



**JOSEPHINE COUNTY-CITY OF GRANTS PASS  
SOLID WASTE AGENCY**

(A COMPONENT UNIT OF THE CITY OF GRANTS PASS)

JOSEPHINE COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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**JOSEPHINE COUNTY-CITY OF GRANTS PASS  
SOLID WASTE AGENCY**

**A Component Unit of the City of Grants Pass, Oregon**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2022**

**JOSEPHINE COUNTY-CITY OF GRANTS PASS  
SOLID WASTE AGENCY  
(A Component Unit of the City of Grants Pass, Oregon)**

**BOARD MEMBERS**

**As of November 1, 2022**

<b>Name</b>	<b>Position</b>
Rob Brandes	Chair
Rick Riker	Vice-Chair
Kyrrha Sevco	Director
Justin Fimbres	Director
Wally Hicks	Director
Alex Ponder	Director
Brad Clark	Director

*Board Members' terms expire upon resignation.*

**ADMINISTRATIVE OFFICES**

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

This is the mailing address for management and all board members

**CITY MANAGER**

Aaron Cubic

**SWA OPERATIONS MANAGER**

Jason Canady – Operations Manager

**FINANCE STAFF**

JC Rowley  
Mindy Ellerman

**JOSEPHINE COUNTY-CITY OF GRANTS PASS  
SOLID WASTE AGENCY  
(A Component Unit of the City of Grants Pass, Oregon)**

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December 12, 2022

Rob Brandes, Chair  
Members of the Agency Board  
Budget Committee Members



Ladies and Gentlemen:

Organized in 2001 as the Josephine County-City of Grants Pass Solid Waste Agency, (the Agency) is responsible for administering the ongoing Solid Waste franchise agreements in the City and County. The Agency allocates resources from the Environmental Program Fee collected in the franchises, provides franchise oversight, rate regulation, assures compliance with franchise terms, and conducts audits on behalf of both local governments.

As the managing jurisdiction for the Agency, the City of Grants Pass prepares an annual audit to report how the Agency is doing. This report is our disclosure of all our financial affairs.

The annual audit is prepared to meet legal requirements (ORS 297.425) and to effectively communicate and provide full disclosure to our constituency. The report is prepared by the City of Grants Pass and the Agency and our report is audited by independent auditors. The City is responsible for the accuracy of the data and the complete fair disclosure of all our financial data. The auditors test transactions verify the system, and assure accuracy.

### **HIGHLIGHTS OF PERFORMANCE**

Since its inception in 2001, the Josephine County-City of Grants Pass Solid Waste Agency has continued to implement its mission of cooperating and acting together for the purposes of providing solid waste management services to the citizens of Josephine County.

During the fiscal year ending June 30, 2022, the Agency completed the following significant actions:

1. Conducted a household hazardous waste collection event.
2. Continued assistance to Josephine County; reimbursing the County for Marlsan and Kerby Landfill Monitoring costs.
3. Provided funding to clean up hazardous properties through the City of Grants Pass Department of Public Safety Code Enforcement program.
4. Funded Josephine County Code Enforcement division to continue their new solid waste clean-up program.
5. Funded the Josephine County Public Works Department to clean litter from bike paths.
6. Funded Rogue Valley Council of Governments for the Rogue River Clean-up Event.
7. Funded the Illinois Valley Wellness Resources drop box program.
8. Funded the City of Grants Pass J Street property clean-up.

## 9. Funded asbestos abatement with Josephine Community Libraries.

The Agency continues to oversee and administer the franchise disposal rates, review the fiscal status of the Franchisees, and allocate the Environmental Program Fee funds collected from the Franchisees.

This report includes all of the funds and account groups of the Agency consistent with the entity definition criteria established by the Governmental Accounting Standards Board (GASB).

### **BUDGETARY CONTROLS**

Oregon Local Budget Law requires the Agency to prepare and adopt an annual budget. The budgetary process ensures the opportunity for citizens to provide both written and oral comment on the proposed budget at a series of public hearings, which have been appropriately noticed. The recommended budget is presented to the Budget Committee comprised of seven Board members and seven lay members who review the proposed budget in detail and may modify any proposed allocation. The Budget Committee approves and refers the budget to the Board for final consideration and adoption. Subsequent to the adoption, resources and/or expenditures may be adjusted through a supplemental budget process, offering both public input and Budget Committee review. Oversight is provided in quarterly financial reports.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the Agency Board, and within parameters established by resolution of the Agency in accord with the statute and municipal purchasing policy for all its functions and component units.

