

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

For the year ended June 30, 2011



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011

Prepared by:

City of Grants Pass Finance Department

Jay Meredith, Finance Director
Tammy Canady, Financial Analyst

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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WHERE THE ROGUE RIVER RUNS



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CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

ELECTED OFFICIALS

November 20, 2011 (as of Date)

<u>NAME</u>	<u>TERM EXPIRES</u>
Mike Murphy, Mayor	December 31, 2012
Dennis Webber, NW – Ward 1	December 31, 2014
Dan DeYoung, NW – Ward 1	December 31, 2012
Rick Riker, NE – Ward 2	December 31, 2014
Lily Morgan, NE – Ward 2	December 31, 2012
Jim Williams, SE – Ward 3	December 31, 2014
Richard Michelon, SE – Ward 3	December 31, 2012
Kris Woodburn, SW – Ward 4	December 31, 2012
Darin Fowler, SW – Ward 4	December 31, 2014

All council members receive mail at the address listed below.

CITY MANAGER

Laurel Samson

FINANCE DIRECTOR

Jay Meredith

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

WHERE THE ROGUE RIVER RUNS



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December 5, 2011



To the Honorable Mayor Mike Murphy, 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, 2011.

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

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

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

The independent audit of the financial statements of the City of Grants Pass was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements

involving the administration of federal awards. These reports are included and are available in the Auditors' Comments and Disclosures section of this report.

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

Profile of the City of Grants Pass

Grants Pass has grown to an estimated population of 34,533 residents according to the National Census completed in 2010 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 82,713.

Factors Impacting Financial Conditions

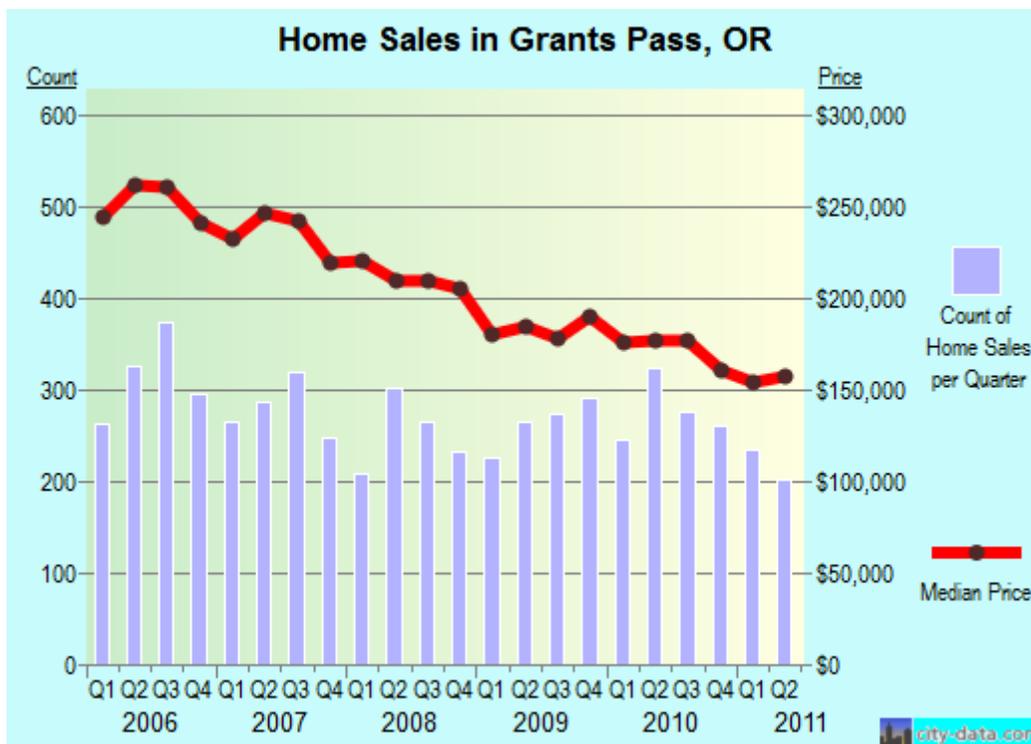
The City of Grants Pass continues to rank 15th in population among 242 cities in Oregon. Grants Pass' real estate assessed value rose by 2.9% in spite of the continued challenging housing market conditions. This was in part due to assessed values for many properties still being well under market values and a small amount of new development. The Fiscal 2012 assessment change report also just came in, showing an increase of approximately 0.2% on assessed values for existing properties and approximately a 1% increase in values as a result of new development, for a total of a 1.2% increase for FY'12. Assessed property values are starting to keep up with market values for many properties and in some cases are dropping along with lower market values.

In spite of the continued economic downturn hitting development particularly hard, Grants Pass continues to see some new building activity. The Building and Safety Division issued 42 new structural permits during the year, down 30 permits from the number of permits issued in the previous year. Total commercial construction units were down one unit but increased \$10.2M in total value, while total residential construction units declined by 14 units and \$4.8M in value as compared to FY'10. The total year-over-year increase in value of new building in FY'11 was nearly \$5.4M, although the last fiscal year was the lowest level of total new construction out of any year in the last 10 years. Residential construction continues to be the soft spot in development during this period of higher than normal existing properties on the market for sale. A total of 25 single-family residential permits were issued compared to 58 for FY'10, while the number of multi-family permits increased to 7 from only 1 in FY'10. Commercial permits totaled 10 in the current year as compared to 11 in FY'10.

The immediate demand for planning and building inspections for all classes of

construction continues to be slow given the overall real estate market challenges and inventory on the market due to foreclosures and other sales. Despite development declines, 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 experienced a decrease in the number of homes sold and the median price over the last year, in line with many other parts of the region and country. The median home sale price in the second calendar quarter of 2011 was approximately \$160,000 as compared to approximately \$175,000 in the second calendar quarter of 2010. Home sales by number of transactions have also decreased slightly since last year. It is difficult to predict when the market will change but it seems reasonable to assume that with the relatively higher amounts of housing inventory expected to be on the market in the near term, development in the next few years 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 five years since an annexation occurred in the City, however a new annexation policy will be among the top priorities of Council discussion in the coming year.

All property taxes received in Grants Pass are dedicated exclusively for the provision of public safety services. The permanent tax rate (\$4.1335) together with the local option levy (\$1.79) and public safety bond (\$0.41) totaled \$6.33/\$1,000 assessed value and generated \$14.3M of the \$16.1M public safety operations budget. 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.

While many of the same influences affecting the nation as a whole continue to impact Grants Pass and Josephine County, the unemployment rate of 12.8% at June 30th was down 1.5% from the previous year. Grants Pass has a significant presence of manufacturing industries, led by wood products and housing-related manufacturing. As the current recession was fueled in part by the housing crisis, the impact on the economy in Grants Pass remains significant.

On the positive side, Grants Pass has had a successful year recruiting business to the area with three new industrial companies moving into the city. Jefferson State Forest Products moved up to Grants Pass from Northern California and moved into the same building as its sister company Bentwood Furniture. Cascade Metal Recycling is moving from Rendata Industrial Park into Spalding Industrial Park. They will increase their employment by five people in doing so, bringing their total employment to 15 employees. The third new industrial business that came to town was Partin Forest Products. This start up wood chip manufacturer will begin with five employees. The City has also given out \$10,000 in façade redevelopment grants. These grants are given to help plan façade improvement through the major traffic zones in and out of Grants Pass.

Working with the Rogue Community College Small Business Development Center, the City of Grants Pass was able to start an Economic Gardening Program. The City contributed \$15,000 from the Economic Development budget and was able to match that money to \$74,000 in public and private funds. The program officially began operation in March of 2011 and we have seen thirty-three full time jobs created because of this program. By the end of 2012 this program is expected to create over 150 jobs. Finally, this October Grants Pass participated in the first annual Site Selectors Visit. This project brings professional Site Selectors to Southern Oregon to familiarize them to the region. The hope is that by increasing their knowledge of Southern Oregon they will be able to recommend this region to their customers in the future. The goal was to have three site selectors visit and the City was able to attract five.

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. SDC revenue levels have fallen substantially in recent years. With the desire to be competitive with other regional cities and to encourage local economic development, the

City Council has temporarily lowered Transportation SDCs. A number of other recommendations from a recently completed report by the Transportation SDC Task Force are also being considered. While most types of SDC revenues came in on track with conservative budget forecasts for the year, the Transportation SDC revenue came in at only \$120,169 versus the revenue budget of \$419,082. However, a large retail commercial development just began construction and is doing major improvements to the transportation infrastructure on and around the Grants Pass Parkway in lieu of paying significant Transportation System Development Charges.

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 year. In late Fiscal 2009, the City Council rolled back annual Cost of Living Index Adjustments (COLA) rate changes for all of the utility revenue rates (with the exception of Sewer rates), which means that while certain expenses increased during the year the utility revenue rates per unit remained constant. Upgrades to the City's water and sewer infrastructure have been planned out for a number of years into the future, and lower levels of economic development in combination with rolling back annual COLA rate changes have the potential to adversely impact the City's various infrastructure upgrade schedules. These developments will have to be monitored closely in order to avoid placing undue pressure on utility operational funds or capital finance needs at the time major projects are scheduled to be undertaken.

Issues such as these will be reviewed periodically by the City Council. The Council has already taken some interim steps by adjusting the rates for the Wastewater Utility, the Transportation Utility Fee, and the rates for the Redwood Sanitary Sewer Service District. Water rates will need to be reviewed in the very near future given a decline in resources available to Water infrastructure projects and pending needs such as the replacement and expansion of Water reservoirs.

City Organization and Services

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

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

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

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

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

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

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

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

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

City Agencies and Special Districts

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

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

Effective August 1998, the City Council also became the governing body of the

Redwood Sanitary Sewer Service District (RSSSD), an entity formed over twenty years ago to provide sewer services to a specific geographical area outside the municipal boundary. The District was authorized through an intergovernmental agreement between the City and Josephine County. Today a large portion of the district is within City limits, but a large portion still remains outside the City boundary. Effective Fiscal Year 2000, the City assumed responsibility for management of RSSSD from Josephine County for providing financial support services, including preparation of the financial report and contracting for a separate audit. RSSSD is required to have a separate audit, which is included as a component unit in this report and shown in the Enterprise Funds section.

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

Goals Of The Community

The Grants Pass City Council adopted the following goals for 2011-2012. These goals were affirmed by the Mayor and Council to 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 Work Plan items were developed to guide operations towards each of the following big picture goals:

- Provide sound leadership through Council, staff and public involvement
- Promote quality livability
- Encourage economic prosperity
- Expand tourism and cultural opportunities
- Keep citizens safe
- Facilitate quality growth
- Interconnect all transportation modes
- 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 at year-end, with notations addressing the attainment of each. In Fiscal 2011, the City achieved 89% of the 102 performance indicators for outcomes and service levels.

Accounting Systems and Internal Controls

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

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

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

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

Financial Policies

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

Revenue

The City's revenue policies strive to maintain a diversified income base in order to minimize the impact of fluctuations in any one source. The City considers the financial burden of multiple taxing jurisdictions when setting taxes and tries to equitably share the costs of services. The City will use non-recurring income for capital projects and other one-time expenses. 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 and reviewed funding alternatives to the public safety property tax levy. Maintaining diversity in revenue sources and following policies that avoid long-term financial burdens will be important as Council continues its efforts to equitably share costs.

Budgetary Goals and Services

The Council adopts City goals as part of their efforts to provide policy and direction for the City. The operating and capital budgets work to carry out the Council's goals and policies. The 2011-2012 Work Plan was adopted by Council on February 16, 2011, and the next Council goal setting session is set for December 2011. Council is expected to adopt new goals prior to Fiscal Year 2013 budgeting, which will take place in the spring of 2012.

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. Last year, Council adopted a fund balance policy for the General Fund. An expanded fund balance policy also covering Enterprise Funds and certain Internal Service Funds will be presented for Council consideration in the fall of 2011.

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 will now affect 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. In this year's current annual report, there is a minor change to Fund Balance reporting under GASB 54 showing different categories of fund balance restrictions for governmental funds.

Investments

The City strives to maximize interest income on cash assets for the benefit of the public. Cash in all City funds is pooled and invested in either the state managed Local Government Investment Pool (LGIP) or short-term instruments, which are restricted to investments approved by the State Treasurer in accordance with Oregon Revised Statutes 294.035 and 294.046 and a Council Adopted Investment Policy. During Fiscal 2009 and 2010, a large portion of the City's investments were moved from the LGIP to US Agency bonds and Bank CD's or money market accounts as the interest rates were more attractive than the rates paid by the LGIP. During Fiscal 2010, a new Investment Policy was also approved by Council and allows a little more flexibility in the percentage of funds allocated to longer maturities, among other minor changes. The new

Investments Policy has so far allowed the City to earn a higher rate of return on the same safe investments as opposed to what a shorter term or LGIP investment would earn. Interest income is distributed monthly to each fund's cash balance.

Awards

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grants Pass for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 28th 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

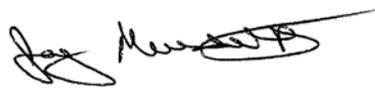
We would like to thank the Mayor and the City Council for their leadership and support. The preparation of this report could not have been accomplished without the dedicated effort of the City Finance Department staff. We also appreciate the contributions made by all other City staff members and wish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

