2,265,957	491,854
Total Fund Balances	<u>\$ 13,385,410</u>	<u>\$ 12,550,286</u>	<u>\$ 835,124</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 increase in the Lands & Buildings Project Fund relates mostly to accumulating resources for some major parks projects in future years. The Transportation Projects Fund balance also 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, 2014 and 2013

	2014	2013	Change
Water Fund	\$ 5,688,491	\$ 7,266,197	\$ (1,577,706)
Sewer Fund	6,584,615	5,476,975	1,107,640
Total Unrestricted Net Assets	<u>\$ 12,273,106</u>	<u>\$ 12,743,172</u>	<u>\$ (470,066)</u>

The unrestricted net position for the Water Fund at the end of the fiscal year was \$5.7M and was \$6.6M 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 decreased during the year due to work progressing on the Water Reservoir #3 project (total project cost of more than \$5.0M). The Sewer Fund on the other hand showed an increase in net position of \$1.1M due to carrying over additional resources for major upcoming capital projects such as the Wastewater Plant expansion.

General Fund Budgetary Highlights

Original budget compared to final budget and final budget compared to actual results: During FY'14 there was one budget adjustment for the General Fund approved by the City Council in July of 2013. The General Program operations budget was increased by \$1.0M to accommodate a new jail services contract for the rental of jail beds in the Josephine County adult jail to serve the City's police division. The resources for this budget increase came from about \$0.5M reduction to the General Fund's contingency balance and about a \$0.5M reduction from General Fund contributions to various capital projects for the year.

Overall General Fund revenues came in 3.04% above budget. Along with taxes slightly over budget, licenses and permits and charges for services were also over budget due to a pickup in residential and commercial development activity. The largest differences between estimated revenues and actual revenues were as follows.

<u>Revenue Source</u>	<u>Estimated revenues</u>	<u>Actual revenues</u>	<u>Differences</u>
Taxes	\$18,479,100	\$18,910,062	\$430,962
Charges for Services	\$395,900	\$513,486	\$117,586
Licenses and Permits	\$283,600	\$364,798	\$81,198
Intergovernmental	\$1,446,900	\$1,534,925	\$88,025

The only major General Fund revenue categories that came in under budget for the year were Fines and Forfeitures with a shortfall of \$22,176 for the year and Miscellaneous Revenue was under by \$61,555 mostly due to not using all available forfeiture funds in the Police division. Available forfeiture funds are held in a separate restricted account and recognized as revenue when they are used to purchase equipment or in other allowed forfeiture uses to serve the Police division. Available forfeiture funds for the Police division amounted to less than \$50,000 as of the end of FY'14.

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 \$11,138,962. This equates to a balance slightly 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, Economic Development, and Planning, largely due to personnel vacancies at different points in the year. 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 8.0% under the revised expenditure budget for the year. Public Safety expenditures in FY'14 were also 7.2% under budget, again due largely to savings in personnel budgets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal 2014, the City had invested \$251,707,626 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 \$2.59 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.

	<u>Changes in Capital Assets (In Millions)</u>					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Beginning Balance	155.95	155.53	93.16	93.07	249.11	248.60
Additions	5.88	4.52	4.92	4.00	10.80	8.52
Retirement/Other	(2.90)	(1.37)	(0.01)	(1.42)	(2.91)	(2.79)
Depreciation	(2.78)	(2.73)	(2.51)	(2.49)	(5.29)	(5.22)
Ending Balance	156.15	155.95	95.56	93.16	251.71	249.11

Major additions to Governmental Activities assets for the year were generated largely by Transportation projects. In addition to developer installed infrastructure and right-of-way acquisitions, sidewalk projects such as the project on D Street and trail projects such as the Fruitdale Trail added to transportation infrastructure. Major street projects taken on by the City such as Hubbard Lane and various overlays added over \$1.1M to transportation capital assets. Other governmental capital projects undertaken in FY'14 included the Tussing Park Development, the acquisition of a property near the municipal building, the design of a soccer complex, and various path projects in city parks among other projects.

In the Business-type activities, the Water Fund added \$0.5M in capital assets (before depreciation) and another \$3.4M 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 for the new reservoir). The Sewer Fund added a net amount of \$0.86M to capital assets before depreciation, which was primarily underground wastewater collection infrastructure, and another \$.04M to construction in progress.

Additional information on the City's capital assets can be found in Note 6.

Long-Term Debt. At year-end the City had bonds and notes outstanding that totaled \$14.03M. 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:

Outstanding Debt at Year End		
(in millions)		
	2014	2013
Governmental:		
General obligation	\$ 4.67	\$ 5.47
Notes and Contract payable	-	0.02
Sub Total	4.67	5.49
Business-type Activities:		
Bonds payable	8.73	9.84
Unamortized Premium / Discount	0.63	0.69
Notes and Contracts Payable	-	-
Sub Total	9.36	10.53
Total	\$ 14.03	\$ 16.02

Decreases to outstanding debt above for the last year were the result of regular annual debt service payments and there was no new debt issued during FY'14. 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 8 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 margin for the City is \$83,426,053 which is the legal limit of additional general obligation borrowings.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City and were considered in developing the 2014-2015 budget.

- The City's General Fund is dependent on property taxes. With a continued softness in construction, and assessed values moving closer to real market values, the key factors used to build the property tax estimates for FY'15 included a 1.0% 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 \$0.37M in additional property tax revenues for the General Fund (for the current year's estimated total levy compared to last year's actual levy).
- The Council, wishing to maintain service levels in our growing community, placed before the voters a four-year Public Safety levy renewal in 2013 at a \$1.79/\$1,000 assessed value. The measure was approved by a large voting margin and will provide continued Public Safety funding for the fiscal years of FY'15 through FY'18. The rate approved by voters was the same local option levy rate that funded Public Safety between in FY'10 and FY'14.
- 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. A minimal amount of growth is factored in for State revenue sharing.
- Moderate or smaller amounts of construction and changes to fee schedules have reduced System Development Charge (SDC) revenues from typical levels of a few years before the housing downturn, 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 last year's legislative session the State passed law changes that deferred the next significant rate increase for two years. The economic downturn has continued to put pressure on retirement funding and initial estimates were that PERS rates will increase close to 3% to 5% of gross payroll starting July 1, 2014. This was deferred to July 1, 2016 and due to a number of factors the next rate cycle's increase will also be slightly lower than expected. 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 \$2.3M has been set aside as of June 30, 2014 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

NATURAL. ROGUE RIVER. LEGENDS.



© City of Grants Pass

CITY OF GRANTS PASS, OREGON
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Josephine County City of Grants Pass Solid Waste Agency
ASSETS				
<i>Assets</i>				
Cash and Cash Equivalents	\$ 38,653,496	\$ 11,517,660	\$ 50,171,156	\$ 1,977,335
Receivables, net	4,148,974	1,885,996	6,034,970	41,199
Prepays	304,872	300	305,172	-
Internal Balances	(3,952,928)	3,952,928	-	-
Restricted Assets:				
Cash and Cash Equivalents	1,640,241	397,635	2,037,876	-
Receivables, net	534,523	204,333	738,856	-
Capital Assets not being depreciated	71,645,351	6,983,099	78,628,450	-
Capital Assets, net of Accumulated Depreciation	84,498,711	88,580,465	173,079,176	-
<i>Total Assets</i>	<u>197,473,240</u>	<u>113,522,416</u>	<u>310,995,656</u>	<u>2,018,534</u>
LIABILITIES AND NET POSITION				
<i>Liabilities</i>				
Accounts Payable and Other Current Liabilities	1,524,624	807,730	2,332,354	15,725
Accrued Payroll	899,110	220,881	1,119,991	-
Retainage Payable	1,254	67,915	69,169	-
Customer Deposits	-	58,801	58,801	-
Noncurrent Liabilities				
Due Within One Year	1,557,000	1,492,000	3,049,000	-
Due in More than One Year	7,232,146	8,445,931	15,678,077	-
Total Liabilities	<u>11,214,134</u>	<u>11,093,258</u>	<u>22,307,392</u>	<u>15,725</u>
NET POSITION				
Net Investments in Capital Assets	151,474,062	86,203,124	237,677,186	-
Restricted for				
Transportation	2,408,873	-	2,408,873	-
Lands & Building Capital	577,237	-	577,237	-
System Development	4,063,724	-	4,063,724	-
CDBG/HUD	1,368,997	-	1,368,997	-
Building & Safety	623,837	-	623,837	-
Tourism/Recreation/TRT Approved	766,143	-	766,143	-
Debt Service	62,495	-	62,495	-
Other purposes	21,505	-	21,505	-
Unrestricted	<u>24,892,233</u>	<u>16,226,034</u>	<u>41,118,267</u>	<u>2,002,809</u>
Total Net Position	<u>\$ 186,259,106</u>	<u>\$ 102,429,158</u>	<u>\$ 288,688,264</u>	<u>\$ 2,002,809</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, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
Public Safety	\$ 20,269,677	\$ 478,164	\$ 91,579	\$ -
Transportation	1,912,307	1,982,665	522,571	-
Building	512,430	506,353	-	-
Parks	2,101,913	26,450	3,600	-
Development	1,706,233	191,167	-	144,912
General Government	1,670,490	334,439	-	-
Solid Waste	442,414	351,876	-	-
Interest	215,700	-	-	-
Total Governmental Activities	<u>28,831,164</u>	<u>3,871,114</u>	<u>617,750</u>	<u>144,912</u>
Business-Type Activities				
Water	4,415,108	5,595,988	375,087	-
Sewer	5,339,087	5,924,522	471,533	-
Total Business-Type Activities	<u>9,754,195</u>	<u>11,520,510</u>	<u>846,620</u>	<u>-</u>
Total Primary Government	<u>\$ 38,585,359</u>	<u>\$ 15,391,624</u>	<u>\$ 1,464,370</u>	<u>\$ 144,912</u>
Component Unit				
Josephine County-City of Grants				
Pass Solid Waste Agency	<u>\$ 124,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

				Component Unit
	Governmental	Business-Type	Total	Josephine County
	Activities	Activities		City of Grants
				Pass Solid
				Waste Agency
	\$ (19,699,934)	\$ -	\$ (19,699,934)	\$ -
	592,929	-	592,929	-
	(6,077)	-	(6,077)	-
	(2,071,863)	-	(2,071,863)	-
	(1,370,154)	-	(1,370,154)	-
	(1,336,051)	-	(1,336,051)	-
	(90,538)	-	(90,538)	-
	(215,700)	-	(215,700)	-
	<u>(24,197,388)</u>	<u>-</u>	<u>(24,197,388)</u>	<u>-</u>
	-	1,555,967	1,555,967	-
	-	1,056,968	1,056,968	-
	-	2,612,935	2,612,935	-
	<u>(24,197,388)</u>	<u>2,612,935</u>	<u>(21,584,453)</u>	<u>-</u>
	-	-	-	(124,525)
General Revenues				
Taxes:				
Property	16,266,360	-	16,266,360	-
Business	279,291	-	279,291	-
Franchise	3,529,911	-	3,529,911	-
Transient Room	1,110,907	-	1,110,907	-
Intergovernmental-unrestricted	3,655,425	2,757	3,658,182	269,403
Interest	300,677	84,843	385,520	11,583
Trust Receipts - unrestricted	16,975	10,253	27,228	-
SDC Receipts	-	559,335	559,335	-
Industrial Payments	17,576	-	17,576	-
Miscellaneous	318,422	173,659	492,081	79,667
Transfers	8,346	(8,346)	-	-
Total General Revenues and Transfers	<u>25,503,890</u>	<u>822,501</u>	<u>26,326,391</u>	<u>360,653</u>
Change in Net Position	1,306,502	3,435,436	4,741,938	236,128
Net Position - Beginning	184,952,604	98,993,722	283,946,326	1,766,681
Net Position - Ending	<u>\$ 186,259,106</u>	<u>\$ 102,429,158</u>	<u>\$ 288,688,264</u>	<u>\$ 2,002,809</u>

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	SPECIAL REVENUE		DEBT SERVICE	
	GENERAL	SOLID WASTE	GEN OBLIGATION BOND	BANCROFT BOND
ASSETS				
Cash and Investments	\$ 11,631,083	\$ 1,456,200	\$ 49,791	\$ 17,895
Receivables:				
Taxes	2,091,248	-	97,219	-
Intergovernmental	125,002	-	-	-
Accounts, net	374,886	84,335	-	-
Accrued Interest	-	-	-	57,822
Notes and Contracts	-	-	-	-
Grants	33,892	-	-	-
Assessment Liens	-	-	-	597,148
Due from Other Funds	1,460,000	1,044,200	-	-
Prepaid Items	148,264	-	-	-
Restricted Assets				
Cash and Cash Equivalents	-	-	-	-
Notes and Taxes Receivable	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Total Assets	<u>\$ 15,864,375</u>	<u>\$ 2,584,735</u>	<u>\$ 147,010</u>	<u>\$ 672,865</u>
LIABILITIES				
Accounts Payable	\$ 596,401	\$ 54,330	\$ -	\$ -
Salaries, Withholdings and Taxes Payable	524,100	381	-	-
Accrued Interest Payable	-	-	-	731
Due to Other Funds	-	-	-	1,044,200
Retainage Payable	-	-	-	-
Total Liabilities	<u>1,120,501</u>	<u>54,711</u>	<u>-</u>	<u>1,044,931</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property taxes	\$ 1,246,196	\$ -	\$ 84,515	\$ -
Unavailable revenue - grants	32,360	-	-	-
Unavailable revenue - accounts receivable	205,507	43,138	-	-
Unavailable revenue - special assessments	-	-	-	595,984
Unavailable revenue - loans	-	-	-	-
Total Deferred Inflows	<u>1,484,063</u>	<u>43,138</u>	<u>84,515</u>	<u>595,984</u>
FUND BALANCES (DEFICITS)				
<i>Nonspendable:</i>	\$ 148,264	\$ -	\$ -	\$ -
<i>Restricted for:</i>				
Transportation	-	-	-	-
Lands & Building Capital	-	-	-	-
System Development	-	-	-	-
CDBG/HUD	-	-	-	-
Building & Safety	623,837	-	-	-
Tourism/Recreation/TRT Approved	30,626	-	-	-
Debt Service	-	-	62,495	-
Other purposes	6,386	12,281	-	-
<i>Committed to:</i>				
Transportation	-	-	-	-
<i>Assigned to:</i>				
Lands & Building Capital	-	-	-	-
Public Safety	2,206,396	-	-	-
Solid Waste	-	136,977	-	-
Storm Water	-	-	-	-
Capital Projects	-	2,337,628	-	-
<i>Unassigned:</i>	10,244,302	-	-	(968,050)
Total Fund Balances	<u>13,259,811</u>	<u>2,486,886</u>	<u>62,495</u>	<u>(968,050)</u>
Total Liabilities, deferred inflow of resources and Fund Balances	<u>\$ 15,864,375</u>	<u>\$ 2,584,735</u>	<u>\$ 147,010</u>	<u>\$ 672,865</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS			
TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	TOTAL NON-MAJOR	TOTAL GOVERNMENTAL
\$ 8,067,434	\$ 3,757,415	\$ 2,522,297	\$ 27,502,115
-	-	-	2,188,467
-	-	156,599	281,601
7,830	27,442	123,063	617,556
28,590	9,400	3,492	99,304
78,259	-	149,437	227,696
67,940	23,644	-	125,476
-	-	-	597,148
-	-	-	2,504,200
24,852	48,615	-	221,731
971,573	565,236	103,432	1,640,241
432,649	51,037	20,407	504,093
22,543	8	7,879	30,430
<u>\$ 9,701,670</u>	<u>\$ 4,482,797</u>	<u>\$ 3,086,606</u>	<u>\$ 36,540,058</u>
\$ 121,933	\$ 196,909	\$ 81,855	\$ 1,051,428
788	-	19,680	544,949
-	-	-	731
-	1,460,000	146,205	2,650,405
1,254	-	-	1,254
<u>123,975</u>	<u>1,656,909</u>	<u>247,740</u>	<u>4,248,767</u>
\$ -	\$ -	\$ -	\$ 1,330,711
-	-	-	32,360
-	-	-	248,645
-	-	-	595,984
531,427	68,077	170,334	769,838
<u>531,427</u>	<u>68,077</u>	<u>170,334</u>	<u>2,977,538</u>
\$ 24,852	\$ 48,615	\$ -	\$ 221,731
2,408,873	-	-	2,408,873
-	577,237	-	577,237
3,952,413	-	111,311	4,063,724
-	-	1,368,997	1,368,997
-	-	-	623,837
51,521	582,707	101,289	766,143
-	-	-	62,495
2,838	-	-	21,505
632,597	-	890,671	1,523,268
-	269,151	-	269,151
-	-	-	2,206,396
-	-	-	136,977
-	-	196,264	196,264
1,973,174	1,280,101	-	5,590,903
-	-	-	9,276,252
<u>9,046,268</u>	<u>2,757,811</u>	<u>2,668,532</u>	<u>29,313,753</u>
<u>\$ 9,701,670</u>	<u>\$ 4,482,797</u>	<u>\$ 3,086,606</u>	<u>\$ 36,540,058</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO STATEMENT OF NET POSITION
 June 30, 2014

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

Fund Balances	\$	29,313,753
<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		153,132,394
<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 Net Adjustment	(4,670,000)	(4,670,000)
<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 GASB45-OPEB		(1,736,466) (1,732,628)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>		
Deferred Inflow of Resources		2,977,538
<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		8,974,515
Total Net Position	\$	186,259,106

The accompanying notes are an integral part of this statement.