### **FUND STRUCTURE**

The accompanying general purpose financial statements represent all funds and accounts of the Agency. The fund structure used to account for services of the Agency is a General Fund: This fund accounts for the financial operations of the Agency, which are not accounted for in any other fund.

### **OTHER INFORMATION**

#### **INDEPENDENT AUDIT**

Oregon State Law (ORS 297.415 and 297.425) requires an annual audit of the fiscal affairs of the Agency by independent public auditors selected by the Council. The Agency for these services selected the accounting firm of Moss Adams LLP. The audit meets the requirements set forth in State statutes. The independent auditors report on the general purpose financial statements are included in the financial section of this report.



## ACKNOWLEDGMENTS

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.

In closing, without the leadership and support of the Board of the Josephine County-City of Grants Pass Solid Waste Agency, preparation of this report would not have been possible.

Sincerely,



Jason Canady  
Solid Waste Agency Operations Manager

## **Report of Independent Auditors**

The Board of Directors  
Josephine County - City of Grants Pass Solid Waste Agency

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison of Josephine County – City of Grants Pass Solid Waste Agency (the “Agency”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Agency as of June 30, 2022, and the respective changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency’s ability to continue as a going concern within one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

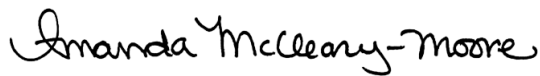
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting 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 management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The transmittal letter is presented for purposes of additional analysis and is not a required part of the basic financial statement. The transmittal letter has 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 it.

***Other Reporting Required by Oregon Minimum Auditing Standards***

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 12, 2022, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Amanda McCleary-Moore  
Medford, Oregon  
December 12, 2022

JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of Josephine County-City of Grants Pass Solid Waste Agency’s (the Agency) financial performance provides an overview of the Agency’s financial activities for the fiscal year ended June 30, 2022. Please read the Agency’s Financial Statements, which follows this MD&A.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2022, the Agency’s assets exceeded its liabilities with a net position of \$2,500,852.
- Change in net position for the year is an increase of \$255,230.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. Government-wide financial statements present information on the Agency’s finances in a manner similar to private-sector business. The statement of net position shows the Agency’s assets and liabilities, with the difference between the two reported as net position. The statement of activities shows revenue, expenses, and the change in net position for the Agency as a whole.

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 Agency is categorized as a governmental fund. Governmental funds account for the same functions as reported in the government-wide financial statements. However, as more fully explained in the notes to the financial statements, governmental funds focus on measuring available spendable resources. This information is essential for preparation of and compliance with annual budgets. It is a narrower perspective than used in the government-wide financial statements, which include long-term resources and uses. When a difference occurs between the government-wide financial statements and the budgetary fund financial statements, a reconciliation will be shown.

The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Revenues for fiscal year 2022, compared to the prior fiscal year, were as follows:

	2022	2021	Difference	%
<b>Revenues</b>				
Intergovernmental	\$ 560,544	\$ 450,285	\$ 110,259	24.5%
Interest Income	3,128	17,423	(14,295)	-82.0%
<b>Total Revenues</b>	<b><u>\$ 563,672</u></b>	<b><u>\$ 467,708</u></b>	<b><u>\$ 95,964</u></b>	<b>20.5%</b>

Expenses for fiscal year 2022, compared to the prior fiscal year, were as follows:

	2022	2021	Difference	%
<b>Expenses</b>				
Field Operations	\$ 308,442	\$ 247,407	\$ 61,035	24.7%
Total Expenses	<u>\$ 308,442</u>	<u>\$ 247,407</u>	<u>\$ 61,035</u>	<b>24.7%</b>

Total assets, liabilities and net position were as follows:

	2022	2021	Difference	%
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,469,961	\$ 2,207,837	\$ 262,124	11.9%
Receivables	37,719	41,090	(3,371)	0.0%
Total assets	<u>2,507,680</u>	<u>2,248,927</u>	<u>258,753</u>	11.5%
<b>Liabilities</b>				
Current Liabilities	6,828	3,305	3,523	106.6%
Total liabilities	<u>6,828</u>	<u>3,305</u>	<u>3,523</u>	106.6%
<b>Net Position</b>				
Unrestricted	2,500,852	2,245,622	255,230	11.4%
Total net position	<u>\$ 2,500,852</u>	<u>\$ 2,245,622</u>	<u>\$ 255,230</u>	<b>11.4%</b>