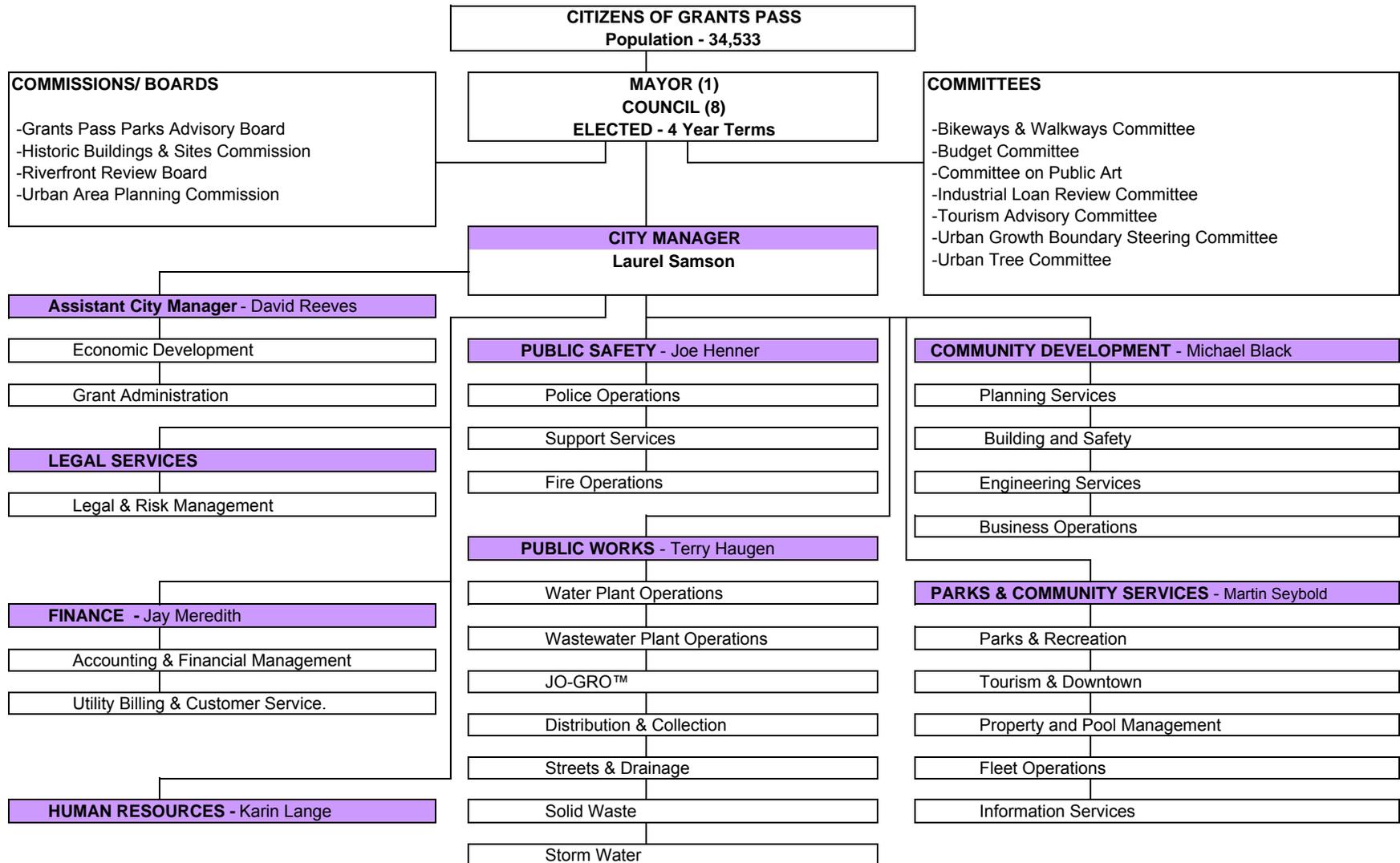
Respectfully submitted,

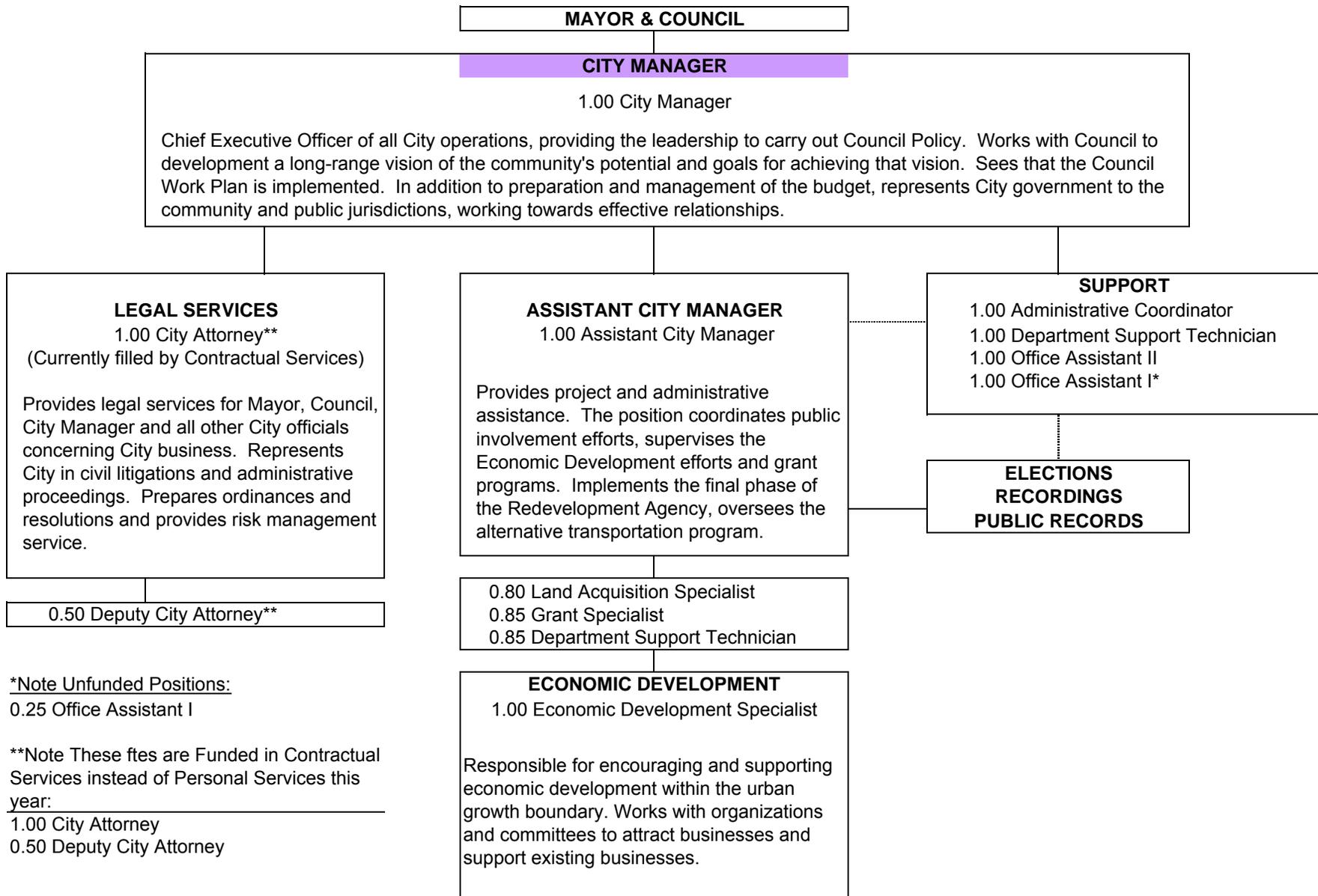


Laurel Samson
City Manager



Jay Meredith
Finance Director





Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grants Pass
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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November 23, 2011

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

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Grants Pass, Josephine County, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Josephine County City of Grants Pass Solid Waste Agency (a component unit) were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

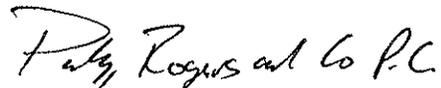
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Grants Pass, Josephine County, Oregon, at June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 23, 2011, on our consideration of City of Grants Pass's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

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


PAULY, ROGERS AND CO., P.C.

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

This section of the City of Grants Pass' annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the City's transmittal letter and the City's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined net assets were \$275,792,574 on June 30, 2011.
- The City's net assets increased by \$9,261,250 during the year.
- The general fund reported a fund balance this year of \$11,523,299.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

The City has the following types of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The City's combined net assets were \$275,795,574 on June 30, 2011.

Statement of Net Assets at June 30, 2011 (In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS:						
Current and Other Assets	\$ 38,370	\$ 36,237	\$ 12,361	\$ 11,785	\$ 50,731	\$ 48,022
Capital Assets	153,153	148,037	94,806	94,843	247,959	242,880
Total Assets	<u>\$ 191,523</u>	<u>\$ 184,274</u>	<u>\$ 107,167</u>	<u>\$ 106,628</u>	<u>\$ 298,690</u>	<u>\$ 290,902</u>
LIABILITIES:						
Current and Other Liabilities	\$ 4,948	\$ 2,723	\$ 2,111	\$ 2,195	\$ 7,059	\$ 4,918
Long-Term Liabilities	9,511	11,977	6,324	7,473	15,835	19,450
Total Liabilities	<u>14,459</u>	<u>14,700</u>	<u>8,435</u>	<u>9,668</u>	<u>22,894</u>	<u>24,368</u>
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	146,191	138,146	87,380	86,290	233,571	224,436
Restricted	5,392	483	-	-	5,392	483
Unrestricted	25,481	30,945	11,352	10,670	36,833	41,615
Total Net Assets	<u>\$ 177,064</u>	<u>\$ 169,574</u>	<u>\$ 98,732</u>	<u>\$ 96,960</u>	<u>\$ 275,796</u>	<u>\$ 266,534</u>

Governmental Activities

The major reason for the 4.4% increase in net assets, or approximately \$7.5M in net assets was the City's capital and infrastructure improvement projects. The Transportation Capital Projects Fund, the Land and Buildings Capital Projects Fund, and the General Fund together added approximately \$7.0M of new capital assets (before considering depreciation). Long-term liabilities were reduced by approximately \$1.0M during the year as a result of regularly scheduled debt payments as well as the additional defeasance of \$405,000 on the Public Safety Facilities General Obligation Bonds.

Capital Asset activity primarily consisted of transportation infrastructure projects. Right-of-Way totaling approximately 887,000 square feet and valued at \$3.8M was added to the system in addition to \$556,139 for storm drains, catch basins and manholes, \$456,746 in curb and gutter work along with \$974,950 in concrete sidewalks. Other Transportation project specific enhancements included work to widen Hubbard Lane (\$564,000) and Rogue River Highway pedestrian improvements (\$355,000.) Other capital projects undertaken in FY'11 included the Tussing Park expansion and completion of the Hillcrest Fire Station Training Tower.

Business-type Activities

The 1.8% increase in net assets for the business-type activities was also primarily due to capital projects and water and sewer infrastructure projects. Approximately \$0.7M of capital asset value was added to the Water Fund through the installation of 8,109 linear feet of various size water lines and installation of 18 hydrants and associated valves. The Sewer Fund increased capital assets \$0.5M through the addition of 4,374 linear feet of line, 41 manholes and 10 cleanouts. Other major Water projects included the completion of Hilltop pump station and work on the Water Treatment Plant roof. Other Sewer capital projects during the year included completion of improvements at the Bridge Street pump station as well as work on the replacement of sewer main on 5th street between the rail road tracks and C Street.

Statement of Activities for the Year Ended June 30, 2011

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

Taxable assessed values for FY'11 increased 2.8% from the previous year. This value increase of \$67M was due to small increases from residential and commercial assessments and increases from light residential and commercial growth. The combination of these factors generated an additional property tax levy of \$4.4M for Public Safety (above the permanent rate) of which approximately 95.6% was collected. Certain union operating divisions realized increases in personnel rates in accord with approved labor contracts. Recognizing that the City is not immune to challenging economic conditions, GPEA employees and supervisors decided not to take COLA salary rate increases that typically happen in January of each year for the third year in a row. The Teamsters union also did not receive a COLA increase in this year. The Police union received a 2% increase per their contract and the Fire union is still in negotiations.

With the exception of Building and Development, most of the major primary government divisions experienced a slight decrease in total allocated expenses in FY'11 as compared to FY'10. Of the Business-type activities, Water expenses increased 2.8%, while total Sewer expenses decreased nearly 1.7%. 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.

CITY OF GRANTS PASS - CHANGES IN NET ASSETS

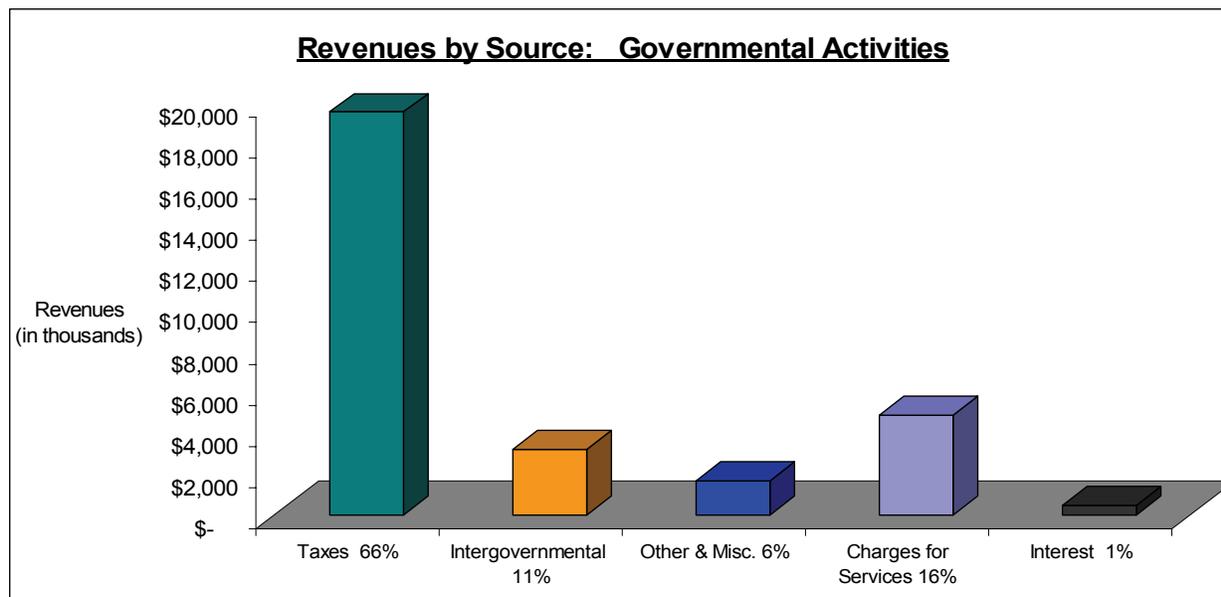
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUES:						
Program Revenues:						
Charges for Services	\$ 4,801	\$ 3,963	\$ 9,379	\$ 9,403	\$ 14,180	\$ 13,366
Operating Grants & Contributions	1,238	2,193	955	241	2,193	2,434
General Revenues:						
Taxes	19,517	18,913	-	-	19,517	18,913
Intergovernmental	3,160	3,359	345	316	3,505	3,675
Other	680	848	665	691	1,345	1,539
Total Revenues	<u>29,396</u>	<u>29,276</u>	<u>11,344</u>	<u>10,651</u>	<u>40,740</u>	<u>39,927</u>
EXPENSES:						
Public Safety	15,766	16,623	-	-	15,766	16,623
Transportation	1,588	1,668	-	-	1,588	1,668
Building	548	497	-	-	548	497
Parks	1,679	1,715	-	-	1,679	1,715
Development	1,611	1,534	-	-	1,611	1,534
General Government	252	1,039	-	-	252	1,039
Solid Waste	265	285	-	-	265	285
Water	-	-	3,945	3,838	3,945	3,838
Sewer	-	-	5,474	5,568	5,474	5,568
Interest	350	657	-	-	350	657
Total Expenses	<u>22,059</u>	<u>24,018</u>	<u>9,419</u>	<u>9,406</u>	<u>31,478</u>	<u>33,424</u>
Change in Net Assets before Transfers	7,337	5,258	1,925	1,245	9,262	6,503
Transfers	153	69	(153)	(69)	-	-
Change in Net Assets	<u>7,490</u>	<u>5,327</u>	<u>1,772</u>	<u>1,176</u>	<u>9,262</u>	<u>6,503</u>
Beginning Net Assets	<u>169,574</u>	<u>164,247</u>	<u>96,960</u>	<u>95,784</u>	<u>266,534</u>	<u>260,031</u>
Prior Period Adjustment	-	-	-	-	-	-
Ending Net Assets	<u>\$ 177,064</u>	<u>\$ 169,574</u>	<u>\$ 98,732</u>	<u>\$ 96,960</u>	<u>\$ 275,796</u>	<u>\$ 266,534</u>

The City's total revenues were \$40.7M, of which a significant portion, 47.9%, came from taxes, while 34.8% relates to charges for services, including user fees and licenses and permits. Operating Grants & Contributions decreased slightly during the year primarily as a result of lower transportation project funding provided from various State and Federal stimulus allocations along with lower levels of overall development activity. 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

Program Revenues



Total tax revenue increased 3.2% in FY'11 generating approximately \$0.6M more in revenues than in FY'10. While property tax and franchise fees went up, business and transient room taxes experienced slight revenue decreases from the previous year. The change in all types of taxes was minimal, with the exception of franchise taxes which increased 5.8% or about \$136,000 from the previous year due to private utility rate changes.

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

The increase in Charges for Services is largely attributed to capital contributions that are recorded as functional revenues in the statement of activities in both Transportation and General Government. Building charges for services (permit revenues) generated \$348,487, up 9.9% from FY10, in spite of the issuance of 42 structural permits, which is approximately 42% lower than the number of permits issued in the previous year. Total commercial construction units were down one unit but increased \$10.2M in total value, while total residential construction units declined by 14 units and \$4.8M in value as compared to FY'10. The total year-over-year increase in value of new building in FY'11 was nearly \$5.4M, although the last fiscal year was the lowest level of total new construction out of any year in the last 10 years. Residential construction continues to be the soft spot in development during this period of higher than normal existing properties on the market for sale. A total of 25 single-family residential permits were issued compared to 58 for FY'10, while the number of multi-family permits increased to 7 from only 1 in FY'10. Commercial permits totaled 10 in the current year as compared to 11 in FY'10.

Levels of growth in residential and commercial real estate have a significant effect on the resources available to support capital projects and upgrade the City's utility and transportation infrastructure. System Development Charges (SDC's) are assessed at the start of new construction or change of use in a property and the funds are then restricted for use in capital projects that increase capacity for the related

system. SDC revenue levels have fallen substantially in recent years, the City Council has temporarily lowered Transportation SDC rates with the desire to appear competitive with other regional cities and to encourage local economic development, and the Council has been considering a number of recommendations from a recently completed report of the Transportation SDC Task Force.

While most types of SDC revenues came in on track with conservative budget forecasts for the year, the Transportation SDC revenue came in at only \$120,169 versus the revenue budget of \$419,082 and compared to FY'10's Transportation SDC revenue of approximately \$469,000. However, a large retail commercial development just began construction and is doing significant improvements to the transportation infrastructure on and around the Grants Pass Parkway in lieu of paying significant Transportation System Development Charges. The Transportation SDC charge is by far the largest single SDC revenue source for the City. The Council will continue to evaluate the amount and methodology of this charge in order to ensure that the cost of growth is paid for through a balance of both development charges and ongoing revenues.

Operating Grants for Public Safety primarily reflect two awards received from the Department of Homeland Security for both Fire and Police, a Department of Justice-Oregon State Police pass through grant awarded to the Police division, and the SAFER Grant for the Fire division. The Transportation program gas tax receipts increased from approximately \$1.4M in FY'10 to slightly more than \$1.6M in FY'11 due to an increase in DMV fees. Gas tax revenue is expected to increase more in Fiscal 2012 as an increase in the tax amount per gallon was implemented in January of 2011.