NATURAL. ROGUE RIVER. LEGENDS.



© 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, 2014**

	<u>SPECIAL REVENUE</u>		<u>DEBT SERVICE</u>	
	<u>GENERAL</u>	<u>SOLID WASTE</u>	<u>GEN OBLIGATION BOND</u>	<u>BANCROFT BOND</u>
REVENUES:				
Taxes	\$ 18,910,062	\$ -	\$ 985,031	\$ -
Licenses and Permits	364,798	2,720	-	-
Intergovernmental	1,534,925	11,000	-	-
Charges for Services	513,486	349,156	-	-
Fines and Forfeitures	223,924	-	-	-
Special Assessments	-	-	-	78,853
Interest on Investments	82,721	15,024	2,743	505
Trust Receipts	-	-	-	-
Industrial and Other Loans	-	-	-	-
Miscellaneous Revenues	155,220	20,600	-	-
Total Revenues	<u>21,785,136</u>	<u>398,500</u>	<u>987,774</u>	<u>79,358</u>
EXPENDITURES:				
Current:				
Public Safety	17,028,926	-	-	-
Transportation	-	-	-	-
Building	468,708	-	-	-
Parks	1,775,974	-	-	-
Development	1,427,679	-	-	-
General Government	1,387,470	-	-	16,230
Solid Waste	-	365,995	-	-
Capital Outlay	-	70,433	-	-
Debt Service	-	-	1,038,200	-
Total Expenditures	<u>22,088,757</u>	<u>436,428</u>	<u>1,038,200</u>	<u>16,230</u>
Excess of Revenues Over, (Under)				
Expenditures	<u>(303,621)</u>	<u>(37,928)</u>	<u>(50,426)</u>	<u>63,128</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	4,240	-	-	-
Transfers In	884,181	5,000	-	-
Transfer Out	<u>(1,186,339)</u>	<u>(29,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(297,918)</u>	<u>(24,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(601,539)	(61,928)	(50,426)	63,128
Beginning Fund Balance	<u>13,861,350</u>	<u>2,548,814</u>	<u>112,921</u>	<u>(1,031,178)</u>
Ending Fund Balance (Deficit)	<u>\$ 13,259,811</u>	<u>\$ 2,486,886</u>	<u>\$ 62,495</u>	<u>\$ (968,050)</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS			
TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	TOTAL NON-MAJOR	TOTAL GOVERNMENTAL
\$ -	\$ -	\$ 1,110,907	\$ 21,006,000
-	-	8,715	376,233
647,571	144,912	2,073,419	4,411,827
230,282	82,880	957,834	2,133,638
-	-	-	223,924
-	-	-	78,853
102,681	32,272	17,836	253,782
16,975	-	-	16,975
-	-	17,576	17,576
1,530	64,113	16,828	258,291
<u>999,039</u>	<u>324,177</u>	<u>4,203,115</u>	<u>28,777,099</u>
-	-	-	17,028,926
-	-	1,685,510	1,685,510
-	-	-	468,708
-	-	-	1,775,974
-	-	22,165	1,449,844
-	-	-	1,403,700
-	-	-	365,995
2,276,309	1,257,842	113,088	3,717,672
-	-	-	1,038,200
<u>2,276,309</u>	<u>1,257,842</u>	<u>1,820,763</u>	<u>28,934,529</u>
<u>(1,277,270)</u>	<u>(933,665)</u>	<u>2,382,352</u>	<u>(157,430)</u>
-	-	299	4,539
1,669,766	1,431,509	29,011	4,019,467
-	(5,990)	(2,748,138)	(3,969,467)
<u>1,669,766</u>	<u>1,425,519</u>	<u>(2,718,828)</u>	<u>54,539</u>
392,496	491,854	(336,476)	(102,891)
<u>8,653,772</u>	<u>2,265,957</u>	<u>3,005,008</u>	<u>29,416,644</u>
<u>\$ 9,046,268</u>	<u>\$ 2,757,811</u>	<u>\$ 2,668,532</u>	<u>\$ 29,313,753</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, 2014

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 \$ (102,891)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capitalized Expenditures	1,290,736	
Capital Contributions	1,067,949	
Depreciation Expense	(2,397,396)	
Net Adjustment	(38,711)	(38,711)

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

Compensated Absences	26,388	
GASB45-OPEB	(250,558)	
General Obligation Bond Payments	800,000	
Contractual Liability		
Notes and Contracts Payable	22,500	
Net Adjustment	598,330	598,330

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

Property Taxes	180,469	
Special Assessments	(35,933)	
Misc Notes and Grants	(46,561)	
Net Adjustment	97,975	97,975

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		751,799
Change in Net Position		\$ 1,306,502

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, 2014

	WATER FUND	SEWER FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS:				
Current Assets				
Cash and Investments	\$ 5,573,609	\$ 5,944,051	\$ 11,517,660	\$ 11,151,381
Prepaid Items	300	-	300	83,141
Accounts Receivable	930,807	825,771	1,756,578	11,726
Notes Receivable	30,217	94,815	125,032	-
Interest Receivable	1,855	2,531	4,386	-
Due From Other Funds	-	-	-	146,205
Restricted Assets				
Cash and Investments	152,108	245,527	397,635	-
Accrued Interest and Accounts Receivable	20,188	19,737	39,925	-
Notes	76,011	88,397	164,408	-
Total Current Assets	<u>6,785,095</u>	<u>7,220,829</u>	<u>14,005,924</u>	<u>11,392,453</u>
Capital Assets				
Capital Assets, Net	55,743,122	39,820,442	95,563,564	3,011,668
Total Capital Assets	<u>55,743,122</u>	<u>39,820,442</u>	<u>95,563,564</u>	<u>3,011,668</u>
Total assets	<u><u>62,528,217</u></u>	<u><u>47,041,271</u></u>	<u><u>109,569,488</u></u>	<u><u>14,404,121</u></u>
LIABILITIES				
Current Liabilities				
Accounts Payable	554,609	228,915	783,524	369,536
Pending Claims	-	-	-	102,929
Salaries, Withholdings and Taxes Payable	114,503	106,378	220,881	345,941
Accrued Interest Payable	10,756	13,450	24,206	-
Bonds, Notes Payable Within One Year	375,000	775,000	1,150,000	-
Customer Deposits Payable	58,801	-	58,801	-
Contractor Retainage Payable	56,612	11,303	67,915	-
Total Current Liabilities	<u>1,170,281</u>	<u>1,135,046</u>	<u>2,305,327</u>	<u>818,406</u>
Long-Term Liabilities				
Compensated Absences	88,158	71,894	160,052	53,234
Other Post Employment Benefits	213,165	204,274	417,439	605,038
Full Faith & Credit Bonds Payable	4,256,038	3,954,402	8,210,440	-
Total Long-Term Liabilities	<u>4,557,361</u>	<u>4,230,570</u>	<u>8,787,931</u>	<u>658,272</u>
Total Liabilities	<u><u>5,727,642</u></u>	<u><u>5,365,616</u></u>	<u><u>11,093,258</u></u>	<u><u>1,476,678</u></u>
NET POSITION				
Net invested in capital assets	51,112,084	35,091,040	86,203,124	3,011,668
Restricted net position	248,307	353,661	601,968	-
Unrestricted	5,440,184	6,230,954	11,671,138	9,915,775
Total Net Position	<u><u>\$ 56,800,575</u></u>	<u><u>\$ 41,675,655</u></u>	<u><u>98,476,230</u></u>	<u><u>\$ 12,927,443</u></u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.			<u>3,952,928</u>	
Net position of business-type activities (page 30)			<u><u>\$ 102,429,158</u></u>	

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, 2014

	WATER FUND	SEWER FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES				
Charges for Services	\$ 5,595,988	\$ 5,924,522	\$ 11,520,510	\$ 8,476,951
Trust receipts	10,253	-	10,253	-
Miscellaneous	64,951	49,467	114,418	134,168
Total Operating Revenue	<u>5,671,192</u>	<u>5,973,989</u>	<u>11,645,181</u>	<u>8,611,119</u>
OPERATING EXPENSES				
Salaries, Wages, and Benefits	1,227,189	1,234,802	2,461,991	4,274,861
Operating Supplies	432,162	382,291	814,453	456,416
Repairs and Maintenance	165,512	86,934	252,446	158,396
Utilities	380,792	437,646	818,438	138,658
Professional Services	125,006	412,511	537,517	659,737
General, Administrative and Engineering	1,208,939	1,281,921	2,490,860	1,526,871
Depreciation and Amortization	1,010,051	1,443,507	2,453,558	380,887
Total Operating Expenses	<u>4,549,651</u>	<u>5,279,612</u>	<u>9,829,263</u>	<u>7,595,826</u>
Total Operating Income	<u>1,121,541</u>	<u>694,377</u>	<u>1,815,918</u>	<u>1,015,293</u>
NONOPERATING INCOME (EXPENSE)				
Gain on disposal of capital assets	630	1,966	2,596	51,080
SDC Receipts	269,754	289,581	559,335	-
Intergovernmental	-	-	-	9,017
Interest Income	20,871	43,316	64,187	67,551
Interest Expense	-	(194,362)	(194,362)	-
Total Nonoperating Income	<u>291,255</u>	<u>140,501</u>	<u>431,756</u>	<u>127,648</u>
Capital Contribution	375,087	471,533	846,620	-
Income Before Transfers	<u>1,787,883</u>	<u>1,306,411</u>	<u>3,094,294</u>	<u>1,142,941</u>
TRANSFERS				
Transfers In	1,268,000	1,109,000	2,377,000	5,000
Transfers Out	<u>(1,333,000)</u>	<u>(1,034,000)</u>	<u>(2,367,000)</u>	<u>(65,000)</u>
Total Transfers	<u>(65,000)</u>	<u>75,000</u>	<u>10,000</u>	<u>(60,000)</u>
Change in Net Position	1,722,883	1,381,411	3,104,294	1,082,941
Net Position-Beginning	55,077,692	40,294,244		11,844,502
Net Position-Ending	<u>\$ 56,800,575</u>	<u>\$ 41,675,655</u>		<u>\$ 12,927,443</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.			<u>331,142</u>	
Changes in net position of business-type activities (page 32)			<u>\$ 3,435,436</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, 2014

	WATER FUND	SEWER FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 5,587,993	\$ 5,969,249	\$ 11,557,242	\$ 8,612,583
Cash Paid to Suppliers	(2,275,124)	(2,527,052)	(4,802,176)	(2,938,790)
Cash Paid to Employees	(1,193,491)	(1,289,073)	(2,482,564)	(4,227,205)
Net cash provided (used) by operating activities	<u>2,119,378</u>	<u>2,153,124</u>	<u>4,272,502</u>	<u>1,446,588</u>
Cash Flows From Noncapital Financing Activities				
Transfers In	1,268,000	1,109,000	2,377,000	5,000
Transfers Out	(1,333,000)	(1,034,000)	(2,367,000)	(65,000)
Intergovernmental and Taxes	-	-	-	60,097
SDC Receipts	269,754	289,581	559,335	-
Decrease (Increase) in Notes Receivable	(14,863)	5,263	(9,600)	-
Net cash provided (used) by noncapital financing activities	<u>189,891</u>	<u>369,844</u>	<u>559,735</u>	<u>97</u>
Cash Flows From Capital and Related Financing Activities				
Principal Payments on Bonds	(370,000)	(745,000)	(1,115,000)	-
Interest Paid on Bonds and Contracts	(596)	(196,761)	(197,357)	-
Acquisition and Construction of Capital Assets	(3,565,553)	(500,746)	(4,066,299)	(611,477)
Disposition of Property	630	1,966	2,596	-
Net cash provided (used) by capital financing activities	<u>(3,935,519)</u>	<u>(1,440,541)</u>	<u>(5,376,060)</u>	<u>(611,477)</u>
Cash flows from investing activities				
Interest on Investments	<u>20,871</u>	<u>43,316</u>	<u>64,187</u>	<u>67,551</u>
Net increase (decrease) in cash and investments	(1,605,379)	1,125,743	(479,636)	902,759
Cash and investments, beginning of year	<u>7,331,096</u>	<u>5,063,835</u>	<u>12,394,931</u>	<u>10,248,622</u>
Cash and investments, end of year	<u>\$ 5,725,717</u>	<u>\$ 6,189,578</u>	<u>\$ 11,915,295</u>	<u>\$ 11,151,381</u>
Composition of cash and investments, end of year				
Current cash and investments	5,573,609	5,944,051	11,517,660	11,151,381
Restricted cash and investments	152,108	245,527	397,635	-
Total cash and investments	<u>5,725,717</u>	<u>6,189,578</u>	<u>11,915,295</u>	<u>11,151,381</u>
Reconciliation of Operating Income (Loss) to net cash provided by (used for) operating activities:				
Operating Income (Loss)	<u>1,121,541</u>	<u>694,377</u>	<u>1,815,918</u>	<u>1,015,293</u>
Depreciation and Amortization	1,010,051	1,443,507	2,453,558	380,887
(Increase) Decrease in Receivables/Prepays	(83,199)	(4,740)	(87,939)	1,464
Increase (Decrease) in Payables	37,287	74,251	111,538	1,288
Increase (Decrease) in Payroll Liabilities	33,698	(54,271)	(20,573)	47,656
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,119,378</u>	<u>\$ 2,153,124</u>	<u>\$ 4,272,502</u>	<u>\$ 1,446,588</u>
Noncash Capital Transactions				
Developer Installed Public Utility Improvements	<u>\$ 375,087</u>	<u>\$ 471,533</u>	<u>\$ 846,620</u>	<u>\$ -</u>

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, 2014

AGENCY FUND

ASSETS:

Cash and Investments	\$	<u>3,718,897</u>
Total assets	\$	<u><u>3,718,897</u></u>

LIABILITIES

Liabilities:		
Accounts payable	\$	13,791
Building Permit Suspense		16,958
Deferred Developer Agreements		2,608,931
Evidence Money		89,659
Forfeiture Trust		30,042
Tree Refund Trust		123,553
Miscellaneous Trust Liabilities		<u>835,963</u>
Total liabilities	\$	<u><u>3,718,897</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. 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, 2014, the City had one discretely presented component unit.

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.

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.

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 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 one transfer of appropriations during FY14. Budget appropriations lapse at year end.

The City and the Solid Waste Agency budgets are on the modified accrual basis of accounting. 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, 2014 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.

Impact of Recently Issued Accounting Principles

In March 2012, the GASB issued Statement 65, "*Items Previously Reported as Assets and Liabilities*" (GASB 65). GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012.

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

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

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

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

Restricted Assets

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

Capital Assets

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

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

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

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

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, 2014, \$155,348 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 deferred inflow of resources on the 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 GASB, 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 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.

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 \$102,929 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.

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions* of which the objective 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, 2014 (recorded at fair value) consisted of:

Deposits with Financial Institutions:

Petty Cash	\$	1,850
Demand Deposits		2,204,161
Investments		55,699,253
Total	\$	<u>57,905,264</u>

Unrestricted	\$	50,171,156
Restricted		2,037,876
Fiduciary Fund		3,718,897
Discreetly Presented Component Unit		1,977,335
Total	\$	<u>57,905,264</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, 2014, 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	\$ 6,003,009	\$ -	\$ -	\$ 6,003,009
Certificates of Deposit	11,131,079	-	4,063,271	7,067,808
State Treasurer's investment pool	38,565,165	38,565,165	-	-
Total	\$ 55,699,253	\$ 38,565,165	\$ 4,063,271	\$ 13,070,817

Investments are valued at fair value as required by GASB. The market value for US Government Securities is determined by trading value at June 30th 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, 2014 the fair value of the position in the LGIP is 100.8% 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 \$2,204,160. The total bank balance per the bank statements is \$3,268,331. Of these deposits, \$547,531 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, 2014 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, 2014, the City's delinquent assessments receivable totaled \$83,088.