The Agency is charged with the responsibility of administering on-going franchise agreements in Josephine County (the County), the City of Cave Junction, and the City of Grants Pass, providing oversight of those agreements and allocating resources. To this end, the Agency reviews potential projects to be undertaken and has prudently been accumulating funds to fund future environment clean-up projects. Josephine County, who has responsibility for monitoring and maintaining Marlsan and Kerby Landfill Sites, continues to monitor the sites and fulfill DEQ expectations.

## BUDGET VARIANCES

During the fiscal year 2022, the expenditures by major budgetary categories were as follows:

Category	Budget	Expenditure	Variance
Materials and Services	\$ 418,800	285,630	\$ 133,170
Capital Outlay	70,000	22,812	47,188
Contingency	1,298,468	-	1,298,468
Total	<b>\$ 1,787,268</b>	<b>\$ 308,442</b>	<b>\$ 1,478,826</b>

The Agency's appropriation of \$1,298,468 as contingency was to cover unusual and unanticipated projects that may arise during the year. An example may be providing a community clean-up day for deposit of household appliances and vehicles, unforeseen at the time of budget preparation. Oregon Budget Law requires local government to plan and allow for such events when appropriating expenditures for the next fiscal year.

During fiscal year 2022, no budget revisions were made.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for fiscal year 2023 has total appropriations of \$2,939,066. The majority of this, \$1,464,887 for contingency while \$413,600 is budgeted for Materials and Services, and \$70,000 for Capital Outlay. The budget also includes an unappropriated ending balance of \$990,579.

## REQUESTS FOR INFORMATION

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

**JOSEPHINE COUNTY-CITY OF GRANTS PASS  
SOLID WASTE AGENCY  
(A Component Unit of the City of Grants Pass, Oregon)**

**BASIC FINANCIAL STATEMENTS**



**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY**  
**(A Component Unit of the City of Grants Pass, Oregon)**

**STATEMENT OF NET POSITION**  
**June 30, 2022**

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ASSETS:	
Cash, Cash Equivalents and Investments	\$ 2,469,961
Receivables	
Fees	<u>37,719</u>
Total Assets	<u>2,507,680</u>
LIABILITIES:	
Accounts Payable	<u>6,828</u>
Total Liabilities	<u>6,828</u>
NET POSITION:	
Unrestricted	<u>2,500,852</u>
Total Net Position	<u><u>\$ 2,500,852</u></u>

The accompanying notes are an integral part of this statement.

**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY**  
**(A Component Unit of the City of Grants Pass, Oregon)**

**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2022**

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EXPENSES	
Field Operations	\$ <u>308,442</u>
Total Expenses	<u>308,442</u>
GENERAL REVENUES	
Intergovernmental	560,544
Interest on Investments	<u>3,128</u>
Total Revenues	<u>563,672</u>
Change in Net Position	255,230
Net Position - Beginning	<u>2,245,622</u>
Net Position - Ending	<u><u>\$ 2,500,852</u></u>

The accompanying notes are an integral part of this statement.

**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY**  
**(A Component Unit of the City of Grants Pass, Oregon)**

**BALANCE SHEET**  
**June 30, 2022**

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<b>ASSETS:</b>	
Cash, Cash Equivalents and Investments	\$ 2,469,961
Receivables	
Fees	<u>37,719</u>
 Total Assets	 <u><u>\$ 2,507,680</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts Payable	<u>\$ 6,828</u>
 Total Liabilities	 <u>6,828</u>
 Fund Balance:	
Committed to Environmental Liabilities	892,864
Unassigned	<u>1,607,988</u>
 Total Fund Balance	 <u>2,500,852</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 2,507,680</u></u>

The accompanying notes are an integral part of this statement.