Program Expenses

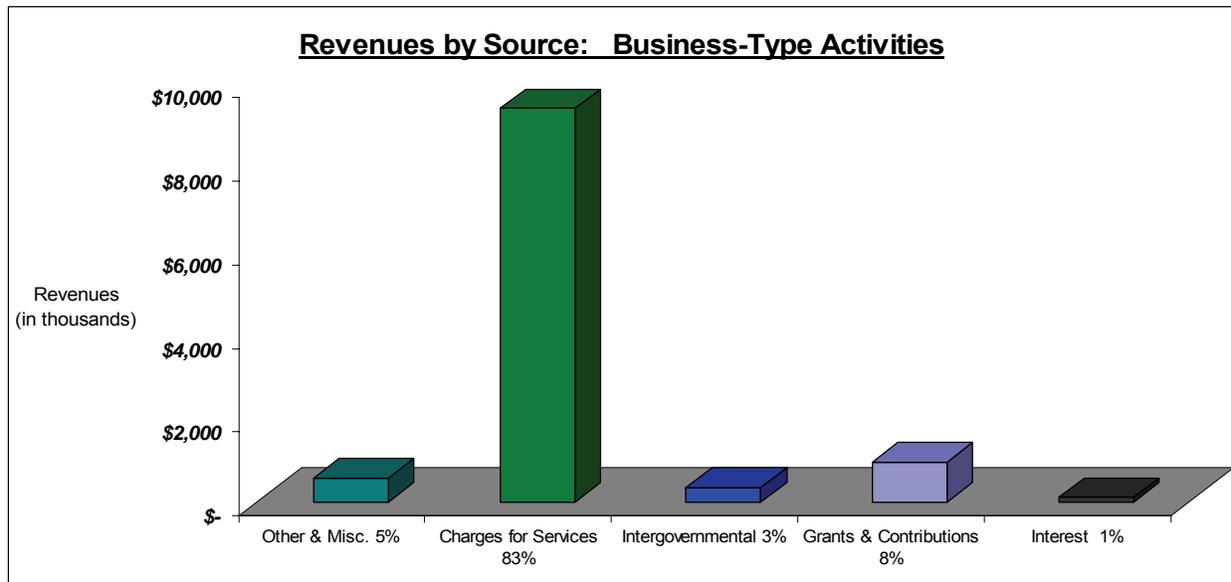
The Adopted FY'11 Budget funded an additional 1.74 full time equivalent (FTE) in staffing. This was the net result of adding a dispatcher in Public Safety and a Computer Services Technician in Information Technology while a few other divisions, like Finance, gave up part of an FTE. As revenue remains stagnant across most funds, departments are acting proactively, evaluating the need for vacant positions as they occur and leaving them unfilled wherever possible.

A 2% compensation adjustment was granted to Police union employees effective January 1, 2011 per contract. Both Teamsters and the Fire unions reopened their contract in Fiscal 2011 to discuss wages however only the Fire union is still seeking an increase. All supervisors offered to forego a COLA salary rate increase that typically happens in January of each year and the Grants Pass Employee's Association, which began contract negotiations during FY11, also agreed to go without a COLA.

Total Public Safety program allocated expenses decreased slightly during the year, largely the result of a lesser amount of fixed asset activity allocated to the division for the year. In the statement of activities, certain expenses such as depreciation and non-capitalized project expenditures are allocated to all departments based on pro-rated expenditure levels. Capital asset purchases are recorded as a fixed asset and depreciated over time, causing a difference between expenses and expenditures for each division. This year capital activity resulted in more of a reduction to expenses as compared to budgetary expenditures in the previous year. While budgetary spending, or total expenditures may not have decreased significantly, the difference between capital asset purchases compared to the previous year resulted in less allocated expenditures for governmental activity expenses. Differences between budgetary expenditures and expenses are highlighted throughout the financial reports that follow this discussion section.

BUSINESS-TYPE ACTIVITIES

Program Revenues



City utility accounts experienced a small amount of growth in the number of accounts. Total Water accounts increased by 44 in number, less than a 0.5% change compared to the previous year. However, Water charges for services decreased 2.5% largely due to a rainy summer season. Wastewater service charge revenues were up 1.4% compared to the previous year, an increase of \$76,438 from last year. The cost-of-living index (COLA) of 1.70%, applied to all utility user fees effective January, 2011, impacted both Water and Wastewater revenues.

Water system development charge revenues went from \$235,000 in FY'10 to \$186,000 in FY'11, a decrease of \$49,000 and reflecting decreased volume in development activity. Sewer system development charges generated \$179,000 compared to \$207,000 in FY'10. These revenues are considered non-operating income for the Water and Sewer funds.

Program Expenses

Slightly lower production levels for Water were offset by higher treatment volumes at the Wastewater treatment plant and both of these were partially due to higher levels of rain in the year. Water operational expenses increased 1.0% in salaries and benefits, increased 1.6% in materials and supplies, and increased 6.5% in utilities. Professional services in Water also increased by 16.4% or about \$40,000 as a result of additional engineering work needed at the plant. Sewer operational expenses increased 7.4% in salaries and benefits, decreased 19.9% in materials and supplies, and increased 11.5% in utilities. Pacific Power implemented a large rate increase on industrial electricity rates during the year which will also increase utility expenses even further in the coming year. Overall expenses for business-type activities were nearly flat for the year compared to last year.

While total business type activity depreciation expenses for the year remained nearly flat compared to the previous year, there was a slight depreciation increase for the Sewer Fund and a slight depreciation expense decrease for the Water Fund. Large assets placed in service during the year included the Bridge Street pump station, roof work at both treatment plants, and the replacement of sewer line on a section of 5th Street. Various underground extensions or replacements were done during the year for both Water and Sewer lines along with some Jo-Gro infrastructure upgrades.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The General Fund GAAP balance ended the year at \$11.5 million, an increase of \$1.3M for the year. The ending budgetary balance was closer to \$9.7M, with the difference being an interfund loan due from the Lands and Buildings Fund and the Parkway Redevelopment Agency. The General Fund was budgeted to have a slightly lower fund balance at the end of the year; however, the difference was due to a higher beginning balance compared to budget and many programs significantly under expenditure budgets for the year. Revenue in total was right on track with budget for the year, coming in at 100.9% of budgeted revenues. The most notable savings on the expenditure side was Public Safety, coming in approximately 6.5% under budget or \$1,051,000 under budget expenditure appropriations. The Planning and Building departments also contributed approximately \$100,000 in total budget savings as a result of vacancies throughout the year and not filling an open position. General Support revenues, including those revenues such as franchise taxes and State revenue sharing that are used to support most programs in the General Fund and not dedicated to any one department, came in at 102% of budget or approximately \$79,000 higher than budget. Property tax revenues were right on budget, coming in at 100.5% of budget. Total expenditures for the General Fund were \$1.3M under appropriation levels (excluding unused contingencies) and total General Fund revenues were approximately \$184,000 over budget estimates for the year. Largest contributors to positive revenue differences were extra fees in the Building department from commercial developments and higher than expected franchise tax revenues due to rate increases by the local electric and natural gas utilities.

System development charges are regulated by state statute and provide major revenue sources for Transportation projects and Lands & Building projects. The Transportation system development charge is committed to the development of collector and major arterial roadways as specified in City ordinance. Two Parks system development charges are reported under the Lands & Building Projects Fund. One is restricted to the acquisition (not development) of future park and trail land while the second, implemented in June, 2007, is designated for park development. The Parkway Redevelopment Agency derived its revenues from property taxes that were restricted for only projects identified in the Agency's approved development plan and debt service. However, in 2008 the Agency finished its 20th and last year of approved tax levies and ceased to collect property taxes during FY'09. The Agency turned over approximately \$1.6M of taxes back to the County in FY'10 which represented the estimated excess of the remaining cash above the amounts of the final obligations for the Agency. The Agency is expected to contribute final resources to projects in process during Fiscal 2012 and it is expected that the final wind up of all the Agency's remaining project and debt obligations will occur during Fiscal 2013.

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, 2011 and 2010**

	2011	2010	Change
Bancroft Bond Fund	\$ (1,220,513)	\$ (1,360,828)	\$ 140,315
General Obligation Bond Fund	92,265	68,937	23,328
Transportation Projects Fund	7,918,120	7,985,396	(67,276)
Solid Waste	2,874,424	2,917,754	(43,330)
Lands & Buildings Project Fund	2,687,074	2,714,260	(27,186)
Parkway Redevelopment Agency	549,388	586,647	(37,259)
Total Fund Balances	<u>\$ 12,900,758</u>	<u>\$ 12,912,166</u>	<u>\$ (11,408)</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 general economic downturn has slowed the pace of Transportation capital project spending in the City, but this will be partially offset by an increase in gas tax revenues in coming years. Major revenue sources for the Transportation Capital Projects Fund such as SDC's and contributions from the General Fund transfers have decreased significantly in recent years and more of the Transportation Capital Fund balance is expected to be used in coming fiscal years. Including resources that are expected to be turned back to the Redevelopment Agency from a major Transportation project coming in under budget, the Agency will have more than \$900,000 to provide to the final remaining projects in process during FY'12 and FY'13.

Significant FY'11 Transportation projects were funded by various sources such as the Redevelopment Agency, system development charges, grants and gas tax revenues. Two transportation projects proceeding during the year were improvements on Hubbard Lane for over \$500,000 and the Darneille Lane LID for slightly more than \$1.0M. FY'11 was the second year where the General Fund provided no capital project fund money to street projects, which has been heavily used in transportation projects in past years.

During FY'11 the Lands and Buildings Project Fund completed all projects approved in the 2007 Public Safety General Obligation Bond. In June of 2007, \$9,820,000 of General Obligation Bonds, approved by voters in November, 2006, were issued for the construction of Public Safety facilities and acquisition of related equipment. The training tower was the last part of the bond projects that was completed in the year. Upon completion of all projects, nearly \$450,000 of remaining resources from the bond was used to defease outstanding bonds from the 2007 offering. Also development in Tussing Park continued during the year, adding approximately \$277,000 to construction in progress during the year in the Lands and Buildings Fund.

Schedule of Other Major Business-type Unrestricted Net Assets

As of June 30, 2011 and 2010

	2011	2010	Change
Water Fund	\$ 3,683,200	\$ 3,469,583	\$ 213,617
Sewer Fund	3,542,963	3,095,844	447,119
Redwood Sanitary Sewer Service District	1,119,666	1,211,098	(91,432)
Total Unrestricted Net Assets	<u>\$ 8,345,829</u>	<u>\$ 7,776,525</u>	<u>\$ 569,304</u>

Business-type Funds

The operating segment of the Water Fund ended the year with an unrestricted fund balance of \$1.3M compared to an ending balance of \$1.4M in FY'10. Operating income for the Water Fund was \$104,000 and total net assets increased by \$521,000, however total net capital assets decreased by nearly \$80,000 and lower capital project spending led to the increase in "unrestricted" net assets as shown above. Water revenues from operations, together with system development charges, funded planned and appropriated projects including final work on the Hilltop pump station, the Water Treatment Plant roof, and other Water Treatment Plant upgrades and pipeline projects. However, operating income continues to trend downward in recent years and current operating income plus SDC revenue is not sufficient to sustain the needed capital project activity in future years. Water rates will need to be reviewed to ensure the utility can keep up with infrastructure maintenance and growth needs. In addition, the replacement of water reservoir #3 that will be started in the next year will require the issuance of bonds to pay the expected \$6M cost of replacement.

The Sewer Fund posted operating income of \$94,000. This operational bottom line is about \$292,000 above the previous year's loss, a partial result of new rates effective in February 2010 designed to recover revenue lost during the period in FY10 where Council had suspended the annual COLA. In addition, the 1.7% COLA applied in January 2011 also affected revenues during part of the year and each January rates are changed based on the nationally reported CPI average of the previous year. The Sewer operations fund ended with an unrestricted net assets balance of \$1.1M, up about \$0.5M from FY'10. Sewer SDC charge revenues were down slightly from last year's low levels and capital project activity approximately matched up with depreciation for the year and therefore net fixed asset values were nearly unchanged for the year. Non-operating income types such as SDCs, intergovernmental revenue, and developer installed infrastructure (recorded as capital contributions) made up for the increase in net assets for the Sewer Fund.

Among other efforts, Sewer capital projects during the year included completion of improvements at the Bridge Street pump station as well as work on the replacement of sewer main on 5th street between the rail road tracks and C Street. While the operating income reversed its downward trend this year, current operating income plus SDC revenue is not quite sufficient to sustain capital project activity at the proper levels in future years. Council recently approved a 5% Sewer rate increase and will continue to monitor the fund to ensure the utility can keep up with infrastructure maintenance and growth needs.

The Redwood Sanitary Sewer Service District (RSSSD) ended the year with a \$1.1M unrestricted fund balance, about \$0.1M lower than FY'10. Principal payments on the District's long-term debt have been well in excess of operating income, leading to less of the fund balance to be unrestricted and available for operations or capital projects. The District Board, which includes the City Council and City Mayor, also voted in early FY'12 to change the billing rates to exactly the same rate structure as the City Wastewater

Utility rates. This will have an effect of a small increase to District revenues starting in September of 2012.

Other Budgetary Highlights

During FY'11, events occurred that were not specifically anticipated at the time of budget hearings. The Board of the Redwood Sanitary Sewer Service District authorized an appropriations transfer out of contingency for the District to pay for higher than expected maintenance and treatment costs. The District pays the City of Grants Pass for the volumes of wastewater treated and the volumes were higher than expected due to higher levels of rain this year and inflow and infiltration in the system. The total transferred out of the District's contingency as approved by the Board to pay for these extra costs was \$48,500 for the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the City had invested \$247,959,609 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 \$5.08 million. Please refer to Note 5 for more detailed information.

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

	Change in Capital Assets (In Millions)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Beginning Balance	148.04	143.36	94.84	94.99	242.88	238.35
Additions	11.58	21.58	3.76	2.91	15.34	24.49
Retirement						
Other	-4.27	-14.66	-1.40	-0.65	-5.67	-15.31
Depreciation	-2.20	-2.24	-2.39	-2.41	-4.59	-4.65
Ending Balance	153.15	148.04	94.81	94.84	247.96	242.88

Major additions to Governmental Activities assets for the year were generated by Transportation projects, work on the Tussing Park expansion, and completion of the training tower at Hillcrest Fire Station. Right-of-Way totaling approximately 887,000 square feet and valued at \$3.8M was added to the system in addition to \$556,139 for storm drains, catch basins and manholes, \$456,746 in curb and gutter work along with \$974,950 in concrete sidewalks. Transportation project specific enhancements included widening on Hubbard Lane for nearly \$564,000 and Rogue River Highway pedestrian improvements for approximately \$355,000. Utility specific projects included work on the Hilltop pump station, the Water Treatment Plant roof, improvements at the Bridge Street pump station, and work on the sewer main replacement on 5th Street between the railroad tracks and C Street.

Long-Term Debt

At year-end the City had bonds, contracts and notes outstanding that totaled \$14,389,016. Debt outstanding and accrued long-term landfill post-closure and other land related environmental liabilities were as follows at year-end:

	Outstanding Debt at Year End (in millions)	
	2011	2010
Governmental:		
General obligation	\$ 6.89	\$ 7.93
Post-Closure / environmental care costs	2.39	2.49
Notes and Contract payable	.07	.09
Sub Total	<u>9.35</u>	<u>10.50</u>
Business-type Activities:		
Bonds payable	\$ 7.04	\$ 8.12
Unamortized Premium / Discount	0.39	0.43
Notes and Contracts Payable	-0-	-0-
Sub Total	<u>7.43</u>	<u>8.55</u>
Total	<u>\$ 16.78</u>	<u>\$ 19.06</u>

Regular annual debt service payments were the main factor in the decline in most categories of debt. The City also retired an additional \$405,000 in principal on the general obligation bonds this year through a defeasance. Detailed charts about the City's debt are presented in Note 7 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Council, wishing to maintain service levels in our growing community, placed before the voters a three-year Public Safety levy renewal in 2010 at a \$1.79/\$1,000 assessed value. The measure was approved by a large voting margin and will provide funding for the fiscal years of FY'12 through FY'14. Public Safety now has the dedicated resources through Fiscal 2014 to maintain the current level of service. The rate approved by voters was the same local option levy rate that funded Public Safety in FY'10 to FY'11.

Most of the City's general revenue sources have been in a relatively flat trend since 2008 and are expected to only increase slightly in total through Fiscal 2012. Property tax revenues increased slightly and are expected to continue to increase less than 2% each year in the near-term, including values added from new development. The Fiscal 2012 tax assessments came in with an increase of approximately 1.2%, with nearly 1% coming from new development and 0.2% from the County Assessor increases on existing properties. Last year the average housing market values were still well above current assessed values and the Josephine County Assessor is only allowed to increase annual property tax assessments by no more than 3% per year. With only a 0.2% increase on all existing properties, it's clear a number of properties have market values that caused a decrease in their assessed value for FY'12. However, according to the County Assessor's office, these properties are still in the minority of properties in both the County and City. In the near-term, consumption of utilities is expected to stay relatively flat so franchise tax budget revenue changes are based merely on 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. The General Fund annual \$1M contribution to capital projects was taken out of the budget in Fiscal 2010 in order to keep operational service levels the same across all the General Fund's departments (with the exception of Public Safety that uses limited general revenue sources). The lack of these general funds going to capital projects in addition to SDC revenues being down substantially due to low levels of building activity will cause a strain on the funds available for capital projects in coming years. However, now that the General Fund has a fund balance that has slightly exceeded the target fund balance range, one time budgetary savings amounts experienced in the most recent year have been earmarked for one-time capital project transfers. In Fiscal 2012, a total of \$847,000 is budgeted to be transferred to the highest priority capital projects from the General Fund.