4. NOTES AND CONTRACTS RECEIVABLE

Notes and Contracts Receivable consisted of the following at June 30, 2014:

CDBG Loans	\$ 132,929
Industrial Loans (Housing & Economic Dev. Fund)	4,531
Advanced Finance/Local Improvement District Loans	1,480,550
Miscellaneous	367
	<hr/>
	\$ 1,618,377
	<hr/> <hr/>

5. DEFERRED INFLOWS OF RESOURCES

In accordance with the modified accrual basis of accounting, Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. These deferred inflows of resources amounts are not reported in the Statement of Net Position, as the revenue is recognized in the government-wide Statement of Net Position. At the end of the current fiscal year, the various components of deferred inflows of resources in the governmental funds were as follows:

	General Fund	Solid Waste Fund	Debt Service Funds	Capital Project Funds	Non-Major Funds
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Delinquent taxes	\$ 1,246,196	\$ -	\$ 84,515	\$ -	\$ -
Grant reimbursements	32,360	-	-	-	-
Special assessments	-	-	595,984	-	-
Loans	-	-	-	599,504	170,334
Accounts Receivable	205,507	43,138	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,484,063	\$ 43,138	\$ 680,499	\$ 599,504	\$ 170,334
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2014 are as follows:

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS					
	June 30, 2013	Additions	Transfers	Disposals	June 30, 2014
Capital Assets, not being depreciated					
Land	\$ 69,280,351	\$ 420,770	\$ -	\$ -	\$ 69,701,121
Construction in Progress	4,343,193	497,783	(2,116,952)	779,794	1,944,230
Total, not being depreciated	73,623,544	918,553	(2,116,952)	779,794	71,645,351
Buildings	12,024,960	-	-	-	12,024,960
Improvements	12,716,853	37,643	278,115	-	13,032,611
Machinery & Equipment	9,419,066	486,712	22,485	784,765	9,143,498
Infrastructure	80,494,398	2,313,442	1,816,352	-	84,624,192
Total, being depreciated	114,655,277	2,837,797	2,116,952	784,765	118,825,261
Less Accumulated Depreciation					
Buildings	3,467,630	342,046	-	-	3,809,676
Improvements	4,843,876	516,084	-	-	5,359,960
Machinery & Equipment	5,086,207	595,981	-	778,371	4,903,817
Infrastructure	18,928,925	1,324,172	-	-	20,253,097
Total Accumulated Depreciation	32,326,638	2,778,283	-	778,371	34,326,550
Total Capital Assets					
being Depreciated, net	82,328,639	59,514	2,116,952	6,394	84,498,711
Governmental Activities					
Capital Assets, net	\$ 155,952,183	\$ 978,067	\$ -	\$ 786,188	\$ 156,144,062

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

	Governmental Funds
Public Safety	\$ 1,956,733
Transportation	193,676
Building	53,858
Parks	204,071
Development	166,596
General Government	161,294
Solid Waste	42,055
	<u>\$ 2,778,283</u>

BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS

	June 30, 2013	Additions	Transfers	Disposals	June 30, 2014
Capital Assets, not being depreciated					
Land	\$ 853,812	\$ -	\$ -	\$ -	\$ 853,812
Construction in Progress	2,666,153	3,463,134	-	-	6,129,287
Total, not being depreciated	3,519,965	3,463,134	-	-	6,983,099
Buildings	6,817,031	-	-	-	6,817,031
Improvements	2,171,570	-	-	-	2,171,570
Machinery & Equipment	13,358,521	-	-	75,000	13,283,521
Infrastructure	109,954,896	1,453,358	-	-	111,408,254
Total, being depreciated	132,302,018	1,453,358	-	75,000	133,680,376
Less Accumulated Depreciation					
Buildings	2,785,559	178,753	-	-	2,964,312
Improvements	1,158,580	98,877	-	-	1,257,457
Machinery & Equipment	5,718,233	533,439	-	71,429	6,180,243
Infrastructure	32,996,500	1,701,399	-	-	34,697,899
Total Accumulated Depreciation	42,658,872	2,512,468	-	71,429	45,099,911
Total Capital Assets being Depreciated, net	89,643,146	(1,059,110)	-	3,571	88,580,465
Business-Type Activities Capital Assets, net	\$ 93,163,111	\$ 2,404,024	\$ -	\$ 3,571	\$ 95,563,564

7. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS

The composition of interfund balances as of June 30, 2014 is as follows:

	Due From			
	Land and Building Projects	Bancroft Bond Fund	Nonmajor Governmental Funds	
Due To				
General Fund	\$ 1,460,000			
Solid Waste Fund		\$ 1,044,200		
Internal Service Funds			\$ 146,205	
<i>Total Due To/From</i>	<u>\$ 1,460,000</u>	<u>\$ 1,044,200</u>	<u>\$ 146,205</u>	<u>\$ 2,650,405</u>
Budgeted for repayment next year	\$ 1,460,000	\$ 150,000	\$ 146,205	
Not expected to be repaid next year	\$ -	\$ 894,200	\$ -	

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. 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'14 \$102,000 was available from assessment loan payments and paid to the Solid Waste Fund.

General Fund	\$	884,181	\$	1,186,339
Solid Waste Capital Projects		5,000		29,000
Transportation Capital Projects		1,669,766		-
Lands & Buildings Capital Projects		1,431,509		5,990
Water Fund		1,268,000		1,333,000
Sewer Fund		1,109,000		1,034,000
Fleet Operations Fund		5,000		-
Support Services Fund		-		65,000
Nonmajor governmental Funds		29,011		2,748,138
Total Funds	\$	<u>6,401,467</u>	\$	<u>6,401,467</u>

The allocation of Transient Room Tax receipts, a special revenue fund, to general governmental operating activities accounts for the majority (\$844,191) of the monies transferred into the General Fund. The largest segment of General Fund transfers out represent funding of \$780,000 appropriated for Lands & Building Capital Projects. Transportation Projects received \$1,193,000 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 project fund.

8. 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
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
2018-2019	770,000	30,800	810,000	182,023
2019-2024	-	-	4,040,000	411,563
2024-2028	-	-	-	-
Premium/Discount			635,440	
	<u>\$ 4,670,000</u>	<u>\$ 608,300</u>	<u>\$ 9,360,440</u>	<u>\$ 1,594,268</u>

Purpose	Interest Rates	Amount
Governmental General Obligation Bonds	4.0 - 5.0%	\$ 4,670,000
Business-Type Full Faith & Credit Bonds	1.28 - 4.0%	9,360,440

Unbonded Long-Term Debt

Contracts payable in the Governmental funds previously consisted of installment contracts related to property purchased by the City. The final payment was made during the fiscal year.

Long-Term Debt activity for the year ended June 30, 2014, is as follows:

CHANGES IN LONG-TERM DEBT					
	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 5,470,000	\$ -	\$ 800,000	\$ 4,670,000	\$ 865,000
Notes and Contracts Payable	22,500	-	22,500	-	-
Governmental activities					
Long-Term Debt	\$ 5,492,500	\$ -	\$ 822,500	\$ 4,670,000	\$ 865,000
Business-type Activities:					
General Obligation Bonds Payable	\$ 9,840,000	\$ -	\$ 1,115,000	\$ 8,725,000	\$ 1,150,000
Plus Unamortized Premium	694,347	-	58,907	635,440	-
Business-type Activities					
Long-Term Debt	\$ 10,534,347	\$ -	\$ 1,173,907	\$ 9,360,440	\$ 1,150,000

Unspent Bond Proceeds

Water capital project WA6052-Water Reservoir Number 3 had unspent resources at the end of the fiscal year. This project was funded largely by the series 2013 bonds. During fiscal year 2014 all bond proceeds were spent. Only actual project expenditures have been recognized as construction in progress for fixed capital asset reporting. Life-to-date project resources versus expenditures at fiscal yearend were as follows:

Bond proceeds	\$4,933,565
Water fund SDCs	700,000
General Fund transfer	250,000
Water fund general operations	348,000
Total Revenue	6,231,565
Total Expense	5,601,518
Resources remaining in project	\$630,047

9. 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 \$102,929 reported in the Insurance Services Fund at June 30, 2014 is based on the requirements of GASB, 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 \$102,929 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 Ending June 30,	Beginning of Year	Changes in Estimates	Payments of Claims	End of year
2014	\$ 114,687	\$ 50,608	\$ 62,366	\$ 102,929
2013	95,020	105,682	86,015	114,687
2012	26,886	92,515	24,381	95,020

10. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

Plan Description - The City is a participating employer in the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple employer defined benefit and defined contribution pension plan. The plan provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges, and school districts. OPERS is administered under Oregon Revised Statutes (ORS) Chapter 238, and Internal Revenue Code Section 401(a) by the Oregon Public Employees Retirement Board (OPERB). Benefits generally vest after five years of continuous service. The authority to change Plan provisions concerning funding and benefits rests with OPERS and the Oregon Legislature.

Cities, counties, and special districts that participate in OPERS may choose to join the State and Local Government Rate Pool (SLGRP). State agencies, community colleges, and public institutions of higher education are required by law to be part of the pool. Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants. During the fiscal year the City elected to join the SLGRP effective January 1, 2014. For members of the SLGRP, OPERS is a cost-sharing, multiple-employer plan administered by the OPERB and benefits are established by state statute.

OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

City employees participate in one or more OPERS retirement plans that provide pension, death, disability, and postemployment healthcare benefits to members and their beneficiaries. Compulsory retirement age is 70.

- PERS (Public Employee Retirement System) is a defined benefit pension plan provided to members or their beneficiaries who were hired prior to August 29, 2003. In 1995, the Legislature enacted a second level or "tier" of PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The City's current annual required contribution rate of 17.65% was based on a December 31, 2013 actuarial evaluation. Up through December 31, 2008, covered employees were also required by state statute to contribute 6% of their annual salary to the PERS plan.
- OPSRP (Oregon Public Service Retirement Plan) is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan. The defined benefit pension plan is provided to members or their beneficiaries who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The City's current required contribution rates for the OPSRP defined benefit pension plan are 11.43% for general service employees and 14.16% for police and fire employees.

Funding Policy - The defined contribution pension plan (called the Individual Account Program, or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. The City has elected to contribute the 6% "pick-up" for the year ended June 30, 2014. The City's 6% "pick-up" contributions for the years ending June 30, 2014, 2013, and 2012 were \$796,969, \$778,292, and \$805,128. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 are deposited in the member's IAP, not into the member's PERS account.

Annual Pension Cost - The City contributed 17.65% of covered payroll for PERS tier one and tier two and 11.43% for general service and 14.16% for police and fire of covered payroll for OPSRP for the fiscal year ended 2014. For the fiscal years ending June 30, 2014, 2013, and 2012, the City's annual pension cost of \$2,042,220, \$2,002,984, and \$2,150,273, respectively, was equal to the City's required and actual contributions. The required contributions and liabilities were determined as part of the December 31, 2013 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 GASB, 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 7.75% for Tier One/Two regular accounts and 7.75% 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 disclosures are based on the actuarial assumptions and methods contained in the December 31, 2013 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
12/31/2011	\$48,845,349	\$63,743,090	\$(14,897,741)	77%	\$ 13,468,530	111%
12/31/2012	54,287,992	65,439,529	(11,151,537)	83%	13,265,839	84%
12/31/2013	60,662,925	68,391,476	(7,728,551)	89%	12,910,124	60%

11. 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.

12. 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:

	2014	2013	2012
Annual required contribution	\$ 694,830	\$ 810,679	\$ 765,607
Interest on net pension obligation	82,593	74,133	54,835
Adjustment to annual required contribution	(157,321)	(125,950)	(93,163)
Annual pension cost	620,102	758,862	727,279
Contributions made	(224,808)	(252,371)	(244,828)
Increase in net pension obligation	395,294	506,491	482,451
NPO (Asset) at beginning of year	2,359,811	1,853,320	1,370,869
NPO (Asset) at end of year	\$ 2,755,105	\$ 2,359,811	\$ 1,853,320
Percentage of APC contributed	36.3%	33.3%	33.7%

\$1,732,628 of the NPO is allocated to the governmental funds and as such does not show in the budgetary statements. The balance of \$1,022,477 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, 2014 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%

13. FUND BALANCE DEFICITS AND OVEREXPENDITURES

The Bancroft Bond Fund has a deficit GAAP fund balance of \$968,050. The City anticipates that the deficit balance will be liquidated by transfers from other funds and future loan payment revenues from assessment loans.

14. 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 \$2,614,549. 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.

15. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school 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.

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction and other significant commitments. The City has active projects as of June 30, 2014. These projects include water and transportation infrastructure as well as technology (software) replacement. At year end commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining commitment</u>
Overlay/Maint FY13/FY14 (TR6157)	\$25,076	\$190,124
Starlite Pumpstation Upgrades (WA4526)	\$62,216	\$5,184
Dunking Fireline (WA5028)	40,022	1,875
Business Software & E-Permitting (LB6101)	382,381	495,935

Some of these remaining commitment amounts of \$693,118 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 30th.

17. COMPENSATED ABSENCES

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

	June 30, 2013	Additions	Deletions	June 30, 2014	Amount Due within one year
Governmental Funds	\$ 1,762,854	\$ 738,270	\$ (764,658)	\$ 1,736,466	\$ 692,000
Proprietary Funds	678,147	276,605	(407,684)	547,068	342,000
Total	<u>\$ 2,441,001</u>	<u>\$ 1,014,875</u>	<u>\$ (1,172,342)</u>	<u>\$ 2,283,534</u>	<u>\$ 1,034,000</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.

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, 2014**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 18,479,100	\$ 18,479,100	\$ 18,910,062	\$ 430,962
Licenses and Permits	283,600	283,600	364,798	81,198
Intergovernmental	1,446,900	1,446,900	1,534,925	88,025
Charges for Services	395,900	395,900	513,486	117,586
Fines and Forfeitures	246,100	246,100	223,924	(22,176)
Interest on Investments	74,700	74,700	82,721	8,021
Miscellaneous	216,775	216,775	155,220	(61,555)
Total Revenues	<u>21,143,075</u>	<u>21,143,075</u>	<u>21,785,136</u>	<u>642,061</u>
EXPENDITURES:				
Mayor and Council	306,438	306,438 (1)	216,429	90,009
Public Safety Police Services	9,327,768	9,327,768 (1)	8,489,981	837,787
Public Safety Fire Rescue Services	5,590,923	5,590,923 (1)	5,333,137	257,786
Public Safety Support Services	3,035,871	3,035,871 (1)	2,867,145	168,726
Crisis Support Services	42,730	42,730 (1)	42,180	550
Street Lighting	349,450	349,450 (1)	296,483	52,967
Park Maintenance Services	1,624,481	1,624,481 (1)	1,537,224	87,257
Aquatic Services	122,104	122,104 (1)	101,984	20,120
Recreation Services	138,968	138,968 (1)	136,766	2,202
Planning Services	775,879	775,879 (1)	679,830	96,049
Building and Safety Services	513,645	513,645 (1)	468,708	44,937
Economic Development	194,704	194,704 (1)	79,785	114,919
Downtown Development	374,408	374,408 (1)	367,406	7,002
Tourism Promotion	302,171	302,171 (1)	300,658	1,513
General Program Operations	257,740	1,299,670 (1)	1,171,041	128,629
Contingency	3,695,470	3,168,540 (1)	-	3,168,540
Total Expenditures	<u>26,652,750</u>	<u>27,167,750</u>	<u>22,088,757</u>	<u>5,078,993</u>
Excess of Revenues Over (Under) Expenditure:	<u>(5,509,675)</u>	<u>(6,024,675)</u>	<u>(303,621)</u>	<u>5,721,054</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	852,313	852,313	884,181	31,868
Sale of Assets	4,100	4,100	4,240	140
Transfers Out	<u>(1,745,000)</u>	<u>(1,230,000) (1)</u>	<u>(1,186,339)</u>	<u>43,661</u>
Total other financing uses	<u>(888,587)</u>	<u>(373,587)</u>	<u>(297,918)</u>	<u>75,669</u>
Net Change in Fund Balance	(6,398,262)	(6,398,262)	(601,539)	5,796,723
Beginning Fund Balance	<u>10,349,819</u>	<u>10,349,819</u>	<u>12,401,350</u>	<u>2,051,531</u>
Ending Fund Balance	<u>\$ 3,951,557</u>	<u>\$ 3,951,557</u>	<u>\$ 11,799,811</u>	<u>\$ 7,848,254</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			1,460,000	
Total GAAP Fund Balance			<u>\$ 13,259,811</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, 2014

	<u>SOLID WASTE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Licenses and Permits	\$ 2,500	\$ 2,500	\$ 2,720	\$ 220
Intergovernmental	11,750	11,750	11,000	(750)
Charges for Services	366,600	366,600	349,156	(17,444)
Interest on Investments	18,600	18,600	15,024	(3,576)
Miscellaneous Revenue	215,600	215,600	122,600	(93,000)
Total Revenues	<u>615,050</u>	<u>615,050</u>	<u>500,500</u>	<u>(114,550)</u>
EXPENDITURES:				
Environmental Waste Fees	244,000	244,000 (1)	269,403	(25,403)
Solid Waste Operations	17,032	17,032 (1)	12,974	4,058
Post-closure	111,350	111,350 (1)	74,837	36,513
General Program Operations	13,100	13,100 (1)	8,781	4,319
Capital Outlay	1,453,131	1,453,131 (1)	70,433	1,382,698
Contingency	173,117	173,117 (1)	-	173,117
Total Expenditures	<u>2,011,730</u>	<u>2,011,730</u>	<u>436,428</u>	<u>1,575,302</u>
Excess of Revenues Over (Under) Expenditures	(1,396,680)	(1,396,680)	64,072	1,460,752
OTHER FINANCING SOURCES (USES)				
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	(1,420,680)	(1,420,680)	40,072	1,460,752
Beginning Fund Balance	<u>1,420,680</u>	<u>1,420,680</u>	<u>1,402,614</u>	<u>(18,066)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,442,686</u>	<u>\$ 1,442,686</u>
Reconciliation to GAAP Equity				
Interfund Loan			<u>1,044,200</u>	
GAAP Equity			<u>\$ 2,486,886</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, 2014