**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY**  
**(A Component Unit of the City of Grants Pass, Oregon)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**Year Ended June 30, 2022**

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GENERAL REVENUES:	
Intergovernmental Revenue	\$ 560,544
Investment Interest	<u>3,128</u>
Total Revenues	<u>563,672</u>
EXPENDITURES:	
Field Operations	285,630
Capital Outlay	<u>22,812</u>
Total Expenditures	<u>308,442</u>
Excess of Revenues Over Expenditures	<u>255,230</u>
Net Change in Fund Balance	255,230
Beginning Fund Balance	<u>2,245,622</u>
Ending Fund Balance	<u><u>\$ 2,500,852</u></u>

The accompanying notes are an integral part of this statement.

**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY  
(A Component Unit of the City of Grants Pass, Oregon)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2022**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 470,000	\$ 470,000	\$ 560,544	\$ 90,544
Investment Interest	25,000	25,000	3,128	(21,872)
	<u>495,000</u>	<u>495,000</u>	<u>563,672</u>	<u>68,672</u>
<b>Total Revenues</b>	<b>495,000</b>	<b>495,000</b>	<b>563,672</b>	<b>68,672</b>
<b>EXPENDITURES:</b>				
Materials and Services	418,800	418,800	285,630	133,170
Capital Outlay	70,000	70,000	22,812	47,188
Contingency	1,298,468	1,298,468	-	1,298,468
	<u>1,787,268</u>	<u>1,787,268</u>	<u>308,442</u>	<u>1,478,826</u>
<b>Total Expenditures</b>	<b>1,787,268</b>	<b>1,787,268</b>	<b>308,442</b>	<b>1,478,826</b>
Net Changes in Fund Balance	(1,292,268)	(1,292,268)	255,230	1,547,498
Beginning Fund Balance	3,035,653	3,035,653	2,245,622	(790,031)
Ending Fund Balance	<u>\$ 1,743,385</u>	<u>\$ 1,743,385</u>	<u>\$ 2,500,852</u>	<u>\$ 757,467</u>

The accompanying notes are an integral part of this statement.

**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY  
(A Component Unit of the City of Grants Pass, Oregon)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**1. Description of the Agency and Summary of Significant Accounting Policies:**

The 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). 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. Principal funding sources are environmental program fees collected through Solid Waste Franchises. Personnel of the City of Grants Pass handle fiscal and accounting functions.

The Agency is considered a discretely presented component unit of the City of Grants Pass, Oregon (the City), 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.

Significant accounting policies used in the preparation of these financial statements are described below:

**Basis of Accounting**

The government-wide financial statements are prepared on the accrual basis of accounting using the "economic resources" measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flow. Accordingly, all assets and liabilities are reflected within the statement of net position equaling the "total net position".

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Funds focus on changes in resources available for spending. Revenues are recognized when they become available and measurable. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the Agency considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

**Cash and Cash Equivalents**

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased and all amounts in pooled accounts to be cash equivalents.

**Receivables and Payables**

Receivables for franchise agreements are recorded as revenue as earned. The receivables for franchise agreements revenue are recorded in accounts receivable.

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

**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY**  
**(A Component Unit of the City of Grants Pass, Oregon)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**Investments**

The Solid Waste Agency investments are managed by the City of Grants Pass. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30<sup>th</sup>, the City had investments measured at all level inputs and are included with cash. The change in fair value is reported in the statement of revenues, expenses and changes in net position as investment earnings. Realized gains or losses on the maturity or disposition of securities are not separately disclosed.

**Description of the Agency's Fund**

This fund reports the operations of a joint City/County solid waste management agency that administers the ongoing franchise agreements in the Cities of Grants Pass and Cave Junction and Josephine County.

**Budget**

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law, except for accrued compensated absences. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. The Agency begins its budget process each fiscal year with the establishment of the budget committee. Generally, recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption, however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30.

The Agency made appropriations in the following categories:

- Materials and Services
- Capital Outlay
- Contingencies

Expenditures cannot legally exceed the above appropriation levels. Supplemental appropriations may occur if the Board approves them due to a need, which was not determined at the time the budget was adopted. Budget amounts shown in the financial statements reflect the original budget amounts. Expenditures of the various funds were within authorized appropriations for the year.

**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY  
(A Component Unit of the City of Grants Pass, Oregon)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**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.

**Net Position/Fund Balance**

*Net position* comprises the various net revenues from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories on the statement of net position.

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. The Agency does not have any capital 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. The Agency does not have any restricted net position.

Unrestricted– consists of all other net position not included in the other categories previously mentioned.