The health insurance premium has grown to be a larger percentage of total employee compensation in recent years considering increases in medical costs. The increase in January, 2011 was less than 6% and slightly lower than the change budgeted for the year. While the budget for FY'12 factored in a 10% health insurance rate increase on January 2012, initial quotes for next year's rates are significantly lower than the amount budgeted. The average annual increase in premiums in the last 10 years has been close to 9% per year, so thanks to lower medical claims in the last two years as a percentage of premiums, the rate change will be minimal in the next fiscal year. An insurance committee composed of labor representatives, the City's agent of record, and management, continues to look at ways to lower these costs. The dual choice selection and use of a Health Reimbursement Arrangement (HRA) will continue to be offered to employees, but now nearly 80% of employees with full benefits have chosen the newer HRA/VEBA option. This effort is deemed a long-term strategy to encourage support from employees in managing health benefits and costs. While this change cannot be forced upon labor bargaining members without benefit of negotiation, providing dual choice allows all employees to make individual selections if they choose.

Recognizing that the City is not immune to challenging economic conditions, GPEA employees and supervisors (all non-union employees) decided for the third year in a row not to take COLA salary rate increases that typically happen in January of each year. The local Firefighters and Teamsters unions also did not receive a COLA increase in this year, however minor contract changes were made and both of these new contracts can be reopened for negotiations on wages only in the next year. The Police association also recently agreed to no wage changes for 2012, but that is the only group that has so far agreed to 2012 wage amounts. As salaries for these groups escalate, the salary margin for supervisors is becoming a larger issue, particularly in Public Safety. In turn, equity questions arise when comparing management salaries across the organization. All union groups received a small wage increase in 2009, while all non-union employees and supervisors decided to recognize the challenging economic conditions and did not take an annual COLA wage increase. That being said, Police is the only bargaining unit that had an established COLA rate in 2011 and recently agreed to no change for 2012. Wages and cost sharing of benefits will continue to be issues brought to the negotiation table.

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

Transportation SDC Task Force that completed a final report for Council in the last year and Council is acting on various recommendations by this task force on how to fund street infrastructure.

In 2006 the City purchased 250 acres of agricultural land for future City uses including park development. Prior to the purchase a Phase I Environmental Site Assessment (ESA) was conducted. Three recognized environmental conditions were identified in the ESA. Of primary concern was an approximately 50 x 50 foot area where pentachlorophenol was mixed with diesel fuel and then applied as a preservative to wood poles. The purchase agreement provided a credit of \$67,280 based on the Phase I ESA. More than \$150,000 has been spent to evaluate and manage the water and soil contamination. The City received a Grant in the last year which is expected to pay for nearly all the remaining costs of the cleanup and final remediation should be completed during Fiscal 2012. Approximately \$229,000 of the environmental liabilities recorded in the government wide financial statements relate to this property. Discussions on how to develop this major piece of property will be a major focus for Council and various committees in the next couple years.

External factors that could impact the City include the fiscal health of state government and changes to the Public Employees Retirement System (PERS). State legislative changes to PERS enacted during calendar year 2003 resulted in increased rates to all governmental agencies effective July 1, 2003. In the long run these changes will be helpful to reduce future costs, but poor financial market performance and actuarial liabilities due to the former classes of PERS covered public employees have caused significant PERS rate increases beginning in July of 2011.

PERS now changes rates every two years based on investment performance and portfolio valuations approximately 18 months prior to the date of change. Therefore, December 2009 values were used to calculate the rate that is in effect starting in July of 2011 (Fiscal 2012 and 2013 rates). Since current rates were affected by the financial markets turning down significantly in 2008, PERS rates for FY'12 are significantly higher than the preceding two years. The rates billed out to departments in recent years have been slightly higher than those paid into the PERS system so that the excess PERS reserves can be used to limit the impact of future rate increases. However, the PERS reserve balance that will have built up in the next couple years will not be sufficient to cover expected increases for much more than two years of the added expense. Yet another increase is likely in the following cycle of FY'14-15 based on the financial market performance to date and the next measurement for rate setting will be December 2011. Based on current salaries, the cost to the City for PERS will increase about \$450,000 per year in total starting in FY'12. As a result significantly less will be added to the PERS reserve starting in FY'12. The total earmarked PERS reserve at the end of FY'11 was slightly more than \$1 million.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

BASIC FINANCIAL STATEMENTS

WHERE THE ROGUE RIVER RUNS



© City of Grants Pass

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

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Josephine County City of Grants Pass Solid Waste Agency
ASSETS				
Cash and Cash Equivalents	\$ 34,036,195	\$ 7,371,017	\$ 41,407,212	\$ 1,423,966
Receivables, net	4,202,633	1,389,584	5,592,217	34,855
Prepaid Items	291,490	4,579	296,069	-
Internal Balances	(3,006,242)	3,006,242	-	-
Restricted Assets:				
Cash and Cash Equivalents	1,997,882	308,706	2,306,588	-
Receivables, net	847,918	281,086	1,129,004	-
Capital Assets not being depreciated	73,822,901	2,439,132	76,262,033	-
Capital Assets, net of Accumulated Depreciation	79,330,408	92,367,168	171,697,576	-
Total Assets	191,523,185	107,167,514	298,690,699	1,458,821
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts Payable and Other Current Liabilities	1,051,586	306,020	1,357,606	30,543
Accrued Payroll	1,172,002	625,658	1,797,660	-
Unearned Revenue	-	-	-	-
Retainage Payable	251,879	1,500	253,379	-
Customer Deposits	-	75,965	75,965	-
Noncurrent Liabilities				
Due Within One Year	2,473,242	1,102,351	3,575,593	-
Due in More than One Year	9,510,757	6,324,165	15,834,922	-
Total Liabilities	14,459,466	8,435,659	22,895,125	30,543
Net Assets:				
Invested in Capital Assets, net of related debt (1)	146,190,808	87,379,784	233,570,592	-
Restricted for Capital Purposes				
Transportation	1,689,647	-	1,689,647	-
Lands & Building Capital	498,399	-	498,399	-
Solid Waste	12,281	-	12,281	-
System Development	3,570,919	-	3,570,919	-
CDBG/HUD	1,912,884	-	1,912,884	-
Building & Safety	528,521	-	528,521	-
Tourism/Recreation/TRT Approved	35,268	-	35,268	-
Debt Service	92,265	-	92,265	-
Committee on Public Art	7,328	-	7,328	-
Parkway Redevelopment Agency Projects	299,388	-	299,388	-
Unrestricted (1)	22,226,011	11,352,071	33,578,082	1,428,278
Total Net Assets	\$ 177,063,719	\$ 98,731,855	\$ 275,795,574	\$ 1,428,278

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

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants
Primary Government				
Governmental Activities				
Public Safety	\$ 15,765,649	\$ 497,017	\$ 186,993	\$ -
Transportation	1,587,847	1,576,637	900,559	-
Building	547,455	348,445	-	-
Parks	1,679,201	23,278	4,000	-
Development	1,611,616	260,560	146,239	-
General Government	252,392	1,769,217	-	-
Solid Waste	264,647	326,280	-	-
Interest	350,140	-	-	-
Total Governmental Activities	<u>22,058,947</u>	<u>4,801,434</u>	<u>1,237,791</u>	<u>-</u>
Business-Type Activities				
Water	3,945,483	3,941,619	365,640	-
Sewer	5,474,335	5,437,415	589,802	-
Total Business-Type Activities	<u>9,419,818</u>	<u>9,379,034</u>	<u>955,442</u>	<u>-</u>
Total Primary Government	<u>\$ 31,478,765</u>	<u>\$ 14,180,468</u>	<u>\$ 2,193,233</u>	<u>-</u>
Component Unit				
Josephine County-City of Grants				
Pass Solid Waste Agency	<u>\$ 191,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Net Revenue (Expenses) and Changes in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total	Josephine County	City of Grants
			Pass Solid	Waste Agency
\$ (15,081,639)	\$ -	\$ (15,081,639)	\$ -	-
889,349	-	889,349	-	-
(199,010)	-	(199,010)	-	-
(1,651,923)	-	(1,651,923)	-	-
(1,204,817)	-	(1,204,817)	-	-
1,516,825	-	1,516,825	-	-
61,633	-	61,633	-	-
(350,140)	-	(350,140)	-	-
<u>(16,019,722)</u>	<u>-</u>	<u>(16,019,722)</u>		<u>-</u>
-	361,776	361,776	-	-
-	552,882	552,882	-	-
-	914,658	914,658	-	-
<u>(16,019,722)</u>	<u>914,658</u>	<u>(15,105,064)</u>		<u>-</u>
-	-	-		(191,903)
General Revenues				
Taxes:				
Property	15,331,692	-	15,331,692	-
Business	290,832	-	290,832	-
Franchise	2,954,859	-	2,954,859	-
Transient Room	939,125	-	939,125	-
Intergovernmental-unrestricted	3,160,079	344,520	3,504,599	241,831
Interest	424,147	102,804	526,951	10,498
Trust Receipts - unrestricted	123,798	59,032	182,830	-
SDC Receipts	-	365,145	365,145	-
Industrial Payments	33,619	-	33,619	-
Miscellaneous	98,405	138,257	236,662	87,838
Transfers	153,000	(153,000)	-	-
Total General Revenues and Transfers	<u>23,509,556</u>	<u>856,758</u>	<u>24,366,314</u>	<u>340,167</u>
Change in Net Assets	7,489,834	1,771,416	9,261,250	148,264
Beginning Net Assets	<u>169,573,885</u>	<u>96,960,439</u>	<u>266,534,324</u>	<u>1,280,014</u>
Ending Net Assets	<u>\$ 177,063,719</u>	<u>\$ 98,731,855</u>	<u>\$ 275,795,574</u>	<u>\$ 1,428,278</u>

The accompanying notes are an integral part of this statement.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>SPECIAL REVENUE</u>		<u>DEBT SERVICE</u>	
	<u>GENERAL</u>	<u>SOLID WASTE</u>	<u>GEN OBLIGATION BOND</u>	<u>BANCROFT BOND</u>
ASSETS:				
Assets:				
Cash and Investments	\$ 9,243,429	\$ 1,426,837	\$ 77,115	\$ 194,249
Receivables:				
Taxes	1,750,165	-	86,870	-
Intergovernmental	99,156	-	-	-
Accounts, net	231,650	1,298	-	-
Accrued Interest	7,206	-	-	35,969
Notes and Contracts	-	34,855	-	-
Grants	210,674	-	-	-
Assessment Liens	-	-	-	756,963
Due from Other Funds	1,830,000	1,450,000	-	-
Prepaid Items	1,125	-	-	-
Restricted Assets				
Cash and Cash Equivalents	-	-	-	-
Notes and Taxes Receivable	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Total Assets	<u>\$ 13,373,405</u>	<u>\$ 2,912,990</u>	<u>\$ 163,985</u>	<u>\$ 987,181</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	304,742	38,281	-	-
Salaries, Withholdings and Taxes Payable	386,174	285	-	-
Accrued Interest Payable	-	-	-	731
Due to Other Funds	-	-	-	1,450,000
Deferred Revenue	1,159,190	-	71,720	756,963
Assessment Trust Payable	-	-	-	-
Note Payable	-	-	-	-
Retainage Payable	-	-	-	-
Total Liabilities	<u>1,850,106</u>	<u>38,566</u>	<u>71,720</u>	<u>2,207,694</u>
Fund Balances:				
Nonspendable:	1,125	-	-	-
Restricted for:				
Transportation	-	-	-	-
Lands & Building Capital	-	-	-	-
Solid Waste	-	12,281	-	-
System Development	-	-	-	-
CDBG/HUD	-	-	-	-
Building & Safety	528,521	-	-	-
Tourism/Recreation/TRT Approved	13,662	-	-	-
Debt Service	-	-	92,265	-
Committee on Public Art	7,328	-	-	-
Parkway Redevelopment Agency Projects	-	-	-	-
Committed to:				
Transportation	-	-	-	-
Lands & Building Capital	-	-	-	-
Assigned to:				
Public Safety	2,315,067	-	-	-
Solid Waste	-	104,438	-	-
Transportation	-	-	-	-
Storm Water	-	-	-	-
Capital Projects	-	2,757,705	-	-
Unassigned:	8,657,596	-	-	(1,220,513)
Total Fund Balances	<u>11,523,299</u>	<u>2,874,424</u>	<u>92,265</u>	<u>(1,220,513)</u>
Total Liabilities and Fund Balances	<u>\$ 13,373,405</u>	<u>\$ 2,912,990</u>	<u>\$ 163,985</u>	<u>\$ 987,181</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS

TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	PARKWAY REDEVELOPMENT	TOTAL NON-MAJOR	TOTAL GOVERNMENTAL
\$ 6,707,383	\$ 3,978,262	\$ 282,028	\$ 3,195,180	\$ 25,104,483
-	-	-	-	1,837,035
-	-	-	163,660	262,816
131,426	-	-	118,815	483,189
9,607	-	18,038	608	71,428
57,495	-	96,744	188,366	377,460
127,827	6,000	-	25,355	369,856
-	-	-	-	756,963
-	-	-	-	3,280,000
-	-	250,000	-	251,125
1,322,631	327,393	250,000	97,858	1,997,882
680,322	99,828	-	36,580	816,730
14,404	10,562	-	6,222	31,188
<u>\$ 9,051,095</u>	<u>\$ 4,422,045</u>	<u>\$ 896,810</u>	<u>\$ 3,832,644</u>	<u>\$ 35,640,155</u>
142,363	45,757	678	115,601	647,422
916	179	-	18,803	406,357
-	-	-	-	731
-	1,580,000	250,000	146,205	3,426,205
737,817	99,828	96,744	224,946	3,147,208
-	9,207	-	-	9,207
-	-	-	-	-
251,879	-	-	-	251,879
<u>1,132,975</u>	<u>1,734,971</u>	<u>347,422</u>	<u>505,555</u>	<u>7,889,009</u>
-	-	250,000	-	251,125
1,689,647	-	-	-	1,689,647
-	498,399	-	-	498,399
-	-	-	-	12,281
2,904,847	-	-	666,072	3,570,919
-	-	-	1,912,884	1,912,884
-	-	-	-	528,521
-	-	-	21,606	35,268
-	-	-	-	92,265
-	-	-	-	7,328
-	-	299,388	-	299,388
1,038,341	-	-	726,527	1,764,868
-	296,585	-	-	296,585
-	-	-	-	2,315,067
-	-	-	-	104,438
-	-	-	-	-
-	-	-	-	-
2,285,285	1,892,090	-	-	6,935,080
-	-	-	-	7,437,083
<u>7,918,120</u>	<u>2,687,074</u>	<u>549,388</u>	<u>3,327,089</u>	<u>27,751,146</u>
<u>\$ 9,051,095</u>	<u>\$ 4,422,045</u>	<u>\$ 896,810</u>	<u>\$ 3,832,644</u>	<u>\$ 35,640,155</u>

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

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
JUNE 30, 2011**

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

Fund Balances		\$	27,751,146
<p>The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.</p>			
Net Capital Assets			151,324,132
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.</p>			
General Obligation Bonds	\$	(6,895,000)	
Post Closure Costs		(2,164,230)	
Environmental Liability		(228,900)	
Notes and Contracts Payable		(67,500)	
Net Adjustment		(9,355,630)	(9,355,630)
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>			
Accrued Vacation and Sick Leave			(1,765,742)
GASB45-OPEB			(862,626)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>			
Deferred Revenue			3,147,208
<p>Internal service funds are used by the City to account for the fleet operations, support services, administrative service and insurance services that are provided to the other departments and agencies on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.</p>			
Internal Service Fund Net Assets			6,825,231
Total Net Assets			\$ 177,063,719

The accompanying notes are an integral part of this statement.