	<u>GENERAL OBLIGATION BOND FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 978,900	\$ 978,900	\$ 985,031	\$ 6,131
Interest on Investments	1,000	1,000	2,743	1,743
Miscellaneous Revenue	-	-	-	-
Total Revenues	<u>979,900</u>	<u>979,900</u>	<u>987,774</u>	<u>7,874</u>
EXPENDITURES:				
Debt Service	1,038,200	1,038,200 (1)	1,038,200	-
Contingency	-	- (1)	-	-
Total Expenditures	<u>1,038,200</u>	<u>1,038,200</u>	<u>1,038,200</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(58,300)</u>	<u>(58,300)</u>	<u>(50,426)</u>	<u>7,874</u>
OTHER FINANCING SOURCES (USES):				
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	(58,300)	(58,300)	(50,426)	7,874
Beginning Fund Balance	<u>108,300</u>	<u>108,300</u>	<u>112,921</u>	<u>4,621</u>
Ending Fund Balance	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 62,495</u>	<u>\$ 12,495</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, 2014

	<u>BANCROFT BOND FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Special Assessments	\$ 160,000	\$ 160,000	\$ 78,853	\$ (81,147)
Interest on Investments	-	-	505	505
Total Revenues	<u>160,000</u>	<u>160,000</u>	<u>79,358</u>	<u>(80,642)</u>
EXPENDITURES:				
Materials and Services	18,000	18,000 (1)	16,230	1,770
Debt Service	200,000	200,000 (1)	102,000	98,000
Contingency	79,239	79,239 (1)	-	79,239
Total Expenditures	<u>297,239</u>	<u>297,239</u>	<u>118,230</u>	<u>179,009</u>
Excess of Revenues Over (Under) Expenditures	<u>(137,239)</u>	<u>(137,239)</u>	<u>(38,872)</u>	<u>98,367</u>
OTHER FINANCING SOURCES (USES):				
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	(137,239)	(137,239)	(38,872)	98,367
Beginning Fund Balance	<u>137,239</u>	<u>137,239</u>	<u>115,022</u>	<u>(22,217)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,150</u>	<u>\$ 76,150</u>
Reconciliation to GAAP Equity				
Interfund Loan			<u>(1,044,200)</u>	
GAAP Equity			<u>\$ (968,050)</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, 2014

<u>TRANSPORTATION PROJECTS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Intergovernmental	\$ 601,517	\$ 601,517	\$ 647,571	\$ 46,054
Charges for Services	151,000	151,000	230,282	79,282
Interest on Investments	31,000	31,000	102,681	71,681
Trust Receipts	-	-	16,975	16,975
Miscellaneous Revenues	34,000	34,000	1,530	(32,470)
Total Revenues	<u>817,517</u>	<u>817,517</u>	<u>999,039</u>	<u>181,522</u>
EXPENDITURES:				
Capital Outlay	7,864,976	7,864,976 (1)	2,276,309	5,588,667
Total Expenditures	<u>7,864,976</u>	<u>7,864,976</u>	<u>2,276,309</u>	<u>5,588,667</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,047,459)</u>	<u>(7,047,459)</u>	<u>(1,277,270)</u>	<u>5,770,189</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,283,500	2,283,500	1,669,766	(613,734)
Transfers Out	-	- (1)	-	-
Total Other Financing Sources (Uses)	<u>2,283,500</u>	<u>2,283,500</u>	<u>1,669,766</u>	<u>(613,734)</u>
Net Change in Fund Balance	(4,763,959)	(4,763,959)	392,496	5,156,455
Beginning Fund Balance	<u>4,763,959</u>	<u>4,763,959</u>	<u>8,653,772</u>	<u>3,889,813</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,046,268</u>	<u>\$ 9,046,268</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, 2014

<u>LAND AND BUILDING PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ 1,539,062	\$ 1,539,062	\$ 144,912	\$ (1,394,150)
Charges for Services	87,500	87,500	82,880	(4,620)
Interest on Investments	600	600	32,272	31,672
Miscellaneous	665,000	665,000	64,113	(600,887)
Total Revenues	<u>2,292,162</u>	<u>2,292,162</u>	<u>324,177</u>	<u>(1,967,985)</u>
EXPENDITURES:				
Capital Outlay	8,532,554	8,532,554 (1)	1,257,842	7,274,712
Total expenditures	<u>8,532,554</u>	<u>8,532,554</u>	<u>1,257,842</u>	<u>7,274,712</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,240,392)</u>	<u>(6,240,392)</u>	<u>(933,665)</u>	<u>5,306,727</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,870,600	1,870,600	1,431,509	(439,091)
Sale of Assets	830,000	830,000	-	(830,000)
Transfers Out	(6,613)	(6,613) (1)	(5,990)	623
Total Other Financing Sources (Uses)	<u>2,693,987</u>	<u>2,693,987</u>	<u>1,425,519</u>	<u>(1,268,468)</u>
Net Change in Fund Balance	(3,546,405)	(3,546,405)	491,854	4,038,259
Beginning Fund Balance	<u>3,546,405</u>	<u>3,546,405</u>	<u>3,725,957</u>	<u>179,552</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,217,811</u>	<u>\$ 4,217,811</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			<u>(1,460,000)</u>	
Total GAAP Fund Balance			<u>\$ 2,757,811</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2014

	SPECIAL REVENUE FUNDS					
	TRANSIENT ROOM TAX FUND	STREET UTILITY FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	HOUSING & ECONOMIC DEVELOPMENT FUND	STORM WATER & OPEN SPACE FUND	TOTAL NONMAJOR FUNDS
ASSETS						
Cash and Investments	\$ 101,289	\$ 704,899	\$ 440,636	\$ 928,243	\$ 347,230	\$ 2,522,297
Receivables						
Intergovernmental	-	156,599	-	-	-	156,599
Accounts, net	-	123,063	-	-	-	123,063
Notes	-	-	132,929	4,530	11,978	149,437
Accrued Interest	-	-	-	609	2,883	3,492
Restricted Assets						
Cash and Cash Equivalents	-	-	-	-	103,432	103,432
Notes and Taxes Receivable	-	-	-	-	20,407	20,407
Accrued Interest Receivable	-	-	-	-	7,879	7,879
Total Assets	<u>\$ 101,289</u>	<u>\$ 984,561</u>	<u>\$ 573,565</u>	<u>\$ 933,382</u>	<u>\$ 493,809</u>	<u>\$ 3,086,606</u>
LIABILITIES						
Accounts Payable	-	74,420	-	-	7,435	81,855
Salaries, withholdings and taxes payable	-	19,470	-	-	210	19,680
Due To Other Funds	-	-	-	-	146,205	146,205
Total Liabilities	<u>-</u>	<u>93,890</u>	<u>-</u>	<u>-</u>	<u>153,850</u>	<u>247,740</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue - loans	-	-	133,419	4,531	32,384	170,334
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>133,419</u>	<u>4,531</u>	<u>32,384</u>	<u>170,334</u>
FUND BALANCES						
<i>Nonspendable:</i>	-	-	-	-	-	-
<i>Restricted for:</i>						
System Development	-	-	-	-	111,311	111,311
CDBG/HUD	-	-	440,146	928,851	-	1,368,997
Tourism/Recreation/TRT Approved	101,289	-	-	-	-	101,289
<i>Committed to:</i>	-	890,671	-	-	-	890,671
<i>Assigned to:</i>	-	-	-	-	196,264	196,264
Total fund balances	<u>101,289</u>	<u>890,671</u>	<u>440,146</u>	<u>928,851</u>	<u>307,575</u>	<u>2,668,532</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 101,289</u>	<u>\$ 984,561</u>	<u>\$ 573,565</u>	<u>\$ 933,382</u>	<u>\$ 493,809</u>	<u>\$ 3,086,606</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, 2014

	SPECIAL REVENUE FUNDS					TOTAL
	TRANSIENT ROOM TAX FUND	STREET UTILITY FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	HOUSING & ECONOMIC DEVELOPMENT FUND	STORM WATER & OPEN SPACE FUND	
REVENUES:						
Taxes	\$ 1,110,907	\$ -	\$ -	\$ -	\$ -	\$ 1,110,907
Licenses and Permits	-	8,715	-	-	-	8,715
Intergovernmental	-	2,073,419	-	-	-	2,073,419
Charges for Services	-	901,743	-	-	56,091	957,834
Interest on Investments	808	4,483	3,592	5,828	3,125	17,836
Industrial and Other Loans	-	-	11,074	6,502	-	17,576
Miscellaneous Revenues	-	3,947	2,533	406	9,942	16,828
Total Revenues	<u>1,111,715</u>	<u>2,992,307</u>	<u>17,199</u>	<u>12,736</u>	<u>69,158</u>	<u>4,203,115</u>
EXPENDITURES:						
Development	10,800	-	11,365	-	-	22,165
Field Operations	-	1,685,510	-	-	-	1,685,510
Debt Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	113,088	113,088
Total Expenditures	<u>10,800</u>	<u>1,685,510</u>	<u>11,365</u>	<u>-</u>	<u>113,088</u>	<u>1,820,763</u>
Excess of Revenues Over, (Under) Expenditures	<u>1,100,915</u>	<u>1,306,797</u>	<u>5,834</u>	<u>12,736</u>	<u>(43,930)</u>	<u>2,382,352</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	29,011	29,011
Sale of Assets	-	299	-	-	-	299
Transfers Out	<u>(999,700)</u>	<u>(1,307,438)</u>	<u>(361,000)</u>	<u>(5,000)</u>	<u>(75,000)</u>	<u>(2,748,138)</u>
Total Other Financing Sources (Uses)	<u>(999,700)</u>	<u>(1,307,139)</u>	<u>(361,000)</u>	<u>(5,000)</u>	<u>(45,989)</u>	<u>(2,718,828)</u>
Net Change in Fund Balance	101,215	(342)	(355,166)	7,736	(89,919)	(336,476)
Beginning Fund Balance	<u>74</u>	<u>891,013</u>	<u>795,312</u>	<u>921,115</u>	<u>397,494</u>	<u>3,005,008</u>
Ending Fund Balance	<u>\$ 101,289</u>	<u>\$ 890,671</u>	<u>\$ 440,146</u>	<u>\$ 928,851</u>	<u>\$ 307,575</u>	<u>\$ 2,668,532</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, 2014

<u>TRANSIENT ROOM TAX FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Taxes	\$ 1,010,500	\$ 1,010,500	\$ 1,110,907	\$ 100,407
Interest	-	-	808	808
Total Revenues	<u>1,010,500</u>	<u>1,010,500</u>	<u>1,111,715</u>	<u>101,215</u>
EXPENDITURES:				
Materials and Services	10,800	10,800 (1)	10,800	-
Contingency	37,900	-	-	-
Total Expenditures	<u>48,700</u>	<u>10,800</u>	<u>10,800</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>961,800</u>	<u>999,700</u>	<u>1,100,915</u>	<u>101,215</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(961,800)	(999,700) (1)	(999,700)	-
Total Other Financing Sources (Uses)	<u>(961,800)</u>	<u>(999,700)</u>	<u>(999,700)</u>	<u>-</u>
Net Change in Fund Balance	-	-	101,215	101,215
Beginning Fund Balance	-	-	74	74
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,289</u>	<u>\$ 101,289</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, 2014**

	<u>STREET UTILITY FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 8,715	\$ (1,285)
Intergovernmental	2,073,515	2,073,515	2,073,419	(96)
Charges for services	877,000	877,000	901,743	24,743
Interest on investments	2,000	2,000	4,483	2,483
Miscellaneous	2,500	2,500	3,947	1,447
Total Revenues	<u>2,965,015</u>	<u>2,965,015</u>	<u>2,992,307</u>	<u>27,292</u>
EXPENDITURES:				
Street and drainage services	1,266,708	1,266,708 (1)	1,118,521	148,187
Customer Service	171,789	171,789 (1)	168,834	2,955
General operations	420,928	420,928 (1)	397,354	23,574
Debt service	1,100	1,100 (1)	801	299
Contingency	464,448	464,448 (1)	-	464,448
Total Expenditures	<u>2,324,973</u>	<u>2,324,973</u>	<u>1,685,510</u>	<u>639,463</u>
Excess of Revenues Over (Under) Expenditures	<u>640,042</u>	<u>640,042</u>	<u>1,306,797</u>	<u>666,755</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	100	100	299	199
Transfers Out	<u>(1,308,000)</u>	<u>(1,308,000) (1)</u>	<u>(1,307,438)</u>	<u>562</u>
Total Other Financing Sources (Uses)	<u>(1,307,900)</u>	<u>(1,307,900)</u>	<u>(1,307,139)</u>	<u>761</u>
Net Change in Fund Balance	(667,858)	(667,858)	(342)	667,516
Beginning Fund Balance	<u>667,858</u>	<u>667,858</u>	<u>891,013</u>	<u>223,155</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 890,671</u>	<u>\$ 890,671</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, 2014

<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Interest on Investments	\$ 4,800	\$ 4,800	\$ 3,592	\$ (1,208)
Intergovernmental Revenue	900,000	900,000	-	\$ (900,000)
Loan Repayments	11,000	11,000	11,074	74
Miscellaneous	2,660	2,660	2,533	(127)
Total Revenues	<u>918,460</u>	<u>918,460</u>	<u>17,199</u>	<u>(901,261)</u>
EXPENDITURES:				
Materials and Services	116,850	116,850 (1)	11,365	105,485
CDBG-State Grant	825,000	825,000	-	825,000
Contingencies	416,230	416,230 (1)	-	416,230
Total Expenditures	<u>1,358,080</u>	<u>1,358,080</u>	<u>11,365</u>	<u>1,346,715</u>
Excess of Revenues Over (Under) Expenditures	<u>(439,620)</u>	<u>(439,620)</u>	<u>5,834</u>	<u>445,454</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(361,000)</u>	<u>(361,000) (1)</u>	<u>(361,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(361,000)</u>	<u>(361,000)</u>	<u>(361,000)</u>	<u>-</u>
Net Change in Fund Balance	(800,620)	(800,620)	(355,166)	445,454
Beginning Fund Balance	<u>800,620</u>	<u>800,620</u>	<u>795,312</u>	<u>(5,308)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,146</u>	<u>\$ 440,146</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, 2014

<u>HOUSING AND ECONOMIC DEVELOPMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Interest on Investments	\$ 5,700	\$ 5,700	\$ 5,828	\$ 128
Industrial and Other Loan Payments	4,000	4,000	6,502	2,502
Miscellaneous Revenues	1,185	1,185	406	(779)
Total Revenues	<u>10,885</u>	<u>10,885</u>	<u>12,736</u>	<u>1,851</u>
EXPENDITURES:				
Materials and Services	300,000	300,000 (1)	-	300,000
Contingencies	399,942	399,942 (1)	-	399,942
Total Expenditures	<u>699,942</u>	<u>699,942</u>	<u>-</u>	<u>699,942</u>
Excess of Revenues Over (Under) Expenditures	<u>(689,057)</u>	<u>(689,057)</u>	<u>12,736</u>	<u>701,793</u>
OTHER FINANCING USES:				
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	(694,057)	(694,057)	7,736	701,793
Beginning Fund Balance	<u>694,057</u>	<u>694,057</u>	<u>921,115</u>	<u>227,058</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928,851</u>	<u>\$ 928,851</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, 2014

<u>STORM WATER AND OPEN SPACE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 25,000	\$ 25,000	\$ 56,091	\$ 31,091
Interest on Investments	2,000	2,000	3,125	1,125
Miscellaneous	-	-	9,942	9,942
Total Revenues	27,000	27,000	69,158	42,158
EXPENDITURES:				
Capital Outlay	338,795	338,795 (1)	113,088	225,707
Total Expenditures	338,795	338,795	113,088	225,707
Excess of Revenues Over (Under) Expenditures	(311,795)	(311,795)	(43,930)	267,865
OTHER FINANCING SOURCES (USES)				
Transfers In	30,000	30,000	29,011	(989)
Transfers Out	(75,000)	(75,000) (1)	(75,000)	-
Total Other Financing Sources (Uses)	(45,000)	(45,000)	(45,989)	(989)
Net Change in Fund Balance	(356,795)	(356,795)	(89,919)	266,876
Beginning Fund Balance	367,358	367,358	543,699	176,341
Ending Fund Balance	\$ 10,563	\$ 10,563	\$ 453,780	\$ 443,217
Reconciliation to GAAP Equity				
Interfund Loans			(146,205)	
GAAP Equity			\$ 307,575	