Fund balances of the governmental fund is classified as follows:

- Non-spendable fund balance represents amounts that are not in a spendable form. The non-spendable 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, the board, for a particular purpose. The use of committed funds would be approved by resolution and can only be reversed by board resolution.
- 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 to the City Manager and Finance Director.



**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY  
(A Component Unit of the City of Grants Pass, Oregon)**

**NOTES TO FINANCIAL STATEMENTS  
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- 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.

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.

GASB Statement 87 on Leases, GASB 89 on Accounting for Interest Cost Incurred before the End of a Construction Period, and GASB 97 on Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans had no impact on the Agency's financial statements.

**2. Cash and Cash Equivalents:**

The City of Grants Pass, Oregon maintains a cash and investment pool that is used by all funds and component units, including the Josephine County – City of Grants Pass Solid Waste Agency. Agency cash and investments at June 30, 2022, consisted of the following:

**Reported on the Statement of Net Position as follows:**

Deposits with Financial Institutions:

Demand Deposits	\$ 591,323
Cash Equivalents	1,452,938
Investments	425,700
Total Cash and Investments	<u>\$ 2,469,961</u>

**Deposits**

The City treats its entity-wide cash and investment pool as a demand deposit. Each fund may deposit or withdraw from the pooled account at any time, without prior notice or penalty. Interest earned from pooled investments is allocated monthly based on each fund's average investment balance as a proportion of the City's total investment balance. The City's restricted and unrestricted cash and investments include monies deposited in the Oregon State Treasurer's Local Government Investment Pool (LGIP), Certificates of Deposit and other bank demand accounts, treasury bonds and other U.S. Government agency bonds.

**Concentration of Credit Risk**

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the Agency follows the City's investment policy which sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2022, the City and Agency were in compliance with all percentage restrictions by both the State and the City's investment policy. 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.

**JOSEPHINE COUNTY-CITY OF GRANTS PASS SOLID WASTE AGENCY  
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**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%
A1/P1 Rated Commercial Paper	25%

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

Investments are valued at fair value as required by GASB. As of June 30, 2022, the fair value of the position in the LGIP is 98.98% of the value of the pool shares as reported in the Oregon Short-Term Fund audited financial statements.

**Interest Rate Risk**

In general, the Agency'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 (OSTFB). The City's policy is that 100% of all operating funds shall mature within 36 months and the policy has been reviewed by the OSTFB.

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

To the extent possible, the City of Grants Pass shall attempt to match its investments with anticipated future cash flow requirements. The maximum maturity shall be the anticipated use of the cash or 36 months, whichever is shorter, unless:

- The funds are being accumulated for a specific purpose, including future construction projects, and upon approval of the Council, the maximum maturity date matches the anticipated use of the funds (ORS 294.135).
- If this investment policy has been submitted for review by the Oregon Short-Term Fund (OSTF) Board and in accordance with ORS 294.135(1)(a), debt service reserves may be invested to a maturity date not exceeding five years.

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**NOTES TO FINANCIAL STATEMENTS**  
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**Credit Risk**

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

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.

**Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2022, all cash and investments accounts are pooled with other funds of the City of Grants Pass. Custodial credit risk is minimal as bank deposits not covered by federal depository insurance are collateralized by the Oregon Public Funds Collateralization Program. Refer to the City of Grants Pass' Annual Comprehensive Financial Report for further details.

**3. Risk Management:**

The Agency 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 Agency purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

**JOSEPHINE COUNTY-CITY OF GRANTS PASS  
SOLID WASTE AGENCY  
(A Component Unit of the City of Grants Pass, Oregon)**

**Independent Auditor's Report Required by Oregon State Regulations**

## Report of Independent Auditors Required by Oregon State Regulations

The Board of Directors  
Josephine County - City of Grants Pass Solid Waste Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities, major fund, and budgetary comparison of the Josephine County - City of Grants Pass Solid Waste Agency (the “ Agency”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated December 12, 2022.

### Compliance

As part of obtaining reasonable assurance about whether the Agency’s basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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:

- Accounting records and internal control
- Public fund deposits
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

## **Internal Control Over Financial Reporting**

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

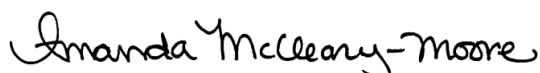
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors and management of the Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Amanda McCleary-Moore, for  
Moss Adams LLP  
Medford, Oregon  
December 12, 2022