WHERE THE ROGUE RIVER RUNS



© City of Grants Pass

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

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2011

	SPECIAL REVENUE		DEBT SERVICE	
	GENERAL	SOLID WASTE	GEN OBLIGATION BOND	BANCROFT BOND
REVENUES:				
Taxes	\$ 17,544,913	\$ -	\$ 985,041	\$ -
Licenses and Permits	268,576	2,660	-	-
Intergovernmental	1,438,134	10,500	-	-
Charges for Services	398,626	323,620	-	-
Fines and Forfeitures	306,097	-	-	-
Special Assessments	-	-	-	276,647
Interest on Investments	83,710	18,849	3	1,497
Interest on Assessments	-	-	-	-
Trust Receipts	-	-	-	-
Contributions	-	-	-	-
Industrial and Other Loans	-	-	-	-
Miscellaneous Revenues	87,855	15,600	-	-
Total Revenues	20,127,911	371,229	985,044	278,144
EXPENDITURES:				
Current:				
Public Safety	15,074,699	-	-	-
Transportation	-	-	-	-
Building	527,569	-	-	-
Parks	1,606,686	-	-	-
Development	1,350,333	-	-	-
General Government	225,327	-	-	18,024
Solid Waste	-	339,354	-	-
Capital Outlay	-	51,205	-	-
Tax Turnover	-	-	-	-
Debt Service	-	-	1,402,952	-
Total Expenditures	18,784,614	390,559	1,402,952	18,024
Excess of Revenues Over, (Under)				
Expenditures	1,343,297	(19,330)	(417,908)	260,120
Other Financing Sources, (Uses)				
Sale of Assets	5,504	-	-	-
Loan Proceeds	-	-	-	-
Transfers In	857,787	10,000	441,236	-
Transfer Out	(881,067)	(34,000)	-	(119,805)
Total Other Financing Sources, (Uses)	(17,776)	(24,000)	441,236	(119,805)
Net Change in Fund Balance	1,325,521	(43,330)	23,328	140,315
Beginning Fund Balance	10,197,778	2,917,754	68,937	(1,360,828)
Ending Fund Balance	\$ 11,523,299	\$ 2,874,424	\$ 92,265	\$ (1,220,513)

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS

TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	PARKWAY REDEVELOPMENT	TOTAL NON-MAJOR	TOTAL GOVERNMENTAL
\$ -	\$ -	\$ -	\$ 939,125	\$ 19,469,079
-	-	-	5,383	276,619
900,559	220,884	-	1,752,765	4,322,842
121,581	162,664	-	771,569	1,778,060
-	-	-	-	306,097
-	-	-	-	276,647
106,958	40,627	3,987	30,772	286,403
-	-	-	-	-
52,866	-	70,932	-	123,798
-	-	-	-	-
-	-	-	33,619	33,619
2,041	-	7,950	6,415	119,861
<u>1,184,005</u>	<u>424,175</u>	<u>82,869</u>	<u>3,539,648</u>	<u>26,993,025</u>
-	-	-	-	15,074,699
-	-	-	1,527,138	1,527,138
-	-	-	-	527,569
-	-	-	-	1,606,686
-	-	115,440	76,557	1,542,330
-	-	-	-	243,351
-	-	-	-	339,354
2,374,918	917,273	-	7,126	3,350,522
-	-	-	-	-
-	-	4,688	-	1,407,640
<u>2,374,918</u>	<u>917,273</u>	<u>120,128</u>	<u>1,610,821</u>	<u>25,619,289</u>
<u>(1,190,913)</u>	<u>(493,098)</u>	<u>(37,259)</u>	<u>1,928,827</u>	<u>1,373,736</u>
-	-	-	246	5,750
-	-	-	-	-
1,250,637	949,396	8,100	15,000	3,532,156
<u>(127,000)</u>	<u>(483,484)</u>	<u>(8,100)</u>	<u>(1,725,700)</u>	<u>(3,379,156)</u>
<u>1,123,637</u>	<u>465,912</u>	<u>-</u>	<u>(1,710,454)</u>	<u>158,750</u>
<u>(67,276)</u>	<u>(27,186)</u>	<u>(37,259)</u>	<u>218,373</u>	<u>1,532,486</u>
<u>7,985,396</u>	<u>2,714,260</u>	<u>586,647</u>	<u>3,108,716</u>	<u>26,218,660</u>
<u>\$ 7,918,120</u>	<u>\$ 2,687,074</u>	<u>\$ 549,388</u>	<u>\$ 3,327,089</u>	<u>\$ 27,751,146</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, 2011**

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

Excess of Revenues over Expenditures \$ 1,532,486

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	\$	4,783,410	
Capital Contributions		2,239,395	
Depreciation Expense		(1,929,780)	
Net Adjustment		5,093,025	5,093,025

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	\$	(172,369)	
GASB45-OPEB		(330,319)	
General Obligation Bond Payments		1,035,000	
Post Closure Costs		90,968	
Environmental Liability		-	
Loan Proceeds		-	
Notes and Contracts Payable		22,500	
Net Adjustment		645,780	645,780

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

Property Taxes	\$	47,428	
Special Assessments		(98,662)	
Misc Notes and Grants		14,227	
Net Adjustment		(37,007)	(37,007)

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

Internal Service Fund Change in Net Assets		255,550	
Change in Net Assets	\$	7,489,834	

The accompanying notes are an integral part of this statement.

WHERE THE ROGUE RIVER RUNS



© City of Grants Pass

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

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	<u>WATER</u>	<u>SEWER</u>
	<u>FUND</u>	<u>FUND</u>
ASSETS:		
Current Assets		
Cash and Investments	\$ 3,346,896	\$ 3,108,312
Prepaid Items	4,579	-
Receivables		
Taxes	-	-
Accounts, net	577,709	561,008
Notes	747	31,652
Grants	-	-
Accrued Interest	-	2,484
Due From Other Funds	-	-
Restricted Assets		
Cash and Investments	175,369	133,337
Accrued Interest and Accounts Receivable	20,892	19,251
Notes	113,336	127,607
Total Current Assets	4,239,528	3,983,651
Capital Assets		
Capital Assets, Net	51,486,926	34,213,891
Total Capital Assets	51,486,926	34,213,891
Total assets	\$ 55,726,454	\$ 38,197,542
LIABILITIES AND NET ASSETS:		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 196,626	\$ 82,248
Salaries, Withholdings and Taxes Payable	282,190	343,468
Accrued Interest Payable	1,547	13,472
Bonds, Notes Payable Within One Year	397,351	320,000
Due To Other Funds	-	-
Deferred Revenue	-	-
Liabilities Payable from Restricted Assets		
Accounts Payable	-	-
Salaries, withholdings and taxes payable	-	-
Customer Deposits	75,965	-
Deferred Revenue	-	-
Contractor Retainage	-	1,500
Total Current Liabilities	953,679	760,688
Long-Term Liabilities		
Notes Payable	-	-
Full Faith & Credit Bonds Payable	-	4,563,630
Total Long-Term Liabilities	-	4,563,630
Total Liabilities	953,679	5,324,318
NET ASSETS		
Invested in Capital Assets, net of related debt	51,089,575	29,330,261
Unrestricted	3,683,200	3,542,963
Total Net Assets	54,772,775	32,873,224
Total Liabilities and Net Assets	\$ 55,726,454	\$ 38,197,542

The accompanying notes are an integral part of this statement.

REDWOOD SANITARY SEWER SERVICE	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 915,809	\$ 7,371,017	\$ 8,931,712
-	4,579	40,365
-	-	-
132,773	1,271,490	43,886
82,365	114,764	-
-	-	-
846	3,330	-
-	-	146,205
-	308,706	-
-	40,143	-
-	240,943	-
1,131,793	9,354,972	9,162,168
9,105,483	94,806,300	1,829,177
9,105,483	94,806,300	1,829,177
<u>\$ 10,237,276</u>	<u>\$ 104,161,272</u>	<u>\$ 10,991,345</u>
\$ 7,020	\$ 285,894	\$ 394,227
-	625,658	765,645
5,107	20,126	-
385,000	1,102,351	-
-	-	-
-	-	-
-	-	-
-	75,965	-
-	-	-
-	1,500	-
397,127	2,111,494	1,159,872
-	-	-
1,760,535	6,324,165	-
1,760,535	6,324,165	-
2,157,662	8,435,659	1,159,872
6,959,948	87,379,784	1,829,177
1,119,666	8,345,829	8,002,296
8,079,614	95,725,613	9,831,473
<u>\$ 10,237,276</u>	<u>\$ 104,161,272</u>	<u>\$ 10,991,345</u>

Reconciliation of Net Assets to page 19 Net Assets p. 29	\$ 95,725,613
Internal Service Fund Net Assets	3,006,242
Total Net Assets p. 19	<u>\$ 98,731,855</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011**

	WATER FUND	SEWER FUND
OPERATING REVENUES		
Charges for Services	\$ 3,941,619	\$ 4,451,070
Special assessments	-	-
Trust receipts	53,023	6,009
Miscellaneous	50,446	51,423
Total Operating Revenue	<u>4,045,088</u>	<u>4,508,502</u>
OPERATING EXPENSES		
Salaries, Wages, and Benefits	1,260,428	1,453,229
Operating Supplies	361,632	303,886
Repairs and Maintenance	92,871	112,575
Utilities	298,246	420,216
Professional Services	283,113	205,487
General, Administrative and Engineering	694,683	723,911
Depreciation and Amortization	950,259	1,195,000
Total Operating Expenses	<u>3,941,232</u>	<u>4,414,304</u>
Total Operating Income (Loss)	<u>103,856</u>	<u>94,198</u>
NONOPERATING INCOME (LOSS)		
Gain (loss) on disposal of capital assets	4,741	-
SDC Receipts	186,205	178,940
Intergovernmental	-	311,473
Interest Income	36,369	36,188
Interest Expense	(17,653)	(165,573)
Total Nonoperating Income (Expense)	<u>209,662</u>	<u>361,028</u>
Capital Contribution	365,640	351,074
Income (Loss) Before Transfers	<u>679,158</u>	<u>806,300</u>
TRANSFERS		
Transfers In	657,031	383,706
Transfers Out	(815,531)	(378,206)
Total Transfers	<u>(158,500)</u>	<u>5,500</u>
Change in Net Assets	520,658	811,800
Beginning Net Assets	<u>54,252,117</u>	<u>32,061,424</u>
Ending Net Assets	<u>\$ 54,772,775</u>	<u>\$ 32,873,224</u>

The accompanying notes are an integral part of this statement.

REDWOOD SANITARY SEWER SERVICE DISTRICT	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 986,345	\$ 9,379,034	\$ 7,766,261
-	-	-
-	59,032	-
-	101,869	95,715
<u>986,345</u>	<u>9,539,935</u>	<u>7,861,976</u>
-	2,713,657	4,078,161
79,690	745,208	443,190
59,658	265,104	145,632
30,491	748,953	116,782
268,762	757,362	561,891
200,537	1,619,131	2,068,490
200,900	2,346,159	264,345
<u>840,038</u>	<u>9,195,574</u>	<u>7,678,491</u>
<u>146,307</u>	<u>344,361</u>	<u>183,485</u>
-	4,741	7,778
-	365,145	-
-	311,473	108,075
9,218	81,775	68,773
(67,856)	(251,082)	-
<u>(58,638)</u>	<u>512,052</u>	<u>184,626</u>
238,728	955,442	-
<u>326,397</u>	<u>1,811,855</u>	<u>368,111</u>
112,000	1,152,737	-
(112,000)	(1,305,737)	-
-	(153,000)	-
326,397	1,658,855	368,111
<u>7,753,217</u>	<u>94,066,758</u>	<u>9,463,362</u>
<u>\$ 8,079,614</u>	<u>\$ 95,725,613</u>	<u>\$ 9,831,473</u>
Change in Net Assets		\$ 1,658,855
Internal Service Fund Change in Net Assets		<u>112,561</u>
Total Business Type Change in Net Assets		<u>\$ 1,771,416</u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011**

	WATER FUND	SEWER FUND
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 4,046,690	\$ 4,513,419
Cash Paid to Suppliers	(1,770,601)	(1,927,889)
Cash Paid to Employees	(1,215,174)	(1,397,154)
Net cash provided (used) by operating activities	<u>1,060,915</u>	<u>1,188,376</u>
Cash Flows From Noncapital Financing Activities		
Transfers In	657,031	383,706
Transfers Out	(815,531)	(378,206)
Intergovernmental and Taxes	-	311,473
SDC Receipts	186,205	178,940
Decrease (Increase) in Notes Receivable	44,485	3,570
Net cash provided (used) by noncapital financing activities	<u>72,190</u>	<u>499,483</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Issuance of Debt	-	-
Principal Payments on Notes, Net of Refunding Proceeds	-	-
Principal Payments on Bonds	(380,000)	(320,000)
Interest Paid on Bonds and Contracts	(17,653)	(165,573)
Acquisition and Construction of Capital Assets	(511,661)	(888,607)
Acquisition of Harbeck-Fruitdale District Assets	-	-
Disposition of Property	4,741	-
Net cash provided (used) by capital financing activities	<u>(904,573)</u>	<u>(1,374,180)</u>
Cash flows from investing activities		
Interest on Investments	<u>36,369</u>	<u>36,188</u>
Net increase (decrease) in cash and investments	264,901	349,867
Cash and investments, beginning of year	<u>\$ 3,257,364</u>	<u>\$ 2,891,782</u>
Cash and investments, end of year	<u>\$ 3,522,265</u>	<u>\$ 3,241,649</u>
Composition of cash and investments, end of year		
Current cash and investments	<u>\$ 3,346,896</u>	<u>\$ 3,108,312</u>
Restricted cash and investments	<u>175,369</u>	<u>133,337</u>
Total cash and investments	<u>\$ 3,522,265</u>	<u>\$ 3,241,649</u>
Noncash Capital Transactions		
Developer Installed Public Utility Improvements	<u>\$ 365,640</u>	<u>\$ 351,074</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 103,856	\$ 94,198
Depreciation and Amortization	950,259	1,195,000
(Increase) Decrease in Receivables/Prepays	1,602	4,917
Increase (Decrease) in Payables	(40,056)	(161,814)
Increase (Decrease) in Deferred Revenue	-	-
Increase (Decrease) in Payroll Liabilities	45,254	56,075
Net Cash Provided by Operating Activities	<u>\$ 1,060,915</u>	<u>\$ 1,188,376</u>

The accompanying notes are an integral part of this statement.

REDWOOD SANITARY SEWER SERVICE	TOTAL	INTERNAL SERVICE FUNDS
\$ 979,103	\$ 9,539,212	\$ 7,850,144
(643,743)	(4,342,233)	(3,170,067)
-	(2,612,328)	(3,939,628)
<u>335,360</u>	<u>2,584,651</u>	<u>740,449</u>
112,000	1,152,737	-
(112,000)	(1,305,737)	-
-	-	115,853
-	365,145	-
(1,825)	46,230	-
<u>(1,825)</u>	<u>258,375</u>	<u>115,853</u>
-	-	-
-	-	-
(380,000)	(1,080,000)	-
(67,856)	(251,082)	-
-	(1,400,268)	(287,223)
-	-	-
-	4,741	-
<u>(447,856)</u>	<u>(2,726,609)</u>	<u>(287,223)</u>
9,218	81,775	68,773
(105,103)	509,665	637,852
<u>\$ 1,020,912</u>	<u>\$ 7,170,058</u>	<u>\$ 8,293,860</u>
<u>\$ 915,809</u>	<u>\$ 7,679,723</u>	<u>\$ 8,931,712</u>
\$ 915,809	\$ 7,371,017	\$ 8,931,712
-	308,706	-
<u>\$ 915,809</u>	<u>\$ 7,679,723</u>	<u>\$ 8,931,712</u>
\$ 238,728	\$ 955,442	\$ -
\$ 146,307	\$ 344,361	\$ 183,485
200,900	2,346,159	264,345
(7,242)	(723)	(11,832)
(4,605)	(206,475)	165,918
-	-	-
-	101,329	138,533
<u>\$ 335,360</u>	<u>\$ 2,584,651</u>	<u>\$ 740,449</u>

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

**STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

AGENCY FUND

ASSETS:

Cash and Investments	\$ 3,668,511
Receivables:	
Accounts, net	<u>-</u>
Total assets	<u>\$ 3,668,511</u>

LIABILITIES

Liabilities:	
Accounts payable	\$ 66,138
Building Permit Suspense	18,362
Contractor Escrow Payable	-
Miscellaneous Trust Liabilities	3,583,756
Water Deposits	-
Deposit Suspense	<u>255</u>
Total liabilities	<u>\$ 3,668,511</u>

The accompanying notes are an integral part of this statement.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

THE FINANCIAL REPORTING ENTITY

The City of Grants Pass is a municipal corporation governed by an elected mayor and eight-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, as defined under GASB Statement 39. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. As of June 30, 2011, the City had two blended component units requiring disclosure. The blended component units have a June 30 year end. There is one discretely presented component unit.

The City reports the following blended component units:

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

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

The City reports the following discretely presented component unit:

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government reports the following major governmental funds:

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

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

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

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following funds:

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

BUDGETS

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2011.

ESTIMATES

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

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

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

Receivables and Payables

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Restricted Assets

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

Capital assets

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

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

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

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capitalized Interest

Interest is capitalized on capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the year ended June 30, 2011, no interest was capitalized on capital assets.

Grants

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

Compensated absences

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

Long-term obligations

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

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

Workers' Compensation Insurance

The City is self-insured for workers' compensation. Premiums are paid to the Insurance Service Fund from operating divisions and are available to pay claims, claims reserves and administrative costs of the program. Estimated claims of \$26,886 have been accrued as a liability of the fund and are included in accounts payable.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Equity/Net Assets

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

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

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

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

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

Reservations of Net Assets and Fund Balances

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

Statement of Cash Flows

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

FUND EQUITY

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FUND EQUITY

- 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.
- 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.
- 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.