(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, 2014

	<u>WATER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 4,876,430	\$ 4,876,430	\$ 5,582,159	\$ 705,729
SDC Receipts	150,000	150,000	269,754	119,754
Interest on Investments	23,000	23,000	38,551	15,551
Trust Receipts	18,000	18,000	10,253	(7,747)
Miscellaneous Revenues	39,570	39,570	64,951	25,381
Total Revenues	<u>5,107,000</u>	<u>5,107,000</u>	<u>5,965,668</u>	<u>858,668</u>
EXPENDITURES:				
Treatment Services	1,636,499	1,636,499 (1)	1,559,211	77,288
Distribution Services	1,259,875	1,259,875 (1)	1,057,045	202,830
Customer Services	377,835	377,835 (1)	369,228	8,607
General Operations	362,925	362,925 (1)	317,558	45,367
Debt Service				
Principal	370,000	370,000 (1)	370,000	-
Interest	137,220	137,220 (1)	136,624	596
Capital Outlay	4,383,058	6,159,262 (1)	3,683,167	2,476,095
Contingency	1,054,554	1,054,554 (1)	-	1,054,554
Total Expenditures	<u>9,581,966</u>	<u>11,358,170</u>	<u>7,492,833</u>	<u>3,865,337</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,474,966)</u>	<u>(6,251,170)</u>	<u>(1,527,165)</u>	<u>4,724,005</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	-	-	630	630
Transfers In	1,268,000	1,268,000	1,268,000	-
Transfers Out	(1,333,000)	(1,333,000) (1)	(1,333,000)	-
Total Other Financing Sources (Uses)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(64,370)</u>	<u>630</u>
Net Change in Fund Balance	(4,539,966)	(6,316,170)	(1,591,535)	4,724,635
Beginning Fund Balance	<u>4,539,966</u>	<u>6,316,170</u>	<u>7,174,893</u>	<u>858,723</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,583,358</u>	<u>\$ 5,583,358</u>
Reconciliation to Net Position				
Capital Assets, net			55,743,122	
Notes Payable			(4,631,099)	
Unearned Revenue			<u>105,194</u>	
Total Net Position			<u>\$ 56,800,575</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, 2014

<u>SEWER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 6,069,800	\$ 6,069,800	\$ 5,929,787	\$ (140,013)
SDC Receipts	150,000	150,000	289,581	139,581
Interest on Investments	8,500	8,500	43,316	34,816
Trust Receipts	1,000	1,000	-	(1,000)
Miscellaneous	44,000	44,000	49,467	5,467
Total Revenues	<u>6,273,300</u>	<u>6,273,300</u>	<u>6,312,151</u>	<u>38,851</u>
EXPENDITURES:				
Treatment Services	2,004,990	2,004,990 (1)	1,765,760	239,230
Jo-Gro	622,513	622,513 (1)	461,440	161,073
Collection Services	724,766	724,766 (1)	642,129	82,637
Customer Services	410,326	410,326 (1)	389,727	20,599
General Operations	422,750	422,750 (1)	359,836	62,914
Debt service:				
Principal	745,000	745,000 (1)	745,000	-
Interest	196,763	196,763 (1)	194,362	2,401
Capital Outlay	3,594,738	3,594,738 (1)	717,958	2,876,780
Contingency	1,363,572	1,363,572 (1)	-	1,363,572
Total Expenditures	<u>10,085,418</u>	<u>10,085,418</u>	<u>5,276,212</u>	<u>4,809,206</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,812,118)</u>	<u>(3,812,118)</u>	<u>1,035,939</u>	<u>4,848,057</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,109,000	1,109,000	1,109,000	-
Sale of Assets	-	-	1,966	1,966
Transfers Out	(1,034,000)	(1,034,000) (1)	(1,034,000)	-
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>76,966</u>	<u>1,966</u>
Net Change in Fund Balance	(3,737,118)	(3,737,118)	1,112,905	4,850,023
Beginning Fund Balance	<u>3,737,118</u>	<u>3,737,118</u>	<u>5,288,499</u>	<u>1,551,381</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,401,404</u>	<u>\$ 6,401,404</u>
Reconciliation to Net Position				
Capital Assets, net			39,820,442	
Unearned Revenue			183,211	
Full Faith & Credit Bonds Payable			(4,729,402)	
Total Net Position			<u>\$ 41,675,655</u>	
(1) Appropriation Level				

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

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2014**

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
ASSETS					
Current assets:					
Cash and Investments	\$ 4,407,486	\$ 1,185,512	\$ 1,436,460	\$ 4,121,923	\$ 11,151,381
Prepaid Items	4,749	20,856	27,536	30,000	83,141
Receivables					
Accounts, net	-	6,110	5,616	-	11,726
Accrued interest	-	-	-	-	-
Due from other funds	-	-	-	146,205	146,205
Total current assets	<u>4,412,235</u>	<u>1,212,478</u>	<u>1,469,612</u>	<u>4,298,128</u>	<u>11,392,453</u>
Capital assets, net	<u>2,352,474</u>	<u>649,159</u>	<u>10,035</u>	<u>-</u>	<u>3,011,668</u>
Total assets	<u>6,764,709</u>	<u>1,861,637</u>	<u>1,479,647</u>	<u>4,298,128</u>	<u>14,404,121</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	42,124	41,358	93,756	192,298	369,536
Salaries, withholdings and taxes payable	28,585	140,432	171,571	5,353	345,941
Pending Claims	-	-	-	102,929	102,929
Total Current Liabilities	<u>70,709</u>	<u>181,790</u>	<u>265,327</u>	<u>300,580</u>	<u>818,406</u>
Long-Term Liabilities					
Compensated Absences	12,717	-	39,888	629	53,234
Other Post Employment Benefits	49,212	252,883	296,298	6,645	605,038
Total Long-Term Liabilities	<u>61,929</u>	<u>252,883</u>	<u>336,186</u>	<u>7,274</u>	<u>658,272</u>
Total Liabilities	<u>132,638</u>	<u>434,673</u>	<u>601,513</u>	<u>307,854</u>	<u>1,476,678</u>
NET POSITION					
Net invested in capital assets	2,352,474	649,159	10,035	-	3,011,668
Unrestricted	<u>4,279,597</u>	<u>777,805</u>	<u>868,099</u>	<u>3,990,274</u>	<u>9,915,775</u>
Total Net Position	<u>\$ 6,632,071</u>	<u>\$ 1,426,964</u>	<u>\$ 878,134</u>	<u>\$ 3,990,274</u>	<u>\$ 12,927,443</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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

For the Fiscal Year Ended June 30, 2014

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
OPERATING REVENUES:					
Charges for Services	\$ 1,463,708	\$ 2,856,585	\$ 3,114,191	\$ 1,042,467	\$ 8,476,951
Miscellaneous	64,149	56,065	3,169	10,785	134,168
Total Operating Revenues	<u>1,527,857</u>	<u>2,912,650</u>	<u>3,117,360</u>	<u>1,053,252</u>	<u>8,611,119</u>
OPERATING EXPENSES:					
Salaries, Wages, and Benefits	307,564	1,822,912	2,075,073	69,312	4,274,861
Operating Supplies	324,021	81,700	45,860	4,835	456,416
Repairs and Maintenance	31,730	68,956	57,710	-	158,396
Utilities	3,028	121,127	14,142	361	138,658
Professional Services	22	80,900	524,492	54,323	659,737
General, Administrative and Engineering	189,417	426,962	261,736	648,756	1,526,871
Depreciation	313,858	60,018	7,011	-	380,887
Total Operating Expenses	<u>1,169,640</u>	<u>2,662,575</u>	<u>2,986,024</u>	<u>777,587</u>	<u>7,595,826</u>
Total Operating Income (Loss)	358,217	250,075	131,336	275,665	1,015,293
NONOPERATING INCOME (LOSS)					
Gain (Loss) on the Sale of Assets	51,080	-	-	-	51,080
Intergovernmental	-	3,672	5,345	-	9,017
Interest Income	26,278	7,681	9,020	24,572	67,551
Total nonoperating income (expense)	<u>77,358</u>	<u>11,353</u>	<u>14,365</u>	<u>24,572</u>	<u>127,648</u>
Income, (Loss) Before Operating Transfers	435,575	261,428	145,701	300,237	1,142,941
TRANSFERS					
Transfers In	5,000	-	-	-	5,000
Transfers Out	-	(65,000)	-	-	(65,000)
Total Transfers	<u>5,000</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>
Change in Net Position	440,575	196,428	145,701	300,237	1,082,941
Beginning Net Position	6,191,496	1,230,536	732,433	3,690,037	11,844,502
Ending Net Position	<u>\$ 6,632,071</u>	<u>\$ 1,426,964</u>	<u>\$ 878,134</u>	<u>\$ 3,990,274</u>	<u>\$ 12,927,443</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2014

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
Cash Flows From Operating Activities:					
Cash Received from Customers	\$ 1,523,108	\$ 2,909,390	\$ 3,124,761	\$ 1,055,324	\$ 8,612,583
Cash Paid to Suppliers	(533,671)	(805,091)	(869,587)	(730,441)	(2,938,790)
Cash Paid to Employees	(306,704)	(1,810,668)	(2,042,990)	(66,843)	(4,227,205)
Net cash provided (used) by operating activities	<u>682,733</u>	<u>293,631</u>	<u>212,184</u>	<u>258,040</u>	<u>1,446,588</u>
Cash Flows From Noncapital Financing Activities					
Intergovernmental Revenue	-	3,672	5,345	-	9,017
Gain (Loss) on the Sale of Assets	51,080	-	-	-	51,080
Transfers In	5,000	-	-	-	5,000
Transfers Out	-	(65,000)	-	-	(65,000)
Net cash provided (used) by noncapital financing activities	<u>56,080</u>	<u>(61,328)</u>	<u>5,345</u>	<u>-</u>	<u>97</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(377,903)	(233,574)	-	-	(611,477)
Net cash provided (used) by capital and related financing activities	<u>(377,903)</u>	<u>(233,574)</u>	<u>-</u>	<u>-</u>	<u>(611,477)</u>
Cash flows from investing activities					
Interest on Investments	26,278	7,681	9,020	24,572	67,551
Net increase (decrease) in cash and investments	387,188	6,410	226,549	282,612	902,759
Cash and investments, beginning of year	4,020,298	1,179,102	1,209,911	3,839,311	10,248,622
Cash and investments, end of year	<u>\$ 4,407,486</u>	<u>\$ 1,185,512</u>	<u>\$ 1,436,460</u>	<u>\$ 4,121,923</u>	<u>\$ 11,151,381</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ 358,217	\$ 250,075	\$ 131,336	\$ 275,665	\$ 1,015,293
Depreciation and Amortization	313,858	60,018	7,011	-	380,887
(Increase) Decrease in Receivables	(4,749)	(3,260)	7,401	2,072	1,464
Increase (Decrease) in Payables	14,547	(25,446)	34,353	(22,166)	1,288
Increase (Decrease) in Payroll Liabilities	860	12,244	32,083	2,469	47,656
Net Cash Provided by Operating Activities	<u>\$ 682,733</u>	<u>\$ 293,631</u>	<u>\$ 212,184</u>	<u>\$ 258,040</u>	<u>\$ 1,446,588</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, 2014**

	<u>FLEET OPERATIONS FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,487,753	1,487,753	1,463,708	(24,045)
Interest on Investments	32,000	32,000	26,278	(5,722)
Miscellaneous	15,000	15,000	64,149	49,149
Total Revenues	<u>1,534,753</u>	<u>1,534,753</u>	<u>1,554,135</u>	<u>19,382</u>
EXPENDITURES:				
Garage Operations	880,241	880,241 (1)	730,032	150,209
Equipment Replacement Operations	1,870,324	1,870,324 (1)	503,653	1,366,671
Contingency	1,046,924	1,046,924 (1)	-	1,046,924
Total Expenditures	<u>3,797,489</u>	<u>3,797,489</u>	<u>1,233,685</u>	<u>2,563,804</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,262,736)</u>	<u>(2,262,736)</u>	<u>320,450</u>	<u>2,583,186</u>
OTHER FINANCING SOURCES:				
Transfers In	605,000	605,000	5,000	(600,000)
Sale of Assets	10,000	10,000	51,080	41,080
Total Other Financing Sources	<u>615,000</u>	<u>615,000</u>	<u>56,080</u>	<u>(558,920)</u>
Net Change in Fund Balance	(1,647,736)	(1,647,736)	376,530	2,024,266
Beginning Fund Balance	<u>3,372,097</u>	<u>3,372,097</u>	<u>3,903,067</u>	<u>530,970</u>
Ending Fund Balance	<u>\$ 1,724,361</u>	<u>\$ 1,724,361</u>	<u>\$ 4,279,597</u>	<u>\$ 2,555,236</u>
Reconciliation to Net Position				
Capital Assets, net			<u>2,352,474</u>	
Total Net Position			<u>\$ 6,632,071</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, 2014**

	<u>SUPPORT SERVICES FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 3,672	\$ 3,672
Charges for Services	3,115,909	3,115,909	2,856,585	(259,324)
Interest on Investments	3,300	3,300	7,681	4,381
Miscellaneous Revenues	33,692	33,692	56,065	22,373
Total Revenues	<u>3,152,901</u>	<u>3,152,901</u>	<u>2,924,003</u>	<u>(228,898)</u>
EXPENDITURES:				
Property Management	672,638	672,638 (1)	584,062	88,576
Engineering Services	813,882	813,882 (1)	691,548	122,334
Community Development Management	1,041,985	1,041,985 (1)	974,490	67,495
Information Technology	590,288	590,288 (1)	586,032	4,256
Contingency	433,747	433,747 (1)	-	433,747
Total expenditures	<u>3,552,540</u>	<u>3,552,540</u>	<u>2,836,132</u>	<u>716,408</u>
Excess of Revenues Over (Under) Expenditures	<u>(399,639)</u>	<u>(399,639)</u>	<u>87,871</u>	<u>487,510</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(65,000)	(65,000) (1)	(65,000)	-
Total Other Financing Sources (Uses)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Net Change in Fund Balance	(464,639)	(464,639)	22,871	487,510
Beginning Fund Balance	<u>464,639</u>	<u>464,639</u>	<u>754,934</u>	<u>290,295</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,805</u>	<u>\$ 777,805</u>
Reconciliation to Net Position				
Interfund Loans			-	
Capital Assets, net			<u>649,159</u>	
Total Net Position			<u>\$ 1,426,964</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, 2014

<u>ADMINISTRATIVE SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 5,345	\$ (2,655)
Charges for Services	3,311,454	3,311,454	3,114,191	(197,263)
Interest on Investments	6,800	6,800	9,020	2,220
Miscellaneous Revenues	3,000	3,000	3,169	169
Total Revenues	<u>3,329,254</u>	<u>3,329,254</u>	<u>3,131,725</u>	<u>(197,529)</u>
EXPENDITURES:				
Management Services	635,481	645,123 (1)	635,482	9,641
Legal Services	295,552	295,552 (1)	232,924	62,628
Finance Services	1,639,839	1,639,839 (1)	1,467,088	172,751
General Program Operations	276,890	276,890 (1)	187,940	88,950
Human Resources	485,452	485,452 (1)	455,578	29,874
Contingency	550,638	540,996 (1)	-	540,996
Total expenditures	<u>3,883,852</u>	<u>3,883,852</u>	<u>2,979,012</u>	<u>904,840</u>
Excess of Revenues Over (Under) Expenditures	<u>(554,598)</u>	<u>(554,598)</u>	<u>152,713</u>	<u>707,311</u>
Net Change in Fund Balance	(554,598)	(554,598)	152,713	707,311
Beginning Fund Balance	<u>554,598</u>	<u>554,598</u>	<u>715,386</u>	<u>160,788</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 868,099</u>	<u>\$ 868,099</u>
Reconciliation to Net Position				
Capital Assets, net			<u>10,035</u>	
Total Net Position			<u>\$ 878,134</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, 2014

<u>INSURANCE SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 690,430	\$ 690,430	\$ 1,042,467	\$ 352,037
Interest on Investments	16,700	16,700	24,572	7,872
Miscellaneous	-	-	10,785	10,785
Total Revenues	<u>707,130</u>	<u>707,130</u>	<u>1,077,824</u>	<u>370,694</u>
EXPENDITURES:				
General Insurance Services	562,726	562,726 (1)	409,589	153,137
Benefits Administration	164,550	164,550 (1)	21,743	142,807
Workers' Compensation Insurance	429,240	429,240 (1)	346,255	82,985
Contingency	938,045	938,045 (1)	-	938,045
Total expenditures	<u>2,094,561</u>	<u>2,094,561</u>	<u>777,587</u>	<u>1,316,974</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,387,431)</u>	<u>(1,387,431)</u>	<u>300,237</u>	<u>1,687,668</u>
Net Change in Fund Balance	(1,387,431)	(1,387,431)	300,237	1,687,668
Beginning Fund Balance	<u>3,325,702</u>	<u>3,325,702</u>	<u>3,543,832</u>	<u>218,130</u>
Ending Fund Balance	<u>\$ 1,938,271</u>	<u>\$ 1,938,271</u>	<u>\$ 3,844,069</u>	<u>\$ 1,905,798</u>
Reconciliation to Net Position				
Interfund Loans			<u>146,205</u>	
Total Net Position			<u>\$ 3,990,274</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, 2014

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2014</u>
Assets				
Cash and Investments	\$ 3,778,153	\$ 282,895	\$ 342,151	\$ 3,718,897
Total Assets	<u>\$ 3,778,153</u>	<u>\$ 282,895</u>	<u>\$ 342,151</u>	<u>\$ 3,718,897</u>
Liabilities				
Due to Others	<u>\$ 3,778,153</u>	<u>\$ 282,895</u>	<u>\$ 342,151</u>	<u>\$ 3,718,897</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, 2014

TAX YEAR	<u>GENERAL FUNDS</u>					BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/14
	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/1/13	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	
Current:						
2013-14	\$ 16,564,034	\$ 407,000	\$ -	\$ 8,100	\$ 15,508,163	\$ 656,971
Prior Years:						
2012-13	680,997	-	(39,891)	18,152	283,449	375,809
2011-12	364,850	-	(5,802)	17,129	122,891	253,286
2010-11	243,942	-	6,729	26,104	128,713	148,062
2009-10	121,240	-	(13,860)	8,576	34,099	81,857
2008-09	15,860	-	(869)	1,892	5,924	10,959
Prior	9,728	-	(215)	1,172	3,070	7,615
Total Prior	1,436,617	-	(53,908)	73,025	578,146	877,588
Total All Funds	<u>\$ 18,000,651</u>	<u>\$ 407,000</u>	<u>\$ (53,908)</u>	<u>\$ 81,125</u>	<u>\$ 16,086,309</u>	<u>\$ 1,534,559</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 16,086,309
Accrual of Receivables:	
June 30, 2013	(286,375)
June 30, 2014	<u>203,846</u>
Total Revenue	<u>\$ 16,003,780</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.