2. CASH AND INVESTMENTS

Cash and Investments at June 30, 2011 (recorded at fair value) consisted of:

Deposits with Financial Institutions:

Petty Cash	\$	1,300
Demand Deposits		27,550,864
Investments		21,254,113
Total	\$	<u>48,806,277</u>

Unrestricted	\$	41,407,212
Restricted		2,306,588
Fiduciary Fund		3,668,511
Discreetly Presented		
Component Unit		1,423,966
Total	\$	<u>48,806,277</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

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, 2011, 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	\$ 7,034,552	\$ -	\$ 1,515,668	\$ 5,518,884
State Treasurer's investment pool	14,219,561	14,219,561	-	-
Total	<u>\$ 21,254,113</u>	<u>\$ 14,219,561</u>	<u>\$ 1,515,668</u>	<u>\$ 5,518,884</u>

Investments are valued at fair value as required by GASB 31. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2011 the fair value of the position in the LGIP is 100% 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

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

The City limits investment maturities as follows for operating funds:

Within one business day	15% minimum
Under 180 days	50% minimum
Under 360 days	75% minimum

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

Credit Risk

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

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 \$27,550,864. The total bank balance per the bank statements is \$28,037,928. Of these deposits, \$4,840,305 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, 2011 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2011, the City's delinquent assessments receivable totaled \$61,862.

4. NOTES AND CONTRACTS RECEIVABLE

Notes and Contracts Receivable consisted of the following at June 30, 2011:

CDBG - HUD Loans Receivable	\$	165,262
Other Notes & Contract Receivables		1,401,044
	\$	1,566,306

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2011 are as follows:

	GOVERNMENTAL ACTIVITIES CAPITAL ASSETS			
	June 30, 2010	Additions	Disposals	June 30, 2011
Capital Assets, not being depreciated				
Land	\$ 63,068,219	\$ 3,795,360	\$ -	\$ 66,863,579
Construction in Progress	6,834,674	2,047,356	1,922,708	6,959,322
Total, not being depreciated	69,902,893	5,842,716	1,922,708	73,822,901
Buildings	10,665,029	629,143	12,381	11,281,791
Improvements	8,895,820	813,820	36,046	9,673,594
Machinery & Equipment	7,499,312	347,844	121,729	7,725,427
Infrastructure	76,341,415	3,944,528	2,175,359	78,110,584
Total, being depreciated	103,401,576	5,735,335	2,345,515	106,791,396
Less Accumulated Depreciation				
Buildings	2,550,156	293,469	10,214	2,833,411
Improvements	3,559,960	354,609	36,046	3,878,523
Machinery & Equipment	4,008,462	501,912	121,729	4,388,645
Infrastructure	15,148,284	1,229,044	16,919	16,360,409
Total Accumulated Depreciation	25,266,862	2,379,034	184,908	27,460,988
Total Capital Assets being Depreciated, net	78,134,714	3,356,301	2,160,607	79,330,408
Governmental Activities Capital Assets, net	\$ 148,037,607	\$ 9,199,017	\$ 4,083,315	\$ 153,153,309

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

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

	Governmental Funds
Public Safety	\$ 1,727,733
Transportation	174,010
Building	59,995
Parks	184,021
Development	176,614
General Government	27,659
Solid Waste	29,002
	\$ 2,379,034

	BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS			
	June 30, 2010	Additions	Disposals	June 30, 2011
Capital Assets, not being depreciated				
Land	\$ 853,812	\$ -	\$ -	\$ 853,812
Construction in Progress	2,463,329	526,141	1,404,150	1,585,320
Total, not being depreciated	3,317,141	526,141	1,404,150	2,439,132
Buildings	6,486,830	330,201	-	6,817,031
Improvements	1,823,112	113,110	-	1,936,222
Machinery & Equipment	12,946,019	287,458	-	13,233,477
Infrastructure	105,591,488	2,502,951	-	108,094,439
Total, being depreciated	126,847,449	3,233,720	-	130,081,169
Less Accumulated Depreciation				
Buildings	2,249,797	168,498	-	2,418,295
Improvements	892,863	82,344	-	975,207
Machinery & Equipment	4,108,683	537,342	-	4,646,025
Infrastructure	28,070,011	1,604,463	-	29,674,474
Total Accumulated Depreciation	35,321,354	2,392,647	-	37,714,001
Total Capital Assets being Depreciated, net	91,526,095	841,073	-	92,367,168
Business-Type Activities Capital Assets, net	\$ 94,843,236	\$ 1,367,214	\$ 1,404,150	\$ 94,806,300

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS

The composition of interfund balances as of June 30, 2011 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,830,000	\$ -
Solid Waste Fund	1,450,000	-
Bancroft Bond Fund	-	1,450,000
Land and Building Projects	-	1,580,000
Nonmajor governmental Funds	-	396,205
Internal Service Funds	146,205	-
Total Funds	<u>\$ 3,426,205</u>	<u>\$ 3,426,205</u>

In FY'07, the City used an interfund loan from the General fund to purchase property for future park use. This loan is to be paid back through the sale of City owned property held in the Lands and Building Fund, of which \$870,000 was paid back during FY'08 after a property sale. The Bancroft Bond Fund has made internal borrowings totaling \$1,540,000 from the Solid Waste Capital Projects Fund for local improvement projects. The variation in the individual project costs subject to bonding together with timing elements made internal borrowing more cost effective than public financing. The repayment of the Bancroft Bond Fund borrowing will depend on the amounts and timing of payments made on assessment loans owed to the fund. During FY'11 \$90,000 was available from assessment loan payments and paid to the Solid Waste Fund. During FY'09, the Parkway Redevelopment Agency borrowed \$2,700,000 from a combination of the General Fund and the Transportation Capital Project Fund in order to complete the remaining projects in the Agency's 20-year voter approved plan. This loan is expected to be paid back to the City based on the progress of the Agency's remaining capital projects and will be fully paid back no later than three years from the date of the loan. During FY'10 \$2,450,000 was repaid leaving a balance of \$250,000.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 857,787	\$ 881,067
Solid Waste Fund	10,000	34,000
GO Bond Fund	441,236	-
Bancroft Bond Fund	-	119,805
Transportation Capital Projects	1,250,637	127,000
Lands & Buildings Capital Projects	949,396	483,484
Parkway Redevelopment	8,100	8,100
Water Fund	657,031	815,531
Sewer Fund	383,706	378,206
Redwood Sanitary Sewer Fund	112,000	112,000
Nonmajor governmental Funds	15,000	1,725,700
Total Funds	<u>\$ 4,684,893</u>	<u>\$ 4,684,893</u>

The allocation of Transient Room Tax receipts, a special revenue fund, to general governmental operating activities accounts for the majority (\$761,787) of the monies transferred into the General Fund. The largest segment of General Fund transfers out represent funding of \$809,067 appropriated for Lands & Building Capital Projects. Transportation Projects received \$800,584 from Street Utility fees and the State Gas Tax Fund, and \$293,000 from the Water Fund.

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Bonds outstanding consist of Public Safety General Obligation Bonds and 2009 Refunding General Obligation Bonds. The Public Safety Bonds were issued June 20, 2007, at the original amount of \$9,820,000. In 2009 the City issued refunding bonds, to fully refund their 1998 Water Revenue Bonds and two Oregon DEQ loans. The total amount of the 2009 refunding were \$8,815,000. The refunding bonds resulted in a net present value savings of \$731,273.

GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2011-2012	\$ 685,000	\$ 295,200	\$ 1,095,000	\$ 242,913
2012-2013	740,000	267,800	725,000	218,513
2013-2014	800,000	238,200	745,000	196,763
2014-2015	865,000	206,200	775,000	166,963
2015-2016	930,000	171,600	790,000	143,713
2016-2021	2,875,000	230,500	2,005,000	425,852
2021-2026	-	-	905,000	54,600
Premium/Discount			386,516	
	\$ 6,895,000	\$ 1,409,500	\$ 7,426,516	\$ 1,449,317

Purpose	Interest Rates	Amount
Governmental General Obligation Bonds	4%	6,895,000
Business-Type Revenue Bonds	2.0 - 4.0%	7,426,516

Unbonded Long-Term Debt

Contracts payable in the Governmental funds consist of installment contracts related to property purchased by the City. The contracts mature at various dates through 2029.

Notes and contracts payable consist of the following:

Purpose	Interest Rates	Amount
Governmental Contracts Payable	4.99-6%	\$ 67,500
		\$ 67,500

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

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

NOTES & CONTRACTS PAYABLE

GOVERNMENTAL ACTIVITIES

YEAR	PRINCIPAL	INTEREST
2011-2012	\$ 22,500	\$ 4,146
2012-2013	22,500	3,134
2013-2014	22,500	2,121
2014-2015	-	-
2015-2016	-	-
2016-2021	-	-
2021-2026	-	-
	<u>\$ 67,500</u>	<u>\$ 9,401</u>

Long-Term Debt activity for the year ended June 30, 2011, is as follows:

CHANGES IN LONG-TERM DEBT

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 7,930,000	\$ -	\$ 1,035,000	\$ 6,895,000	\$ 685,000
Post-Closure Care Costs	2,255,198	-	90,968	2,164,230	-
River Road Liability	228,900	-	-	228,900	-
Notes and Contracts Payable	90,000	-	22,500	67,500	22,500
Governmental activities					
Long-Term Debt	<u>\$ 13,375,100</u>	<u>\$ -</u>	<u>\$ 1,148,468</u>	<u>\$ 9,355,630</u>	<u>\$ 707,500</u>
Business-type Activities:					
Revenue Bonds Payable	\$ 8,120,000	\$ -	\$ 1,080,000	\$ 7,040,000	\$ 1,095,000
Less Unamortized Discount	433,004	-	46,488	386,516	-
Business-type Activities					
Long-Term Debt	<u>\$ 12,613,578</u>	<u>\$ -</u>	<u>\$ 1,126,488</u>	<u>\$ 7,426,516</u>	<u>\$ 1,095,000</u>

8. RISK MANAGEMENT

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. RISK MANAGEMENT

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 \$26,886 reported in the Insurance Services Fund at June 30, 2011 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of that loss can be reasonably estimated. The \$26,886 is considered to be due within the next year and is classified as such on the Statement of Net Assets.

Year Ending June 30,	Beginning of Year	Changes in Estimates	Payments of Claims	End of year
2011	39,480	30,063	42,657	26,886
2010	75,823	(5,059)	31,284	39,480
2009	116,841	9,358	50,376	75,823

9. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

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

Funding Policy – Plan members are required to contribute 6% of their annual covered salary. The City is required by ORS 238.225 to contribute at an actuarially determined rate; the rate effective July 1, 2010 is 13.52% of salary covered under the plan for Tier 1 and Tier 2 employees and 10.26% and 12.97% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by an act of the Oregon legislature.

Annual Pension Cost – For the fiscal years ending June 30, 2011, 2010, and 2009, the City's annual pension cost of \$1,556,372, \$1,537,071, and \$1,819,235, respectively, was equal to the City's required and actual contributions. The required contributions and liabilities were determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. Because all OPERS employers are required by law to submit the contributions adopted by the Retirement Board, and the employer contributions are calculated in conformance with the standards of Statement No. 27, there is no net pension obligation. The contributions actually made are equivalent to the annual pension cost. Significant actuarial assumptions used in the valuation include (a) a rate of return of 8.0% per year, net of investment and administrative expenses (assumed earnings rate for purposes of Tier One guaranteed interest credit); (b) wage growth of 4.25% per year, excluding merit or longevity increases; (c) projected post-retirement benefit increases of 2.0% per year; (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of OPERS; (e) consumer price inflation of 3.5% per year; and (f) future interest credits of 8.5% for Tier One and 8.0% for Tier Two. Unfunded actuarial liability is amortized as a level percentage of covered payroll over a thirty-year period on an open basis.

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

GASB Statement No. 27 disclosures are based on the actuarial assumptions and methods contained in the December 31, 2010 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.

Schedule of Funding Progress						
Valuation Date	AVA	AAL	UAAL	Funded Percent	Covered Payroll	UAAL/ Payroll
12/31/2005	44,007,862	50,076,056	(6,068,194)	88%	9,637,834	63%
12/31/2007	52,711,473	54,238,486	(1,527,013)	97%	11,433,157	13%
12/31/2009	45,516,785	58,455,182	(12,938,397)	78%	11,981,543	108%

10. DEFERRED COMPENSATION

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

11. OTHER POSTRETIREMENT BENEFITS

Plan Description

Explicit Employer Benefits – The City provides postretirement health care benefits, as per labor contracts and the Personnel Rules and Regulations, for retirees. The benefit varies depending upon date of employment. The City pays 100 percent of the medical insurance premium for four years following the retirement of an employee, or until the employee dies, reaches age 65, or enters employment where insurance is provided. The employee must be eligible and receiving Oregon Public Employees Retirement Systems (OPERS) benefits. Employees hired after January 1, 2001 and covered under the Grants Pass Police Association labor contract and the Teamsters Local Union #223 are eligible for 50% City paid medical insurance benefits for only six months following retirement. Like wise 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 not distinction made for costs or services available. Thus once the City's financial obligation ends, a retiree may elect to continue the group benefit coverage at his own expense. The City finances these expenses as they are incurred in the respective fund where the retiree had worked. The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

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

NOTES TO BASIC FINANCIAL STATEMENTS

11. OTHER POST RETIREMENT BENEFITS

Implicit Employer Benefits – The City operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements. The City’s post-retirement healthcare plan 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.

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:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 750,057	\$ 706,257	\$ 563,664
Interest on net pension obligation	39,019	18,186	-
Adjustment to annual required contribution	<u>(61,205)</u>	<u>(28,526)</u>	<u>-</u>
Annual pension cost	727,871	695,917	563,664
Contributions made	<u>(224,086)</u>	<u>(232,958)</u>	<u>(159,539)</u>
Increase in net pension obligation	503,785	462,959	404,125
NPO (Asset) at beginning of year	<u>867,084</u>	<u>404,125</u>	<u>-</u>
NPO (Asset) at end of year	<u>\$ 1,370,869</u>	<u>\$ 867,084</u>	<u>\$ 404,125</u>
Percentage of APC contributed	<u>30.8%</u>	<u>33.5%</u>	<u>28.3%</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

11. OTHER POST RETIREMENT BENEFITS

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the August 1, 2009 actuarial valuation using the projected unit credit method. The objective of this method is to fund each participant’s benefits under the plans as they accrue. The unfunded accrued liability is amortized over an open period of 30 years as a percentage of payroll. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 4.5% compounded annually and a payroll growth rate of 3.75%; (b) a 30% assumption of participants who elect self-pay retiree medical coverage and an 80% assumption of participants who elect coverage upon retirement are also assumed to elect spouse coverage until the spouse reaches 65; (c) medical costs would increase at 10 percent inflation for the current year, grading down .5% a year to an annual rate of 5 percent. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS.

Funding Status and Funding Progress – As of June 30, 2011, the plan was 0% funded. The actuarial accrued liability for benefits was \$5,459,740, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,459,740.

Valuation Date	Schedule of Funding Progress					
	AVA	AAL	UAAL	Funded Percent	Covered Payroll	UAAL/ Payroll
8/1/2006	-	-	-	0%	-	0%
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%

12. FUND BALANCE DEFICITS AND OVEREXPENDITURES

The Bancroft Bond Fund has a deficit GAAP fund balance of \$1,220,513. The City anticipates that the deficit balance will be liquidated by transfers from other funds and future loan payment revenues from assessment loans.

13. LANDFILL/CLOSURE AND POSTCLOSURE CARE COSTS

The Merlin Landfill is a municipal solid waste landfill regulated by Federal regulations, 40 CFR 258, Subpart F and the State of Oregon statutes contained in ORS 340-094. The Landfill is maintained under the specific terms of an Oregon Solid Waste Disposal Site Closure Permit No. 159, with an expiration date of June 30, 2017. In July 2001, the City purchased insurance for closure and post-closure costs. State laws and regulations required the City to place a final cover on its Merlin landfill site after it stopped accepting trash in December 2000. This cap was completed during the fiscal year ended June 30, 2002. The Remedial Investigation and Risk Assessment reports have been completed and approved by the Oregon Department of Environmental Quality (DEQ). The City received a Record of Decision (ROD) from the DEQ on January 3, 2006 that guides the City in the remedial actions necessary to mitigate the risk due to the groundwater contamination. The current value of post closure care costs is \$2,164,230. This is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

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

NOTES TO BASIC FINANCIAL STATEMENTS

14. PROPERTY TAX LIMITATIONS

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

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

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2011, the City had entered into several capital construction projects with various vendors. The outstanding commitments for these projects at June 30, 2011 are \$160,080.

16. COMPENSATED ABSENCES

Changes in governmental compensated absences are as follows:

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>	<u>Amount Due within one year</u>
Vacation and Sick Leave Payable	\$ 1,593,375	\$ 178,085	\$ (5,718)	\$ 1,765,742	\$ 1,765,742

WHERE THE ROGUE RIVER RUNS



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CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Individual Major Governmental Fund Statements

WHERE THE ROGUE RIVER RUNS



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**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, 2011**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 17,382,178	\$ 17,382,178	\$ 17,544,913	\$ 162,735
Licenses and Permits	216,110	216,110	268,576	52,466
Intergovernmental	1,634,480	1,634,480	1,438,134	(196,346)
Charges for Services	347,660	347,660	398,626	50,966
Fines and Forfeitures	252,460	252,460	306,097	53,637
Interest on Investments	36,150	36,150	83,710	47,560
Miscellaneous	78,085	78,085	87,855	9,770
Total Revenues	<u>19,947,123</u>	<u>19,947,123</u>	<u>20,127,911</u>	<u>180,788</u>
EXPENDITURES:				
Mayor and Council	200,398	200,398 (1)	156,312	44,086
Public Safety Field Services	12,300,222	12,300,222 (1)	11,542,743	757,479
Public Safety Support Services	3,489,759	3,489,759 (1)	3,198,789	290,970
Crisis Support Services	40,648	40,648 (1)	39,618	1,030
Street Lighting	295,000	295,000 (1)	293,549	1,451
Park Maintenance Services	1,427,295	1,427,295 (1)	1,389,844	37,451
Aquatic Services	113,831	113,831 (1)	84,092	29,739
Recreation Services	137,337	137,337 (1)	132,750	4,587
Planning Services	671,168	671,168 (1)	596,458	74,710
Building and Safety Services	553,311	553,311 (1)	527,569	25,742
Economic Development	165,307	165,307 (1)	164,813	494
Downtown Development	326,880	326,880 (1)	313,552	13,328
Tourism Promotion	275,687	275,687 (1)	275,510	177
General Program Operations	96,480	96,480 (1)	69,015	27,465
Contingency	1,050,000	1,050,000 (1)	-	1,050,000
Total Expenditures	<u>21,143,323</u>	<u>21,143,323</u>	<u>18,784,614</u>	<u>2,358,709</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,196,200)</u>	<u>(1,196,200)</u>	<u>1,343,297</u>	<u>2,539,497</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	857,788	857,788	857,787	(1)
Sale of Assets	2,730	2,730	5,504	2,774
Interfund Loans	-	-	-	-
Transfers Out	(940,000)	(940,000) (1)	(881,067)	58,933
Total other financing uses	<u>(79,482)</u>	<u>(79,482)</u>	<u>(17,776)</u>	<u>61,706</u>
Net Change in Fund Balance	(1,275,682)	(1,275,682)	1,325,521	2,601,203
Beginning Fund Balance	<u>7,623,898</u>	<u>7,623,898</u>	<u>8,367,778</u>	<u>743,880</u>
Ending Fund Balance	<u>\$ 6,348,216</u>	<u>\$ 6,348,216</u>	<u>\$ 9,693,299</u>	<u>\$ 3,345,083</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			1,830,000	
Total GAAP Fund Balance			<u>\$ 11,523,299</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, 2011**

	<u>SOLID WASTE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Licenses and Permits	\$ 2,500	\$ 2,500	\$ 2,660	\$ 160
Intergovernmental	10,500	10,500	10,500	-
Charges for Services	361,690	361,690	323,620	(38,070)
Interest on Investments	22,300	22,300	108,849	86,549
Miscellaneous Revenue	15,600	15,600	15,600	-
Total Revenues	<u>412,590</u>	<u>412,590</u>	<u>461,229</u>	<u>48,639</u>
EXPENDITURES:				
Environmental Waste Fees	210,000	210,000 (1)	241,831	(31,831)
Field Operations	32,431	32,431 (1)	18,214	14,217
Post-closure	137,390	137,390 (1)	70,440	66,950
General Program Operations	17,750	17,750 (1)	8,869	8,881
Capital Outlay	1,268,709	1,268,709 (1)	51,205	1,217,504
Contingency	93,465	93,465 (1)	-	93,465
Total Expenditures	<u>1,759,745</u>	<u>1,759,745</u>	<u>390,559</u>	<u>1,369,186</u>
Excess of Revenues Over (Under) Expenditures	(1,347,155)	(1,347,155)	70,670	1,417,825
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	20,000	10,000	(10,000)
Loan Proceeds	-	-	-	-
Transfers Out	(44,000)	(44,000)	(34,000)	10,000
Total Other Financing Sources (Uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>
Net Change in Fund Balance	(1,371,155)	(1,371,155)	46,670	1,417,825
Beginning Fund Balance	<u>1,371,155</u>	<u>1,371,155</u>	<u>1,377,754</u>	<u>6,599</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,424,424</u>	<u>\$ 1,424,424</u>
Reconciliation to GAAP Equity				
Interfund Loan			<u>\$ 1,450,000</u>	
GAAP Equity			<u>\$ 2,874,424</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.

WHERE THE ROGUE RIVER RUNS



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CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

Combining, Individual Fund, and
Other Financial Schedules

WHERE THE ROGUE RIVER RUNS



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**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, 2011**

<u>GENERAL OBLIGATION BOND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Taxes	\$ 966,600	\$ 966,600	\$ 985,041	\$ 18,441
Interest on Investments	100	100	3	(97)
Total Revenues	<u>966,700</u>	<u>966,700</u>	<u>985,044</u>	<u>18,344</u>
EXPENDITURES:				
Materials and Services	-	- (1)	-	-
Debt Service	1,466,600	1,466,600	(1) 1,402,952	63,648
Contingency	-	- (1)	-	-
Total Expenditures	<u>1,466,600</u>	<u>1,466,600</u>	<u>1,402,952</u>	<u>63,648</u>
Excess of Revenues Over (Under) Expenditures	<u>(499,900)</u>	<u>(499,900)</u>	<u>(417,908)</u>	<u>81,992</u>
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	-	-	-	-
Transfers In	500,000	500,000	441,236	(58,764)
Transfers Out	-	- (1)	-	-
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>441,236</u>	<u>(58,764)</u>
Net Change in Fund Balance	100	100	23,328	23,228
Beginning Fund Balance	66,470	666,470	68,937	(597,533)
Ending Fund Balance	<u>\$ 66,570</u>	<u>\$ 666,570</u>	<u>\$ 92,265</u>	<u>\$ (574,305)</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, 2011**

	<u>BANCROFT BOND</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	\$ 276,647	\$ 116,647
Interest on Assessments	-	-	-	-
Interest on Investments	-	-	1,497	1,497
Total Revenues	<u>160,000</u>	<u>160,000</u>	<u>278,144</u>	<u>118,144</u>
EXPENDITURES:				
Materials and Services	40,800	40,800 (1)	18,024	22,776
Debt Service	90,341	90,341 (1)	90,000	341
Contingency	-	- (1)	-	-
Total Expenditures	<u>131,141</u>	<u>131,141</u>	<u>108,024</u>	<u>23,117</u>
Excess of Revenues Over (Under) Expenditures	<u>28,859</u>	<u>28,859</u>	<u>170,120</u>	<u>141,261</u>
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	500,000	500,000	-	(500,000)
Transfers Out	(500,000)	(500,000) (1)	(119,805)	380,195
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(119,805)</u>	<u>(119,805)</u>
Net Change in Fund Balance	28,859	28,859	50,315	21,456
Beginning Fund Balance	(28,859)	(28,859)	179,172	208,031
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,487</u>	<u>\$ 229,487</u>
Reconciliation to GAAP Equity				
Interfund Loan			<u>\$ (1,450,000)</u>	
GAAP Equity			<u>\$ (1,220,513)</u>	

(1) Appropriation Level

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2011**

<u>TRANSPORTATION PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ 593,703	\$ 593,703	\$ 900,559	\$ 306,856
Charges for Services	429,082	429,082	121,581	(307,501)
Interest on Investments	51,101	51,101	106,958	55,857
Trust Receipts	2,000	2,000	52,866	50,866
Contributions	-	-	-	-
Miscellaneous Revenues	-	-	2,041	2,041
Total Revenues	<u>1,075,886</u>	<u>1,075,886</u>	<u>1,184,005</u>	<u>108,119</u>
EXPENDITURES:				
Contingency	-	-	-	-
Capital Outlay	9,097,561	9,097,561 (1)	2,374,918	6,722,643
Total Expenditures	<u>9,097,561</u>	<u>9,097,561</u>	<u>2,374,918</u>	<u>6,722,643</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,021,675)</u>	<u>(8,021,675)</u>	<u>(1,190,913)</u>	<u>6,830,762</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,631,633	1,631,633	1,250,637	(380,996)
Transfers Out	(263,000)	(263,000) (1)	(127,000)	136,000
Total Other Financing Sources (Uses)	<u>1,368,633</u>	<u>1,368,633</u>	<u>1,123,637</u>	<u>(244,996)</u>
Net Change in Fund Balance	(6,653,042)	(6,653,042)	(67,276)	6,585,766
Beginning Fund Balance	6,653,042	6,653,042	7,985,396	1,332,354
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,918,120</u>	<u>\$ 7,918,120</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, 2011**

<u>LAND AND BUILDING PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ 897,000	\$ 897,000	\$ 220,884	\$ (676,116)
Charges for Services	172,500	172,500	162,664	(9,836)
Interest on Investments	16,900	16,900	40,627	23,727
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>1,086,400</u>	<u>1,086,400</u>	<u>424,175</u>	<u>(662,225)</u>
EXPENDITURES:				
Capital Outlay	<u>8,026,490</u>	<u>8,026,490</u> (1)	<u>917,273</u>	<u>7,109,217</u>
Total expenditures	<u>8,026,490</u>	<u>8,026,490</u>	<u>917,273</u>	<u>7,109,217</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,940,090)</u>	<u>(6,940,090)</u>	<u>(493,098)</u>	<u>6,446,992</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,008,328	1,008,328	949,396	(58,932)
Sale of Assets	925,000	925,000	-	(925,000)
Transfers Out	<u>(543,049)</u>	<u>(543,049)</u> (1)	<u>(483,484)</u>	<u>59,565</u>
Total Other Financing Sources (Uses)	<u>1,390,279</u>	<u>1,390,279</u>	<u>465,912</u>	<u>(924,367)</u>
Net Change in Fund Balance	(5,549,811)	(5,549,811)	(27,186)	5,522,625
Beginning Fund Balance	<u>5,549,811</u>	<u>5,549,811</u>	<u>4,294,260</u>	<u>(1,255,551)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,267,074</u>	<u>\$ 4,267,074</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			<u>(1,580,000)</u>	
Total GAAP Fund Balance			<u>\$ 2,687,074</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, 2011**

<u>PARKWAY REDEVELOPMENT AGENCY</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest on Investments	1,000	1,000	3,987	2,987
Trust Receipts	50,000	50,000	70,932	20,932
Miscellaneous	4,000	4,000	7,950	3,950
	<u>55,000</u>	<u>55,000</u>	<u>82,869</u>	<u>27,869</u>
EXPENDITURES:				
Materials and Services	31,500	31,500 (1)	15,440	16,060
Capital Outlay	250,000	250,000 (1)	100,000	150,000
Tax Turnover	92,100	92,100 (1)	-	92,100
Debt Service				
Principal	250,000	250,000 (1)	-	250,000
Interest	7,500	7,500 (1)	4,688	2,812
Contingency	-	- (1)	-	-
	<u>631,100</u>	<u>631,100</u>	<u>120,128</u>	<u>510,972</u>
Excess of Revenues Over (Under) Expenditures	<u>(576,100)</u>	<u>(576,100)</u>	<u>(37,259)</u>	<u>(483,103)</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	-	-
Transfers In	258,100	258,100	8,100	(250,000)
Sale of Assets	-	-	-	-
Transfers Out	(258,100)	(258,100) (1)	(8,100)	250,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(576,100)	(576,100)	(37,259)	538,841
Beginning Fund Balance	<u>576,100</u>	<u>576,100</u>	<u>836,647</u>	<u>260,547</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 799,388</u>	<u>\$ 799,388</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			(250,000)	
Total GAAP Fund Balance			<u>\$ 549,388</u>	

(1) Appropriation Level

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

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	SPECIAL REVENUE FUNDS		
	TRANSIENT ROOM TAX FUND	STREET UTILITY FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND
ASSETS:			
Cash and Investments	\$ 21,606	\$ 525,630	\$ 958,314
Prepaid Items	-	-	-
Receivables			
Intergovernmental	-	163,660	-
Accounts, net	-	118,815	-
Notes	-	-	165,262
Grants	-	-	25,355
Accrued Interest	-	-	-
Restricted Assets			
Cash and Cash Equivalents	-	-	-
Notes and Taxes Receivable	-	-	-
Accrued Interest Receivable	-	-	-
Total Assets	\$ 21,606	\$ 808,105	\$ 1,148,931
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ -	\$ 62,775	\$ 49,480
Salaries, withholdings and taxes payable	-	18,803	-
Due To Other Funds	-	-	-
Deferred Revenue	-	-	165,262
Total Liabilities	-	81,578	214,742
Fund Balances:			
Nonspendable:	-	-	-
Restricted for:			
Transportation	-	-	-
System Development	-	-	-
CDBG/HUD	-	-	934,189
Tourism/Recreation/TRT Approved	21,606	-	-
Committed to:	-	726,527	-
Assigned to:	-	-	-
Total fund balances	21,606	726,527	934,189
Total liabilities and fund balances	\$ 21,606	\$ 808,105	\$ 1,148,931

SPECIAL REVENUE FUNDS

<u>HOUSING & ECONOMIC DEVELOPMENT FUND</u>	<u>STORM WATER & OPEN SPACE FUND</u>	<u>TOTAL</u>
\$ 978,087	\$ 711,543	\$ 3,195,180
-	-	-
-	-	163,660
-	-	118,815
23,104	-	188,366
-	-	25,355
608	-	608
-	97,858	97,858
-	36,580	36,580
-	6,222	6,222
<u>\$ 1,001,799</u>	<u>\$ 852,203</u>	<u>\$ 3,832,644</u>
\$ -	\$ 3,346	\$ 115,601
-	-	18,803
-	146,205	146,205
23,104	36,580	224,946
<u>23,104</u>	<u>186,131</u>	<u>505,555</u>
-	-	-
-	-	-
-	666,072	666,072
978,695	-	1,912,884
-	-	21,606
-	-	726,527
-	-	-
<u>978,695</u>	<u>666,072</u>	<u>3,327,089</u>
<u>\$ 1,001,799</u>	<u>\$ 852,203</u>	<u>\$ 3,832,644</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, 2011**

	SPECIAL REVENUE FUNDS		
	TRANSIENT ROOM TAX FUND	STREET UTILITY FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND
REVENUES:			
Taxes	\$ 939,125	\$ -	\$ -
Licenses and Permits	-	5,383	-
Intergovernmental	-	1,727,410	25,355
Charges for Services	-	758,881	150
Interest on Investments	1,082	3,808	10,853
Industrial and Other Loans	-	-	30,718
Miscellaneous Revenues	-	4,127	-
Total Revenues	940,207	2,499,609	67,076
EXPENDITURES:			
Development	16,485	-	58,057
Field Operations	-	1,527,138	-
Debt Service	-	-	-
Capital Outlay	-	-	-
Total Expenditures	16,485	1,527,138	58,057
Excess of Revenues Over, (Under) Expenditures	923,722	972,471	9,019
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Sale of Assets	-	246	-
Transfers Out	(902,116)	(818,584)	-
Total Other Financing Sources (U	(902,116)	(818,338)	-
Net Change in Fund Balance	21,606	154,133	9,019
Beginning Fund Balance	-	572,394	925,170
Ending Fund Balance	\$ 21,606	\$ 726,527	\$ 934,189

<u>SPECIAL REVENUE FUNDS</u>		
<u>HOUSING & ECONOMIC DEVELOPMENT FUND</u>	<u>STORM WATER & OPEN SPACE FUND</u>	<u>TOTAL</u>
\$ -	\$ -	\$ 939,125
-	-	5,383
-	-	1,752,765
-	12,538	771,569
8,886	6,143	30,772
2,901	-	33,619
-	2,288	6,415
<u>11,787</u>	<u>20,969</u>	<u>3,539,648</u>
2,015	-	76,557
-	-	1,527,138
-	-	-
-	7,126	7,126
<u>2,015</u>	<u>7,126</u>	<u>1,610,821</u>
<u>9,772</u>	<u>13,843</u>	<u>1,928,827</u>
-	15,000	15,000
-	-	246
<u>(5,000)</u>	<u>-</u>	<u>(1,725,700)</u>
<u>(5,000)</u>	<u>15,000</u>	<u>(1,710,454)</u>
4,772	28,843	218,373
<u>973,923</u>	<u>637,229</u>	<u>3,108,716</u>
<u>\$ 978,695</u>	<u>\$ 666,072</u>	<u>\$ 3,327,089</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, 2011**