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	92
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	99
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	106
Demographic and Economic Information	
<i>These schedules offer demographics and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	114
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	119

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NET POSITION BY COMPONENT

	For the last ten fiscal years (Unaudited)									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investments in Capital Assets	\$ 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	\$ 151,474,062
Restricted for Capital/Other	-	-	-	3,706,534	1,524,619	482,870	5,392,281	10,317,156	8,378,801	9,892,811
Unrestricted	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	24,892,233
Total governmental activities net position	\$ 98,678,908	\$ 115,172,210	\$ 146,773,509	\$ 159,335,701	\$ 164,246,739	\$ 169,573,885	\$ 177,063,719	\$ 181,096,381	\$ 184,952,604	\$ 186,259,106
Business-Type Activities										
Net Investments in Capital Assets	\$ 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	\$ 86,203,124
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	16,226,034
Total business-type activities net assets	\$ 78,096,992	\$ 83,014,585	\$ 89,880,025	\$ 94,084,040	\$ 95,784,178	\$ 96,960,439	\$ 98,731,855	\$ 98,931,927	\$ 98,993,722	\$ 102,429,158
Primary government										
Net Investments in Capital Assets	\$ 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	\$ 237,677,186
Restricted for Capital Purposes	-	-	-	3,706,534	1,524,619	482,870	5,392,281	10,317,156	8,378,801	9,892,811
Unrestricted	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	41,118,267
Total primary government net position	\$ 176,775,900	\$ 198,186,795	\$ 236,653,534	\$ 253,419,741	\$ 260,030,917	\$ 266,534,324	\$ 275,795,574	\$ 280,028,308	\$ 283,946,326	\$ 288,688,264

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

CHANGES IN NET POSITION

For the last ten fiscal years (unaudited)

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Public Safety	\$ 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	\$ 20,269,677
Transportation	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	1,912,307
Building	1,110,231	765,541	1,178,647	910,259	806,483	496,906	547,455	586,034	557,675	512,430
Parks	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	2,101,913
Development	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	1,706,233
General Government	143,923	193,264	226,893	218,905	228,948	1,039,310	252,392	753,414	878,725	1,670,490
Solid Waste	2,050,240	(139,183)	787,168	1,474,560	178,512	284,876	264,647	439,330	467,019	442,414
Interest	173,982	339,344	212,221	445,088	504,102	657,027	350,140	283,013	252,176	215,700
Total Governmental Activities Expenses	20,055,123	14,622,188	21,731,743	21,313,004	24,006,469	24,017,747	22,058,947	28,452,073	28,580,111	28,831,164
Business-Type Activities										
Water	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	4,415,108
Sewer	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	5,339,087
Total Business-Type Activities Expenses	8,412,944	8,204,149	8,468,313	8,637,048	9,657,918	9,405,155	9,419,818	10,581,226	11,729,492	9,754,195
Total Primary Government Expenses	\$ 28,468,067	\$ 22,826,337	\$ 30,200,056	\$ 29,950,052	\$ 33,664,387	\$ 33,422,902	\$ 31,478,765	\$ 39,033,299	\$ 40,309,603	\$ 38,585,359
Program Revenues										
Governmental Activities										
Charges for Service:	\$ 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	1,982,665
General Government	-	-	5,281,710	1,161,947	506,123	360,782	1,769,217	1,854,686	579,607	334,439
Other	-	-	2,127,083	1,938,835	1,396,315	1,923,164	1,455,580	1,259,460	1,606,865	1,554,010
Operating Grants and Contributions	377,726	2,239,659	142,581	184,284	256,481	2,189,745	1,237,791	1,308,621	862,824	617,750
Capital Grants	-	-	398,285	-	339,749	2,600	-	273,191	437,683	144,912
Total Governmental Activities Revenues	7,324,595	11,419,907	31,163,959	6,826,774	5,031,538	6,155,633	6,039,225	6,266,747	5,077,639	4,633,776
Business-Type Activities										
Charges for Service:	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	5,595,988
Sewer	-	-	6,281,328	5,940,872	5,332,252	5,360,977	5,437,415	5,693,126	5,940,026	5,924,522
Operating Grants and Contributions	-	1,761,536	2,873,646	1,010,140	909,274	240,729	955,442	335,558	23,864	846,620
Total Business-Type Activities Revenues	8,781,698	12,102,833	14,207,801	11,412,362	10,554,464	9,643,561	10,334,476	10,141,595	10,797,146	12,367,130
Total Primary Government Revenues	\$ 16,106,293	\$ 23,522,740	\$ 45,371,760	\$ 18,239,136	\$ 15,586,002	\$ 15,799,194	\$ 16,373,701	\$ 16,408,342	\$ 15,874,785	\$ 17,000,906
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (24,197,388)
Business-Type Activities	368,754	3,898,684	5,739,488	2,775,314	896,546	238,406	914,658	(439,631)	(932,346)	2,612,935
Total Primary Government Net Expense	\$ (12,361,774)	\$ 696,403	\$ 15,171,704	\$ (11,710,916)	\$ (18,078,385)	\$ (17,623,708)	\$ (15,105,064)	\$ (22,624,957)	\$ (24,434,818)	\$ (21,584,453)

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CHANGES IN NET POSITION (continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Taxes	\$ 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	\$ 21,186,469
Intergovernmental	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	3,655,425
Interest	535,698	914,546	1,459,814	1,856,733	896,915	550,250	424,147	269,265	227,220	300,121
Trust Receipts	222,376	204,401	77,560	233,637	38,805	131,584	123,798	379,510	50,452	16,975
Contributions	5,520,142	*	*	*	*	*	*	*	*	*
Industrial Payments	36,716	29,835	69,068	7,151	24,446	13,163	33,619	16,377	16,953	17,576
Miscellaneous	51,624	749,580	735,071	1,985,656	799,012	152,842	98,405	307,538	355,768	318,978
Transfers	441,915	65,571	122,447	(347,481)	389,574	68,884	153,000	170,085	(15,351)	8,346
Total Governmental Activities	\$ 22,536,107	\$ 19,695,583	\$ 22,169,081	\$ 27,048,422	\$ 23,885,969	\$ 23,189,260	\$ 23,509,556	\$ 26,217,988	\$ 25,227,669	\$ 25,503,890
Business-Type Activities										
Taxes	\$ 146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	240,625	260,966	275,843	257,045	327,430	315,658	344,520	300,162	252,009	2,757
Interest	168,727	361,315	559,754	407,972	225,424	145,702	102,804	92,838	91,318	84,598
Trust Receipts	91,044	176,422	100,445	67,968	522,714	467,982	424,177	266,441	523,622	569,588
Contributions	5,831,783	*	*	*	*	*	*	*	*	*
Miscellaneous	261,243	285,777	312,358	350,236	117,598	77,397	138,257	150,347	110,003	173,904
Transfers	(441,915)	(65,571)	(122,447)	347,481	(389,574)	(68,884)	(153,000)	(170,085)	15,351	(8,346)
Total Business-Type Activities	\$ 6,151,653	\$ 1,018,909	\$ 1,125,953	\$ 1,430,702	\$ 803,592	\$ 937,855	\$ 856,758	\$ 639,703	\$ 992,303	\$ 822,501
Total Primary Government	\$ 28,687,760	\$ 20,714,492	\$ 23,295,034	\$ 28,479,124	\$ 24,689,561	\$ 24,127,115	\$ 24,366,314	\$ 26,857,691	\$ 26,219,972	\$ 26,326,391
Change in Net Position										
Governmental Activities	\$ 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	\$ 1,306,502
Business-Type Activities	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	3,435,436
Total Primary Government	\$ 16,325,986	\$ 21,410,895	\$ 38,466,738	\$ 16,768,208	\$ 6,611,176	\$ 6,503,407	\$ 9,261,250	\$ 4,232,734	\$ 1,785,154	\$ 4,741,938

*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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues										
Governmental Activities										
Public Safety *	\$ 529,560	\$ 484,070	\$ 343,114	\$ 488,697	\$ 873,106	\$ 766,545	\$ 684,010	\$ 1,038,011	\$ 1,149,324	\$ 569,743
Transportation	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	2,505,236
Building	1,394,747	1,241,980	903,800	835,566	335,550	317,067	348,445	317,104	520,536	506,353
Parks	19,550	827,167	4,750	452,763	134,809	27,095	27,278	31,403	28,056	30,050
Development	1,311,569	290,772	1,061,950	20,758	312,071	357,221	406,799	494,050	229,247	336,079
General Government	552,682	1,876,329	5,281,710	1,161,947	506,123	898,500	1,769,217	1,854,686	579,607	334,439
Solid Waste	333,844	345,935	344,437	325,075	337,009	285,757	326,280	346,523	336,331	351,876
Subtotal Governmental activities	7,324,595	11,419,907	31,163,959	6,826,774	5,031,538	6,155,633	6,039,225	6,266,747	5,077,639	4,633,776
Business- Type Activities										
Water	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	5,971,075
Sewer	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	6,396,055
Subtotal Business-Type Activities	8,781,698	12,102,833	14,207,801	11,412,362	10,554,464	9,643,561	10,334,476	10,141,595	10,797,146	12,367,130
Total Primary Government	\$ 16,106,293	\$ 23,522,740	\$ 45,371,760	\$ 18,239,136	\$ 15,586,002	\$ 15,799,194	\$ 16,373,701	\$ 16,408,342	\$ 15,874,785	\$ 17,000,906

* 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)

	2005	2006	2007	2008	2009	2010	2011*	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,125	\$ 294,528	\$ 220,896	\$ 148,264
Restricted	-	-	-	-	-	-	549,511	390,256	457,447	660,849
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	2,315,067	2,533,625	2,726,276	2,206,396
Unassigned	-	-	-	-	-	-	8,657,596	9,535,817	10,456,731	10,244,302
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	3,019,923	4,438,485	5,581,614	7,482,929	7,736,946	10,197,778	-	-	-	-
Total General Fund	3,019,923	4,438,485	5,581,614	7,482,929	7,736,946	10,197,778	11,523,299	12,754,226	13,861,350	13,259,811
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 25,943	\$ 73,467
Restricted	-	-	-	-	-	-	8,097,389	9,926,900	8,721,353	9,231,962
Committed	-	-	-	-	-	-	2,061,453	1,792,896	2,061,032	1,792,419
Assigned	-	-	-	-	-	-	7,039,518	6,132,898	5,778,144	5,924,144
Unassigned	-	-	-	-	-	-	(1,220,513)	(1,119,701)	(1,031,178)	(968,050)
Reserved	(1,493,576)	(2,391,514)	(1,500,626)	3,706,534	1,584,732	551,807	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	5,767,543	5,645,630	5,728,115	5,692,914	5,668,343	6,026,470	-	-	-	-
Capital Projects Funds	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)	-	-	-	-
Total All Governmental Funds	\$ 16,236,065	\$ 15,502,839	\$ 30,544,393	\$ 27,700,750	\$ 25,995,468	\$ 26,218,660	\$ 27,751,146	\$ 29,737,219	\$ 29,416,644	\$ 29,313,753

* 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 (Unaudited)									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 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	\$ 21,006,000
Licenses and Permits	1,076,622	1,020,253	711,524	492,375	286,445	274,049	276,619	258,616	389,943	376,233
Intergovernmental	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	4,411,827
Charges for Services	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	2,133,638
Fines and Forfeitures	163,055	200,322	233,887	253,766	237,776	300,528	306,097	301,478	260,283	223,924
Special Assessments	428,056	591,532	1,051,627	202,536	795,947	374,550	276,647	117,109	105,042	78,853
Interest	443,858	779,618	1,275,934	1,672,282	794,905	497,016	376,403	229,340	189,295	253,782
Other Revenues	473,826	103	277,830	1,299,891	229,240	330,241	187,278	792,004	331,703	292,842
Total Revenues	\$ 23,538,721	\$ 26,988,122	\$ 27,603,716	\$ 30,795,685	\$ 26,934,392	\$ 28,894,265	\$ 26,993,025	\$ 30,606,192	\$ 29,307,625	\$ 28,777,099
Expenditures										
General Governmental	\$ 113,413	\$ 238,166	\$ 190,691	\$ 237,401	\$ 549,079	\$ 1,953,637	\$ 243,351	\$ 365,668	\$ 2,335,742	\$ 1,403,700
Public Safety	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	17,028,926
Community Development	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	1,449,844
Debt Service										
Principal	462,466	669,499	714,972	1,328,521	1,466,960	1,110,305	1,035,000	694,528	746,020	800,000
Interest	173,982	149,304	225,289	467,588	462,106	674,031	372,640	295,985	268,656	238,200
Solid Waste	392,357	399,179	376,302	369,431	352,704	327,254	339,354	365,668	369,432	365,995
Capital Outlay	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	3,717,672
Transportation	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	1,685,510
Building	893,389	938,973	999,912	961,444	716,102	472,525	527,569	481,216	476,457	468,708
Parks	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	1,775,974
Total Expenditures	\$ 24,541,370	\$ 28,313,858	\$ 22,647,389	\$ 34,149,259	\$ 29,859,325	\$ 28,731,148	\$ 25,619,289	\$ 28,584,579	\$ 29,743,292	\$ 28,934,529

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)

	For the last ten fiscal years (Unaudited)									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Loan Proceeds	\$ -	\$ -	\$ 9,998,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Assets	2,624,201	4,842	1,195	878,942	910,239	5,075	5,750	7,131	145,092	4,539
Operating Transfer In	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	4,019,467
Operating Transfers Out	(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)	(3,969,467)
Total Other Financing Sources (Uses)	\$ 2,974,201	\$ 30,842	\$ 10,085,226	\$ 509,940	\$ 1,219,651	\$ 60,075	\$ 158,750	\$ 7,132	\$ 115,092	\$ 54,539
Net Change in Fund Balances	\$ 1,971,552	\$ (1,294,894)	\$ 15,041,553	\$ (2,843,634)	\$ (1,705,282)	\$ 223,192	\$ 1,532,486	\$ 2,028,745	\$ (320,575)	\$ (102,891)
Debt Service as a percentage of noncapital expenditures	4.30%	5.77%	4.60%	8.80%	8.21%	7.83%	6.76%	3.68%	3.70%	3.76%

Source: Annual financial statements of the City of Grants Pass

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Property	Business	Franchise	Transient Room Tax	E911	Total
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
2014	16,085,891	279,291	3,529,911	1,110,907	-	21,006,000

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

PROPERTY TAX LEVIES AND COLLECTIONS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied by Assessor	Current Tax Collections	Current Tax Collections as a Percentage of Current Levy	Delinquent Taxes Collected	Total Tax Collections	Total Collections as a Percentage of Current Levy	Uncollected Delinquent Taxes	Uncollected Taxes as a Percentage of Current Levy
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%
2014	16,564,034	15,508,163	94%	578,146	16,086,309	97%	1,534,559	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)

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Total	General Fund	Debt Service Fund
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
2014	6.31	5.92	0.39

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CONSOLIDATED TAX LEVIES

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Total	General Fund	Bond Debt/Service Fund	Parkway Redevelopment Fund
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	-
2014	16,561,255	15,548,816	1,012,439	-

Source: Josephine County

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For the last ten fiscal years (Unaudited)

Fiscal Year Ended June 30,	Total Direct Tax Rate	Assessed Value					Real Market Value	Ratio AV/MV
		Real	Manufactured Structures	Personal	Utilities	Total		
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	6.33	2,472,359,085	12,312,460	78,136,923	62,128,500	2,624,936,968	2,758,118,702	95%
2014	6.31	2,561,781,242	12,156,420	78,456,456	68,504,839	2,720,898,957	2,938,536,968	93%

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 Year Ended June 30,	General Fund	Debt Service Fund	Total (4)	Josephine County	School District No.7	Rogue Community College	Education Service District	4H Extension	Total	Measure 5 Total (2)
2005	5.02	-	5.02	0.85	6.76 (3)	0.51	0.35	0.05	13.54 (2)	11.04
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	0.41	6.33	0.75	5.97 (3)	0.51	0.35	0.05	13.96 (2)	10.45
2013	5.92	0.40	6.33	0.75	5.90 (3)	0.51	0.35	0.05	13.88 (2)	10.43
2014	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

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Assessments Outstanding Beginning of Year	Additional Assessments Made During Year	Assessments Collected During Year	Adjustments During Year	Assessments Outstanding End of Year	Ratio Collections to Outstanding Assessments During Year
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%
2014	547,822	-	33,762	-	514,060	6.6%

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	Water Bonds	2013 FFC Water Bonds	2009 Refunding Bonds	SRF Loans			
2005	1,695,000	202,500	-	1,419,991	2,780,484	-	-	12,142,747	18,240,722	2.81%	710
2006	1,300,000	180,000	-	1,154,991	2,487,924	-	-	10,923,053	16,045,968	1.95%	519
2007	885,000	157,500	9,820,000	864,991	2,185,363	-	-	10,428,215	24,341,069	2.76%	774
2008	455,000	135,000	9,190,000	601,705	1,867,802	-	-	9,796,518	22,046,025	2.33%	679
2009	-	112,500	8,490,000	359,737	1,530,242	-	-	9,201,369	19,693,848	1.97%	593
2010	-	90,000	7,930,000	-	-	-	8,553,004	-	16,573,004	1.66%	499
2011	-	67,500	6,895,000	-	-	-	7,426,516	-	14,389,016	1.39%	417
2012	-	45,000	6,210,000	-	-	-	6,282,577	-	12,537,577	1.19%	362
2013	-	22,500	5,470,000	-	-	-	5,914,347	-	11,406,847	1.05%	* 328
2014	-	-	4,670,000	-	-	4,631,038	4,729,402	-	14,030,440	1.28%	* 403

*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)										
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
2005	25,423	1,579,312	4,495,000	2,780,484	1,695,000	-	-	-	0.00%	-
2006	30,930	1,728,922	3,805,000	2,487,924	1,300,000	-	-	-	0.00%	-
2007	31,740	2,065,308	3,070,363	2,185,363	885,000	9,820,000	-	9,820,000	0.47%	\$309
2008	32,290	2,207,029	2,335,000	1,867,802	455,000	9,190,000	-	9,190,000	0.42%	\$285
2009	33,225	2,318,500	1,530,242	1,530,242	-	8,490,000	60,113	8,429,887	0.36%	\$254
2010	33,225	2,409,615	8,553,004	8,553,004	-	7,930,000	68,937	7,861,063	0.33%	\$237
2011	34,533	2,476,837	7,426,516	7,426,516	-	6,895,000	92,265	6,802,735	0.27%	\$197
2012	34,660	2,560,620	6,282,577	6,282,577	-	6,210,000	106,004	6,103,996	0.24%	\$176
2013	34,740	2,624,937	5,914,347	5,914,347	-	5,470,000	112,921	5,357,079	0.20%	\$154
2014	34,855	2,720,899	4,729,402	4,729,402	-	4,670,000	62,495	4,607,505	0.17%	\$132

(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, 2014

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, 2014					\$ 2,938,536,968
Less Non-Profit Housing					(2,001,870)
					\$ 2,936,535,098
Debt limit, 3% of total real market value - ORS 287A					\$ 88,096,053
Amount of debt applicable to debt limit					
Total bonded debt, including special assessment bonds and public safety general obligation bonds			\$ 13,395,000		
Less other deductions allowed by law					
Special assessment and revenue bonds	8,725,000				
Total deductions		8,725,000			
Total amount of debt applicable to debt limit				4,670,000	
Legal debt margin					\$ 83,426,053

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	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	88,096,053
Total net debt applicable to limit	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	4,670,000
Legal debt margin	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	83,426,053
Total net debt applicable to the limit as a percentage of debt limit	3.58%	1.44%	9.68%	8.43%	7.42%	8.12%	7.06%	5.82%	6.62%	5.30%

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

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

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

As of June 30, 2014

<u>Jurisdiction</u>	<u>Gross Property-Tax Backed Debt</u>	<u>Percentage Applicable to City of Grants Pass</u>	<u>Amount Applicable to City of Grants Pass</u>
Overlapping:			
Counties:			
Josephine	13,270,169	40.63%	5,391,670
School Districts:			
Three Rivers School District	38,670,000	5.64%	2,180,988
Community Colleges:			
Rogue Community College	18,410,000	11.76%	<u>2,165,016</u>
		<i>Sub-total Overlapping Debt</i>	9,737,674
Direct:			
City of Grants Pass Bonded Debt			<u>4,670,000</u>
Total			<u><u>\$ 14,407,674</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

For the last ten fiscal years (Unaudited)					
Year of Maturity	Principal	Interest	Total Debt Service	Total General Expenditures	Debt Service as a Percentage of General Expenditures
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	29,859,325	3.64%
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%
2014	800,000	238,200	1,038,200	28,934,529	3.59%

Source: Annual financial statements of the City of Grants Pass

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF REVENUE BOND COVERAGE
 WATER BONDS

For the last ten fiscal years
 (Unaudited)

Fiscal Year Ended June 30,	Gross Revenue (1)	Direct Operation Expenditures (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2014 (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, 2014

	Bond Transactions					Outstanding June 30, 2014
	Outstanding June 30, 2013	Issued	Called	Matured	Paid	
2013 Full Faith & Credit Water Bonds	\$ 4,620,000	\$ -	\$ -	\$ 370,000	\$ 370,000	\$ 4,250,000
Amount Issued	\$ 4,620,000					
Interest Rates	1.28-4.0%					
Date of Issue	03/27/13					
2009 Full Faith & Credit Refunding	\$ 5,220,000	\$ -	\$ -	\$ 745,000	\$ 745,000	\$ 4,475,000
Amount Issued	\$ 8,815,000					
Interest Rates	2.0-4.0%					
Date of Issue	12/22/09					
Supported Bonds						
2007 Public Safety	5,470,000	-	-	800,000	800,000	4,670,000
Amount Issued	\$ 9,820,000					
Interest Rates	4%					
Date of Issue	06/20/07					
Total Bonds	<u>\$ 15,310,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,915,000</u>	<u>\$ 1,915,000</u>	<u>\$ 13,395,000</u>

	Interest Coupons			
	Outstanding June 30, 2013	Matured	Paid	Outstanding June 30, 2014
General Obligation Bonds				
Supported Bonds				
1992 A Water Refunding-Issued 04/01/92				
Interest Rates	\$ 4,616	\$ -	\$ -	\$ 4,616
2007 Public Safety-Issued 06/20/07				
Interest Rates	-	238,200	238,200	-
2009 Public Works Debt Refunding-Issued 12/22/09				
Interest Rates	-	194,362	194,362	-
Series of 2013 Water Infrastructure-Issued 03/27/13				
Interest Rates	-	136,624	136,624	-
Bancroft Improvement Bonds				
Series of 1982-Issued 06/01/82				
Interest Rates	731	-	-	731
Series of 1990-Issued 11/01/90				
Interest Rates	3,617	-	-	3,617
Total Bonds	<u>\$ 8,964</u>	<u>\$ 569,186</u>	<u>\$ 569,186</u>	<u>\$ 8,964</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF FUTURE DEBT SERVICE

For the Year Ended June 30, 2014

Maturity	Governmental Activities		Proprietary Activities			
	General Obligation Bond		General Obligation Bonds			
	Public Safety Facilities		2009 Refunding		2013 FFC	
	General Fund		Wastewater Fund		Water Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 4,670,000</u>	<u>\$ 608,300</u>	<u>\$ 4,475,000</u>	<u>\$ 791,128</u>	<u>\$ 4,250,000</u>	<u>\$ 803,140</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

PROPERTY VALUES, CONSTRUCTION VALUES AND BANK DEPOSITS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Commercial Construction (1)		Residential Construction (1)*		Bank Deposits (in \$1,000) (2)	Property Value (3)		
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Nontaxable
2005	32	33,579,289	453	79,408,188	1,038,152	(4)	(4)	(4)
2006	17	19,666,915	496	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	74	13,029,218	1,196,459	(4)	(4)	(4)
2010	11	3,987,404	49	9,496,138	1,210,261	(4)	(4)	(4)
2011	10	14,161,168	33	4,591,193	1,165,441	(4)	(4)	(4)
2012	9	10,559,340	21	4,423,141	1,126,689	(4)	(4)	(4)
2013	13	21,633,479	71	14,379,796	1,106,874	(4)	(4)	(4)
2014	6	2,516,675	66	13,918,655	1,146,744	(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

*Note data restated in 2014 to exclude manufactured home data if previously reported.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

DEMOGRAPHIC STATISTICS

For the last ten fiscal years
(Unaudited)

Year Ended June 30,	Population (1)	Personal Income (<i>thousands of dollars</i>) (2)	Per Capita Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
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	1,089,481,140	31,361	* 47.3	** 5,817	10.5%
2014	34,855	1,093,087,655	31,361	* 47.3	** 5,924	9.6%

- Sources:
- (1) Portland State University Center of Population and Research, and the U.S. Census Bureau
 - (2) Per Capita Income x Population
 - (3) Bureau of Economic Analysis (BEA.gov)
 - (4) United States Census Bureau
 - (5) Grants Pass School District No. 7
 - (6) Oregon Employment Department (Qualityinfo.org)

*Due to the Federal Government shutdown, BEA.gov data is unavailable at this time. Per capita income for 2013 and 2014 are presented as the revised 2012 estimate from BEA.gov.

**From 2010 Census

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, 2014
(Unaudited)

<u>Company</u>	<u>Policy Number</u>	<u>Amount</u>	<u>Coverage</u>	<u>Policy Term</u>	<u>Premium</u>
City - County Insurance Services	13LGSP	\$ 2,000,000	Comprehensive Gen. Liability	7/01/2013- 6/30/2014	\$ 184,187
City - County Insurance Services	13APDGSP	Various	Auto Physical Damage	7/01/2013- 6/30/2014	22,796
City - County Insurance Services	13PGSP	5,000,000	Property Insurance	7/01/2013- 6/30/2014	86,619
QEB Insurance Corporation	MHH010303	50,000	Volunteer Accident	7/01/2013- 6/30/2014	633
Safety National Casualty	ACG4048939	1,000,000	Excess Workers' Compensation	7/01/2013- 6/30/2014	62,512
Chartis Specialty Insurance Co.	PLS1957953	10,000,000	Pollution Legal Liability	12/31/2011 - 12/31/2021	177,271
Chartis Specialty Insurance Co.	EPP1957147	13,000,000	Solid Waste-Closure/Post	7/01/2001 - 7/01/2031	6,756,809
City - County Insurance Services	13LGSP	1,500,000	Auto Liability Coverage	7/01/2013- 6/30/2014	23,741
City - County Insurance Services	13CGSP	200,000	Excess Crime	7/01/2013- 6/30/2014	1,115
City - County Insurance Services	13EOGSP	5,000,000	Excess Earthquake	7/01/2013- 6/30/2014	13,500
City - County Insurance Services	13ECLGSP	250,000	Excess Cyber Liability	7/01/2013- 6/30/2014	990

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

JOSEPHINE COUNTY PRINCIPAL EMPLOYERS

		Current Year and Ten Years Ago (Unaudited)					
		2014			2005		
Employer	Type of Business	Approximate Employment	Rank	Percentage of Total County Employment	Approximate Employment	Rank	Percentage of Total County Employment
Three Rivers Community Hospital	* Health Care	975	1	2.94%	852	1	3.56%
Grants Pass School District No. 7	* Education	696	2	2.10%	641	4	2.68%
Rogue Community College	Education	650	3	1.96%	425	7	1.77%
Three Rivers School District	Education	585	4	1.76%	670	3	2.80%
Fire Mountain Gems	* Catalog Sales	511	5	1.54%	350	8	1.46%
Performant Recovery, Inc	* Collections Agency	361	6	1.09%			
Wal-Mart	* Department Store	331	7	1.00%	498	6	2.08%
Master Brand Cabinets	* Wood products manufacturing	332	8	1.00%	710	2	2.96%
Josephine County	* Government	310	9	0.93%	621	5	2.59%
Rogue Valley Door	* Wood products manufacturing	244	10	0.74%	350	8	1.46%
ECS Composites	Plastics manufacturing	--		--	300	9	1.25%
Royale Gardens	* Health Care	--		--	227	10	0.95%
Total employees		4,995		15.05%	5,644		23.56%
	Total Employment	33,181			23,952		

* 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	2014			2005		
		City Assessed Value	Rank	Percentage of Total City Assessed Value	City Assessed Value	Rank	Percentage of Total City Assessed Value
Charter Communications	Utility	\$ 25,257,000	1	0.93%			
S-H Forty-Nine Properties	Commercial	24,543,070	2	0.90%			
Masterbrand Cabinets Inc	Industrial	23,026,160	3	0.85%	6,639,570	8	0.42%
Auerbach Grants Pass LLC & Freeman Grants Pass LLC	Commercial	18,713,470	4	0.69%	11,477,780	4	0.73%
Pacificcorp (PP&L)	Utility	14,197,000	5	0.52%	5,468,000	10	0.35%
Grants Pass FMS LLC	Commercial	13,769,300	6	0.51%			
Lynn-Ann Development LLC	Developer	13,554,108	7	0.50%			
Johnson Trust, Carl D	Commercial	13,132,790	8	0.48%			
Nunn, Ron	Commercial	12,891,440	9	0.47%			
Avista Corp. dba Avista Utilities	Utility	12,855,000	10	0.47%			
QWEST Corporation	Utility				27,147,900	1	1.72%
Albertson's Inc.	Commercial				12,567,975	3	0.80%
Wal-Mart Stores Inc.	Commercial				13,234,825	2	0.84%
SPM - Grants LLC	Commercial				10,765,340	5	0.68%
Jensen, Robert A & Shirley Y	Commercial				7,747,631	6	0.49%
Hillebrand Children Riverwrod Apts	Rental				7,733,270	7	0.49%
The Suites Assisted Living	Rental				6,115,230	9	0.39%
Total of top-ten taxpayers		<u>171,939,338</u>		<u>6.32%</u>	<u>108,897,521</u>		<u>6.90%</u>
Other Taxpayers		<u>2,548,959,619</u>		<u>93.68%</u>	<u>1,470,414,337</u>		<u>93.10%</u>
Source: Joesphine County Assessor		<u>\$ 2,720,898,957</u>		<u>100.00%</u>	<u>\$ 1,579,311,858</u>		<u>100.00%</u>

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

OPERATING INDICATORS BY FUNCTION

		For the last ten fiscal years (Unaudited)									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety											
Traffic stops ⁽¹⁾	(1)	5,519	6,318	6,755	7,580	8,229	10,712	9,225	9,488	6,057	5,076
Warnings issued ⁽¹⁾	(1)	3,870	4,232	4,340	5,278	7,699	7,813	6,671	7,627	3,993	4,974
Citations issued ⁽¹⁾	(1)	5,180	4,416	4,119	4,082	1,915	2,425	2,146	2,825	1,921	3,642
Calls for service - Police Reactive ⁽¹⁾⁽²⁾	(1)	25,562	27,703	29,950	29,316	27,429	39,647	50,634	50,058	28,844	28,760
Calls for service - Police Proactive ⁽¹⁾⁽²⁾	(1)	15,424	13,232	15,104	15,424	14,658	17,341	19,719	19,391	14,412	18,057
Calls for service - Fire	(1)	3,190	3,126	3,591	3,698	3,659	3,742	3,949	4,001	4,074	4,246
Businesses inspected	(1)	249**	839	1295	1342	1470	1451	1,440	945	1,156	1,297
Business self-inspections	(1)	454**	614	607	67	48	57	69	78	71	62
Citizen Public Safety Academy attendance	(1)	50	40	29	28	26	25	21	25	14	15
Student Public Safety Academy attendance	(1)			30	27	25	27	8	17	22	23
Transportation											
Street overlays (square yards)	(4)	41,289**	0***	30,369	21,700	27,283	26,628	28,931	71,416	53,830	44,030
Street overlays (tons of asphalt)	(4)	7,506**	0***	7,228	2,411	n/a	13,588	4,881	7,935	3,030	2,480
Chip Seal	(4)	n/a	n/a	n/a	2,178	1,573	1,680	1,520	1,050	n/a	n/a
Signage additions	(4)	279**	177	121	91	131	59	51	84	66	177
Signage replacements	(4)	189**	352	265	185	505	364	75	553	272	125
Miles of restriping	(4)	7.34**	12.3	20	25	26.5	25	27	19	12	6

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 (Unaudited)									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Building											
Total Permits issued	(2)	5,606	5,334	3,804	2,857	1,225	1,130	1,403	1,316	1,343	1,575
New single family permits	(2)	361	362	234	166	75	58	25	26	69	66
New multi-family permits	(2)	44	54	20	6	1	1	7	1	2	0
New commercial permits	(2)	31	17	32	17	11	13	10	9	13	6
Total Inspections	(2)	15,507	17,043	12,366	10,609	6,409	3,988	4,207	3,447	4,410	4,598
Parks											
Swimming pool attendance	(5)	16,464	11,555	18,083	19,748	18,409	22,583	20,229	22,286	11,320	18,629
Rental of facilities	(5)	199	207	232	214	239	239	356	109	290	331
Number of games scheduled	(5)	1,458	1,727	1,575	1,563	1,916	1,752	1,489	697	1,088	1,036
Development											
Total land use applications	(2)	325	347	221	163	121	104	79	69	91	125
Subdivision final plats	(2)	29	20	22	7	6	5	2	1	0	0
Commercial site plan review	(2)	51	56	49	30	22	30	12	23	25	25
Water											
New connections	(3)	561	581	308	175	167	79	57	42	90	78
Number of consumers	(3)	9,521	10,038	10,413	10,545	10,533	10,614	10,659	10,606	10,678	10,754
Total water produced (1000s of gallons)	(4)	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	1,976,280
Total water billed (1000s of gallons)	(3)	n/a	n/a	n/a	n/a	1,780,787	1,559,451	1,808,217	1,745,282	2,470,812	2,234,826
Average daily production (gallons)	(4)	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	5,406,708
Wastewater											
Wastewater treated (1000s of gallons)	(4)	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	1,785,800
Sludge to co-compost (yards)	(4)	5,617	6,725	7,631	7,267	7,770	6,498	7,112	6,722	5,823	5,757
Greenwaste received (cubic yards)	(4)	43,961	37,081	37,764	38,807	37,869	36,032	35,743	38,902	47,769	22,318
Woodwaste received (cubic yards)	(4)	50,871	61,916	58,028	48,453	34,769	30,920	28,211	23,919	24,805	14,754
JO-GRO™ sales (cubic yards)	(4)	5,248	5,754	5,748	6,530	9,733	7,094	6,472	5,642	8,737	5,845

Sources:

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

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

CAPITAL ASSETS STATISTICS BY FUNCTION

	For the last ten years (Unaudited)										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Public Safety											
Police stations	(1)	1	1	1	1	3	4	4	4	4	4
Sub-stations	(1)	1	1	1	1	0	0	0	0	0	0
Marked Patrol Units	(1)	9	10	11	11	11	11	11	11	11	13
Un-marked Patrol Units	(1)	n/a	n/a	11	11	11	11	11	11	11	12
K-9 units	(1)	2	2	2	2	2	2	2	2	2	2
Motorcycles	(1)	2	2	3	3	3	3	3	3	3	3
Specialty Vehicles	(1)	n/a	n/a	7	7	7	7	7	7	7	7
T3	(1)	n/a	n/a	1	1	2	2	2	2	2	2
Equipment Trailers	(1)	n/a	n/a	5	5	5	5	5	5	5	6
Fire stations	(1)	2	2	2	2	3	3	3	3	3	3
Pumpers	(1)	3	3	3	3	6	6	6	6	6	6
Ladder Trucks	(1)	1	1	1	1	1	1	1	1	1	1
Wildland Engine	(1)	1	1	1	1	1	1	1	1	1	1
Transportation											
Streets (miles)	(4)	105	106	131	145	162	166	167	167	167	167
Streetlights	(4)	1,460	1,517	1,537	1,550	1,788	1,790	1,795	1,796	1,800	1,810
City Owned	(4)	118	125	125	133	183	183	183	183	183	183
PP&L Owned	(4)	1,342	1,392	1,412	1,417	1,605	1,607	1,607	1,613	1,617	1,627
Traffic signals	(4)	7	7	8	9	9	9	9	12	12	12
Parks											
Number of parks-developed	(5)	14	15	15	21	17	24	24	24	24	24
Number of parks-undeveloped	(5)	n/a	n/a	n/a	n/a	15	8	8	8	8	8
Acreage of parks-developed	(5)	134	134	134	445	151.9	194.76	194.76	194.76	194.76	194.76
Acreage of parks-undeveloped	(5)	n/a	n/a	n/a	n/a	355.4	312.52	312.52	312.52	312.52	312.52
Swimming pools	(5)	1	1	1	1	1	1	1	1	1	1
Playgrounds	(5)	7	8	9	11	11	11	13	13	13	13
Baseball/softball fields	(5)	12	12	12	12	12	12	12	12	12	12
Soccer fields	(5)	4	5	6	5	5	5	5	5	5	5
Tennis courts	(5)	14	14	14	14	15	14	14	14	14	14
Water											
Water mains (miles)	(4)	172	175	180	184	186	187	187	187	187	187
Fire hydrants	(4)	1,359	1,472	1,489	1,569	1,602	1,608	1,620	1,623	1,623	1,623
Storage capacity (millions of gallons)	(4)	19.2	19	19	19	19	19	19	19	15.5**	20.5
Reservoirs	(4)	8	8	8	8	8	8	8	8	7**	8
Wastewater											
Sanitary sewers (miles)	(4)	166	167	168	170	170	170	170	170	170	170
Storm drains (miles)	(4)	101	103	104	105	105	105	105	105	105	105
Lift stations	(4)	2	2	2	2	2	2	2	2	2	2
Pumping Station (includes RSSSD)	(4)	3	3	3	3	3	3	3	3	3	3
Treatment capacity (millions of gallons)	(4)	4	4	6.4*	6.4*	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 Ended 30-Jun-14	Fund Balance	Loss Reserve	Total Fund Balance & Loss Reserve
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
2014	816,364	102,929	919,293

Source: Internal accounting reports of the City of Grants Pass

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

MISCELLANEOUS STATISTICS

June 30, 2014
(Unaudited)

Date of Incorporation -1887

Form of government - Council/Manager

		<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>	<u>2014</u>
Area (in Acres)	(2)	6,166	7,026	7,026	7,026	7,026	7,026	7,026	7,026	7,026	7,026
Police and officers	(1)	41	43	44	44	41	46	46	46	50	48
Firefighters and officers	(1)	17	17	17	19	27	27	27	27	28	30
Employees (Permanent)											
Classified service	(1)	165	169	187.5	217	194	180	180	181	184	178
Exempt	(1)	9	9	9	10	10	27*	31	30	31	27

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)									
	2005	2006	2007	2008	2009*	2010	2011	2012	2013	2014
<i>Administration</i>										
Management	5.90	5.90	5.90	6.90	6.70	5.75	5.61	5.55	4.45	4.95
Legal	0.80	0.80	0.75	0.75	1.34	1.34	0.05	0.05	0.05	0.05
Information Technology	3.00	3.55	2.65	4.45	3.95	3.95	4.88	4.73	5.93	5.70
Risk Insurance	0.30	0.30	0.30	0.30	0.41	0.41	0.32	0.55	0.00	0.00
General Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.20
Economic Development	1.00	1.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Tourism Development	2.00	2.00	2.00	1.85	1.85	1.85	1.85	1.80	1.95	0.06
Downtown	0.50	0.00	1.00	1.45	1.45	1.45	1.55	1.50	1.53	1.68
Property Management	1.00	1.05	0.90	1.25	1.30	1.30	2.06	1.86	2.05	1.40
	14.50	14.60	13.50	17.95	18.00	17.05	17.32	17.04	17.16	14.04
<i>Finance</i>										
Finance	14.00	15.00	15.00	16.00	15.00	13.00	13.00	13.50	16.10	13.67
Garage Operations	0.35	0.55	0.40	3.30	3.05	3.05	2.13	2.84	2.97	2.92
Equipment Repair	0.40	0.45	0.55	0.60	0.70	0.70	0.47	0.61	0.72	0.72
	14.75	16.00	15.95	19.90	18.75	16.75	15.60	16.95	19.79	17.31
<i>Human Resources</i>										
Human Resources	-	-	-	2.00	2.50	2.50	2.38	2.86	3.08	3.03
Worker's Compensation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.37	0.52
	0.00	0.00	0.00	2.00	2.50	2.50	2.38	2.86	3.45	3.55
<i>Parks & Community Development</i>										
Management	7.00	7.00	7.00	8.00	4.80	5.00	9.00	9.00	9.00	8.65
Engineering	8.00	9.20	9.00	10.00	8.50	6.50	4.50	4.50	3.50	3.50
Planning	7.00	9.00	8.00	11.00	5.00	4.00	3.00	3.00	2.90	3.90
Building & Safety	7.00	6.00	6.00	7.00	2.00	2.00	2.00	2.00	2.10	2.10
Park Maintenance	6.40	6.40	6.45	8.00	6.65	6.85	6.64	6.24	7.60	6.55
Aquatics	0.30	0.35	0.30	0.30	0.30	0.10	0.40	0.40	0.40	0.35
Recreation	0.05	0.05	0.05	0.15	0.15	0.15	0.15	0.15	0.15	0.15
	35.75	38.00	36.80	44.45	27.40	24.60	25.69	25.29	25.65	25.20
<i>Public Works</i>										
Water Treatment	5.40	5.17	4.39	5.94	6.46	6.46	6.46	6.46	5.46	5.46
Water Distribution	8.00	8.44	8.98	8.93	8.30	8.30	8.80	8.80	8.80	7.80
Wastewater Collection	4.00	4.44	5.98	5.94	5.16	5.16	5.66	5.66	5.66	5.66
Wastewater Treatment	8.75	8.84	8.73	8.88	7.41	9.91	9.41	7.71	7.71	8.46
JO-GRO™	3.85	3.91	3.91	4.05	4.11	2.61	3.11	3.81	1.81	0.00
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	0.16
Storm Water	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.00	0.00	0.00
Street Maintenance	7.50	6.60	6.70	6.76	7.56	7.56	7.56	6.56	6.46	6.56
	38.50	38.40	39.70	41.65	40.10	41.10	42.10	40.10	37.00	35.10
<i>Public Safety</i>										
Fire/Rescue Operations**	-	-	-	-	-	-	-	-	-	31.70
Police Operations**	54.50	59.00	60.00	68.00	67.75	73.50	76.50	77.75	82.25	50.75
Support Operations	26.00	28.00	26.00	31.00	25.60	29.10	29.00	27.00	27.00	20.90
Code Enforcement	-	1.00	3.05	2.05	1.00	0.00	0.00	0.00	0.00	0.00
	80.50	88.00	89.05	101.05	94.35	102.60	105.50	104.75	109.25	103.35
Total	184.00	195.00	195.00	227.00	201.10	204.60	208.59	206.99	212.30	198.55

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

**Previous to FY14 Police Operations and Fire Operations were listed as Field Operations

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)	2014				2005			
	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)	162,175	193,571	1	3.63%	53,982 \$	116,945	1	3.60%
School District 7 (public)	88,961	93,789	2	1.76%	48,765	56,202	2	1.73%
Timber Products (commercial)	30,583	48,290	3	0.91%	28,673	25,378	5	0.78%
Three Rivers Hospital (commercial)	28,098	47,290	4	0.89%	30,941	39,083	3	1.20%
Countryside Partners (commercial)	27,684	33,705	5	0.63%				
Josephine County (public)	15,855	30,821	6	0.58%	30,154	47,362	4	1.46%
Emeritus @ Spring Pointe/Village (retirement)	16,346	30,592	7	0.57%				
Countryside Village (retirement)	8,854	22,513	8	0.42%				
Hamlyn Family LLC (multi-family)	10,303	18,714	9	0.35%				
Grants Pass Shopping Center (commercial)	5,219	18,591	10	0.35%				
Spring Pointe/Spring Village (commercial)					15,009	21,993	7	0.68%
State of Oregon (Public)					11,506	15,698	9	0.48%
Wal-Mart (commercial)					12,145	13,734	8	0.42%
Grants Pass Hardwoods (commercial)					23,079	20,880	6	0.64%
Sub-total	<u>394,078</u>	<u>537,875</u>		<u>10.09%</u>	<u>254,254</u>	<u>357,275</u>		<u>11.01%</u>
All other sources		<u>4,793,311</u>		<u>89.91%</u>		<u>3,121,695</u>		<u>88.99%</u>
Total Water Revenues		<u>\$ 5,331,206</u>		<u>100.00%</u>		<u>\$ 3,478,970</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)

Number of Accounts

Fiscal Year Ended June 30,	Residential	Multi-Family	Commercial	Public	Fire Protection	Outside City Surcharge	Total
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
2014	8,152	1,007	1,213	154	150	*	10,676

Water Consumption (hcf)

Fiscal Year Ended June 30,	Residential	Multi-Family	Commercial	Public	Fire Protection	Outside City Surcharge	Total
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
2014	1,214,156	408,049	681,937	237,270	227	*	2,541,639

**Breakdown of customers outside the City limits without a Service and Annexation Agreement not readily available.*

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

Water and Sewer Rates

Water and Sewer Rates from 1993 through November 1, 2005

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

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

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

Water Rates as of February, 2006

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

Single Family Residential

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

Customer Class

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

Service Level Charge

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

Sewer Rates as of October, 2005

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

(3) awwc: average winter water consumption

(4) awc: actual water consumption

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

Water and Sewer Rates

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

Water Rates as of January 1, 2007

Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 8.58	\$ 3.21
1"	19.13	3.21
1.5"	36.10	3.21
2"	57.92	3.21
3"	111.70	3.21
4"	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
Residential	
Monthly Service Charge	\$ 10.96
Volume Charge x awwc*	2.25
Multi-Family	
Monthly Service Charge	\$ 10.96
Volume Charge x awwc*	2.25
Commercial Normal Strength	
Monthly Service Charge	\$ 10.96
Volume Charge x awc**	2.25
Commercial High Strength	
Monthly Service Charge	\$ 10.96
Volume Charge x awc**	3.15
Public	
Monthly Service Charge	\$ 10.96
Volume Charge x awc**	2.25

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

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

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

**awwc: average winter water consumption

***awc: actual water consumption

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

Water and Sewer Rates

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

Water Rates as of March 1, 2009

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

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

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

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

Sewer Rates as of March 1, 2009

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

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

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
Residential	
Monthly Service Charge	\$ 11.96
Volume Charge x awwc**	2.45
Multi-Family	
Monthly Service Charge	\$ 11.96
Volume Charge x awwc**	2.45
Commercial Normal Strength	
Monthly Service Charge	\$ 11.96
Volume Charge x awc***	2.45
Commercial High Strength	
Monthly Service Charge	\$ 11.96
Volume Charge x awc***	3.43
Public	
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

**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
Residential	
Monthly Service Charge	\$ 12.16
Volume Charge x awwc**	2.49
Multi-Family	
Monthly Service Charge	\$ 12.16
Volume Charge x awwc**	2.49
Commercial Normal Strength	
Monthly Service Charge	\$ 12.16
Volume Charge x awc***	2.49
Commercial High Strength	
Monthly Service Charge	\$ 12.16
Volume Charge x awc***	3.49
Public	
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	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 July 1, 2011

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

**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

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
Residential	
Monthly Service Charge	\$ 12.89
Volume Charge x awwc**	2.63
Multi-Family	
Monthly Service Charge	\$ 12.89
Volume Charge x awwc**	2.63
Commercial Normal Strength	
Monthly Service Charge	\$ 12.89
Volume Charge x awc***	2.63
Commercial High Strength	
Monthly Service Charge	\$ 12.89
Volume Charge x awc***	3.70
Public	
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

**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

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
Residential	
Monthly Service Charge	\$ 13.19
Volume Charge x awwc**	2.69
Multi-Family	
Monthly Service Charge	\$ 13.19
Volume Charge x awwc**	2.69
Commercial Normal Strength	
Monthly Service Charge	\$ 13.19
Volume Charge x awc***	2.69
Commercial High Strength	
Monthly Service Charge	\$ 13.19
Volume Charge x awc***	3.79
Public	
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

**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

Water Rates as of January 1, 2014

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 16.82	\$ 6.30
1"	37.48	6.30
1.5"	70.72	6.30
2"	113.47	6.30
3"	218.85	6.30
4"	362.74	6.30
6"	688.98	6.30
8"	1096.30	6.30
10"	1698.14	6.30

Single Family Residential		
0-10	11-25 unit	>26 units
\$0.88	\$1.13	\$1.34

Customer Class	
Multi-Family & PUD	\$ 0.88
Commercial/Public	1.05
Interruptible Irrigation for Public Parks & Schools	0.88
Irrigation-All Classes	1.52
Standby-All Classes	1.52

Service Level Charge	
Service Level	Per Unit Chrg
1	0
2	\$0.0978
3	\$0.2283
4	\$0.3260
5	\$0.4238

**Sewer Rates as of January 1, 2014
(1st 2 units included in base charge)**

Class	Per Month
Residential	
Monthly Service Charge	\$ 13.39
Volume Charge x awwc**	2.73
Multi-Family	
Monthly Service Charge	\$ 13.39
Volume Charge x awwc**	2.73
Commercial Normal Strength	
Monthly Service Charge	\$ 13.39
Volume Charge x awc***	2.73
Commercial High Strength	
Monthly Service Charge	\$ 13.39
Volume Charge x awc***	3.85
Public	
Monthly Service Charge	\$ 13.39
Volume Charge x awc***	2.73

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

**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, 2014, and have issued our report thereon dated December 08, 2014. 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.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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.



For Eide Bailly, LLP
Boise, Idaho
December 08, 2014



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 discretely presented component unit, 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, 2014, 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 08, 2014. An explanatory paragraph was included in the auditor’s report to emphasize the implementation of GASB 65.

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.

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 City’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Boise, Idaho
December 08, 2014