TRANSIENT ROOM TAX FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Taxes	\$ 918,601	\$ 918,601	\$ 939,125	\$ 20,524
Interest	-	-	1,082	1,082
Total Revenues	<u>918,601</u>	<u>918,601</u>	<u>940,207</u>	<u>21,606</u>
EXPENDITURES:				
Materials and Services	<u>16,485</u>	<u>16,485</u> (1)	<u>16,485</u>	-
Total Expenditures	<u>16,485</u>	<u>16,485</u>	<u>16,485</u>	-
Excess of Revenues Over (Under) Expenditures	<u>902,116</u>	<u>902,116</u>	<u>923,722</u>	<u>21,606</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(902,116)</u>	<u>(902,116)</u> (1)	<u>(902,116)</u>	-
Total Other Financing Sources (Uses)	<u>(902,116)</u>	<u>(902,116)</u>	<u>(902,116)</u>	-
Net Change in Fund Balance	-	-	21,606	21,606
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,606</u>	<u>\$ 21,606</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, 2011**

	<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	\$ 10,500	\$ 10,500	\$ 5,383	\$ (5,117)
Intergovernmental	1,747,231	1,747,231	1,727,410	(19,821)
Charges for services	781,800	781,800	758,881	(22,919)
Interest on investments	1,900	1,900	3,808	1,908
Trust Receipts	-	-	-	-
Miscellaneous	2,000	2,000	4,127	2,127
Total Revenues	<u>2,543,431</u>	<u>2,543,431</u>	<u>2,499,609</u>	<u>(43,822)</u>
EXPENDITURES:				
Street and drainage services	1,185,069	1,185,069 (1)	1,075,410	109,659
Support services	67,007	67,007 (1)	66,837	170
General operations	432,561	432,561 (1)	384,891	47,670
Contingency	227,818	227,818 (1)	-	227,818
Total Expenditures	<u>1,912,455</u>	<u>1,912,455</u>	<u>1,527,138</u>	<u>385,317</u>
Excess of Revenues Over (Under) Expenditures	<u>630,976</u>	<u>630,976</u>	<u>972,471</u>	<u>341,495</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assest	100	100	246	146
Transfers Out	(818,584)	(818,584) (1)	(818,584)	-
Total Other Financing Sources (Uses)	<u>(818,484)</u>	<u>(818,484)</u>	<u>(818,338)</u>	<u>146</u>
Net Change in Fund Balance	<u>(187,508)</u>	<u>(187,508)</u>	<u>154,133</u>	<u>341,641</u>
Beginning Fund Balance	<u>187,508</u>	<u>187,508</u>	<u>572,394</u>	<u>384,886</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 726,527</u>	<u>\$ 726,527</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, 2011**

<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:				
Intergovernmental	\$ 900,000	\$ 900,000	\$ 25,355	\$ (874,645)
Charges for Services	-	-	150	150
Interest on Investments	8,935	8,935	10,853	1,918
Loan Repayments	13,176	13,176	30,718	17,542
Contributions	-	-	-	-
Total Revenues	<u>922,111</u>	<u>922,111</u>	<u>67,076</u>	<u>(855,035)</u>
EXPENDITURES:				
Materials and Services	114,500	114,500 (1)	58,057	56,443
Capital Outlay	900,000	900,000 (1)	-	900,000
Contingencies	829,811	829,811 (1)	-	829,811
Total Expenditures	<u>1,844,311</u>	<u>1,844,311</u>	<u>58,057</u>	<u>1,786,254</u>
Net Change in Fund Balance	(922,200)	(922,200)	9,019	931,219
Beginning Fund Balance	<u>922,200</u>	<u>922,200</u>	<u>925,170</u>	<u>2,970</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,189</u>	<u>\$ 934,189</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, 2011**

<u>HOUSING AND ECONOMIC DEVELOPMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest on Investments	6,555	6,555	8,886	2,331
Industrial and Other Loan Payments	4,260	4,260	2,901	(1,359)
Miscellaneous Revenues	-	-	-	-
Total Revenues	<u>10,815</u>	<u>10,815</u>	<u>11,787</u>	<u>972</u>
EXPENDITURES:				
Materials and Services	200,000	200,000 (1)	2,015	197,985
Contingencies	782,615	782,615 (1)	-	782,615
Total Expenditures	<u>982,615</u>	<u>982,615</u>	<u>2,015</u>	<u>980,600</u>
Excess of Revenues Over (Under) Expenditures	<u>(971,800)</u>	<u>(971,800)</u>	<u>9,772</u>	<u>981,572</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	(976,800)	(976,800)	4,772	981,572
Beginning Fund Balance	<u>976,800</u>	<u>976,800</u>	<u>973,923</u>	<u>(2,877)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 978,695</u>	<u>\$ 978,695</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, 2011**

<u>STORM WATER AND OPEN SPACE</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -
Charges for Services	39,900	39,900	12,538	(27,362)
Interest on Investments	2,830	2,830	6,143	3,313
Miscellaneous	-	-	2,288	2,288
Total Revenues	42,730	42,730	20,969	(21,761)
EXPENDITURES:				
Stormwater Maintenance	-	-	-	-
Customer Services	-	-	-	-
General Program Operations	-	-	-	-
Capital Outlay	873,285	873,285 (1)	7,126	866,159
Debt Service	-	-	-	-
Contingency	-	-	-	-
Total Expenditures	873,285	873,285	7,126	866,159
Excess of Revenues Over (Under) Expenditures	(830,555)	(830,555)	13,843	844,398
OTHER FINANCING SOURCES (USES)				
Transfers In	115,000	115,000	15,000	(100,000)
Interfund Loan Proceeds	-	-	-	-
Transfers Out	-	- (1)	-	-
Total Other Financing Sources (Uses)	115,000	115,000	15,000	(100,000)
Net Change in Fund Balance	(715,555)	(715,555)	28,843	744,398
Beginning Fund Balance	726,118	726,118	783,434	57,316
Ending Fund Balance	<u>\$ 10,563</u>	<u>\$ 10,563</u>	<u>\$ 812,277</u>	<u>\$ 801,714</u>
Reconciliation to GAAP Equity				
Interfund Loans			<u>\$ (146,205)</u>	
GAAP Equity			<u>\$ 666,072</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, 2011**

	<u>WATER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 4,252,308	\$ 4,252,308	\$ 3,985,296	\$ (267,012)
SDC Receipts	170,440	170,440	186,205	15,765
Interest on Investments	34,500	34,500	36,369	1,869
Trust Receipts	10,000	10,000	53,023	43,023
Miscellaneous Revenues	31,350	31,350	50,446	19,096
Total Revenues	<u>4,498,598</u>	<u>4,498,598</u>	<u>4,311,339</u>	<u>(187,259)</u>
EXPENDITURES:				
Treatment Services	1,478,081	1,478,081 (1)	1,405,166	72,915
Distribution Services	1,213,635	1,213,635 (1)	1,054,760	158,875
Customer Services	376,750	376,750 (1)	341,344	35,406
General Operations	337,840	337,840 (1)	300,103	37,737
Debt Service				
Principal	380,000	380,000 (1)	380,000	-
Interest	19,200	19,200 (1)	17,653	1,547
Capital Outlay	2,303,697	2,303,697 (1)	401,260	1,902,437
Contingency	1,017,324	1,017,324 (1)	-	1,017,324
Total Expenditures	<u>7,126,527</u>	<u>7,126,527</u>	<u>3,900,286</u>	<u>3,226,241</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,627,929)</u>	<u>(2,627,929)</u>	<u>411,053</u>	<u>3,038,982</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	-	-	4,741	4,741
Net Revenue from Issuance of Debt	-	-	-	-
Transfers In	693,031	693,031	657,031	(36,000)
Transfers Out	(815,531)	(815,531) (1)	(815,531)	-
Total Other Financing Sources (Uses)	<u>(122,500)</u>	<u>(122,500)</u>	<u>(153,759)</u>	<u>(31,259)</u>
Net Change in Fund Balance	(2,750,429)	(2,750,429)	257,294	3,007,723
Beginning Fund Balance	<u>2,750,429</u>	<u>2,750,429</u>	<u>3,311,032</u>	<u>560,603</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,568,326</u>	<u>\$ 3,568,326</u>
Reconciliation to Net Assets				
Capital Assets, net			51,486,926	
Full Faith & Credit Bonds Payable			(397,412)	
Deferred Revenue			114,935	
Total Net Assets			<u>\$ 54,772,775</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, 2011**

<u>SEWER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 4,639,030	\$ 4,639,030	\$ 4,454,638	\$ (184,392)
SDC Receipts	138,836	138,836	178,940	40,104
Intergovernmental	261,000	261,000	311,473	50,473
Interest on Investments	6,500	6,500	36,188	29,688
Trust Receipts	1,000	1,000	6,009	5,009
Miscellaneous	50,100	50,100	51,423	1,323
Total Revenues	<u>5,096,466</u>	<u>5,096,466</u>	<u>5,038,671</u>	<u>(57,795)</u>
EXPENDITURES:				
Treatment Services	1,657,043	1,657,043 (1)	1,630,827	26,216
Jo-Gro	562,037	562,037 (1)	537,690	24,347
Collection Services	670,297	670,297 (1)	632,113	38,184
Customer Services	275,250	275,250 (1)	268,214	7,036
General Operations	349,850	349,850 (1)	329,203	20,647
Debt service:				
Principal	320,000	320,000 (1)	320,000	-
Interest	181,313	181,313 (1)	165,573	15,740
Capital Outlay	2,656,044	2,656,044 (1)	709,864	1,946,180
Contingency	1,104,336	1,104,336 (1)	-	1,104,336
Total Expenditures	<u>7,776,170</u>	<u>7,776,170</u>	<u>4,593,484</u>	<u>3,182,686</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,679,704)</u>	<u>(2,679,704)</u>	<u>445,187</u>	<u>3,124,891</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	383,706	383,706	383,706	-
Net Revenue from Issuance of Debt	-	-	-	-
Transfers Out	378,206	(378,206) (1)	(378,206)	-
Total Other Financing Sources (Uses)	<u>761,912</u>	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Net Change in Fund Balance	(1,917,792)	(2,674,204)	450,687	3,124,891
Beginning Fund Balance	2,674,204	2,674,204	2,927,039	252,835
Ending Fund Balance	<u>\$ 756,412</u>	<u>\$ -</u>	<u>\$ 3,377,726</u>	<u>\$ 3,377,726</u>
Reconciliation to Net Assets				
Capital Assets, net			34,213,891	
Dissolution of Fruitdale Harbeck			5,978	
Deferred Revenue			159,259	
Interfund Loans			-	
Full Faith & Credit Bonds Payable			(4,883,630)	
Total Net Assets			<u>\$ 32,873,224</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, 2011**

<u>REDWOOD SANITARY SEWER DISTRICT</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 999,500	\$ 999,500	\$ 984,520	\$ (14,980)
Interest on Investments	5,000	5,000	9,218	4,218
Total Revenues	1,004,500	1,004,500	993,738	(10,762)
EXPENDITURES:				
Collection	95,719	99,219 (1)	68,493	30,726
Pump and Conveyance System	335,952	380,952 (1)	379,476	1,476
Customer Services	98,815	98,815 (1)	98,054	761
General Program Operations	91,143	91,143 (1)	82,063	9,080
Capital Outlay	697,583	697,583 (1)	11,053	686,530
Debt service:				
Principal	380,000	380,000 (1)	380,000	-
Interest	74,800	74,800 (1)	67,856	6,944
Contingency	227,283	178,783 (1)	-	178,783
Total Expenditures	2,001,295	2,001,295	1,086,995	914,300
Excess of Revenues Over (Under) Expenditures	(996,795)	(996,795)	(93,257)	(925,062)
OTHER FINANCING SOURCES				
Transfers In	112,000	112,000	112,000	-
Net Revenue from Issuance of Debt	-	-	-	-
Transfers Out	(112,000)	(112,000) (1)	(112,000)	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	(996,795)	(996,795)	(93,257)	903,538
Beginning Fund Balance	996,795	996,795	1,130,558	133,763
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,037,301</u>	<u>\$ 1,037,301</u>
Reconciliation to Net Assets				
Capital Assets, net			\$ 9,105,483	
Deferred Revenue			82,365	
Full Faith & Credit Bonds Payable			<u>(2,145,535)</u>	
Total Net Assets			<u>\$ 8,079,614</u>	

(1) Appropriation Level

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

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011**

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
ASSETS:					
Current assets					
Cash and Investments	\$ 3,599,110	\$ 1,015,655	\$ 984,906	\$ 3,332,041	\$ 8,931,712
Prepaid Items	933	26,934	2,498	10,000	40,365
Receivables					
Accounts, net	-	42,007	1,879	-	43,886
Accrued interest	-	-	-	-	-
Due from other funds	-	-	-	146,205	146,205
Total current assets	<u>3,600,043</u>	<u>1,084,596</u>	<u>989,283</u>	<u>3,488,246</u>	<u>9,162,168</u>
Capital assets, net	<u>1,385,833</u>	<u>423,865</u>	<u>19,479</u>	<u>-</u>	<u>1,829,177</u>
Total assets	<u>\$ 4,985,876</u>	<u>\$ 1,508,461</u>	<u>\$ 1,008,762</u>	<u>\$ 3,488,246</u>	<u>\$ 10,991,345</u>
LIABILITIES AND NET ASSETS:					
LIABILITIES:					
Current Liabilities					
Accounts Payable	\$ 21,686	\$ 63,640	\$ 107,158	\$ 174,857	\$ 367,341
Salaries, withholdings and taxes payable	68,326	296,711	396,725	3,883	765,645
Pending Claims	-	-	-	26,886	26,886
Due to other funds	-	-	-	-	-
Total Current Liabilities	<u>90,012</u>	<u>360,351</u>	<u>503,883</u>	<u>205,626</u>	<u>1,159,872</u>
Total Liabilities	<u>90,012</u>	<u>360,351</u>	<u>503,883</u>	<u>205,626</u>	<u>1,159,872</u>
NET ASSETS					
Invested in Capital Assets, net of related debt	1,385,833	423,865	19,479	-	1,829,177
Unrestricted	<u>3,510,031</u>	<u>724,245</u>	<u>485,400</u>	<u>3,282,620</u>	<u>8,002,296</u>
Total Net Assets	<u>4,895,864</u>	<u>1,148,110</u>	<u>504,879</u>	<u>3,282,620</u>	<u>9,831,473</u>
Total Liabilities and Net Assets	<u>\$ 4,985,876</u>	<u>\$ 1,508,461</u>	<u>\$ 1,008,762</u>	<u>\$ 3,488,246</u>	<u>\$ 10,991,345</u>

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

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

For the Fiscal Year Ended June 30, 2011

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
OPERATING REVENUES:					
Charges for Services	\$ 1,289,841	\$ 2,672,358	\$ 2,837,203	\$ 966,859	\$ 7,766,261
Miscellaneous	2,017	56,867	1,727	35,104	95,715
Total Operating Revenues	<u>1,291,858</u>	<u>2,729,225</u>	<u>2,838,930</u>	<u>1,001,963</u>	<u>7,861,976</u>
OPERATING EXPENSES:					
Salaries, Wages, and Benefits	308,423	1,670,371	2,043,001	56,366	4,078,161
Operating Supplies	341,303	45,095	50,366	6,426	443,190
Repairs and Maintenance	21,746	116,016	7,870	-	145,632
Utilities	780	108,550	7,452	-	116,782
Professional Services	53	45,706	456,494	59,638	561,891
General, Administrative and Engineering	759,354	603,559	322,703	382,874	2,068,490
Depreciation	218,562	41,449	4,334	-	264,345
Total Operating Expenses	<u>1,650,221</u>	<u>2,630,746</u>	<u>2,892,220</u>	<u>505,304</u>	<u>7,678,491</u>
Total Operating Income (Loss)	(358,363)	98,479	(53,290)	496,659	183,485
NONOPERATING INCOME (LOSS)					
Gain (Loss) on the Sale of Assets	7,778	-	-	-	7,778
Intergovernmental	100,094	-	6,624	1,357	108,075
Interest Income	28,867	7,742	7,422	24,742	68,773
Total nonoperating income (expense)	<u>136,739</u>	<u>7,742</u>	<u>14,046</u>	<u>26,099</u>	<u>184,626</u>
Income, (Loss) Before Operating Transfers	(221,624)	106,221	(39,244)	522,758	368,111
TRANSFERS					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(221,624)	106,221	(39,244)	522,758	368,111
Beginning Net Assets	<u>5,117,488</u>	<u>1,041,889</u>	<u>544,123</u>	<u>2,759,862</u>	<u>9,463,362</u>
Ending Net Assets	<u>\$ 4,895,864</u>	<u>\$ 1,148,110</u>	<u>\$ 504,879</u>	<u>\$ 3,282,620</u>	<u>\$ 9,831,473</u>

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

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2011**

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 1,292,793	\$ 2,720,592
Cash Paid to Suppliers	(1,120,712)	(906,128)
Cash Paid to Employees	(303,408)	(1,610,684)
Net cash provided (used) by operating activities	<u>(131,327)</u>	<u>203,780</u>
Cash Flows From Noncapital Financing Activities		
Intergovernmental Revenue	100,094	-
Gain (Loss) on the Sale of Assets	7,778	-
Interfund Loan	-	-
Transfers In	-	-
Transfers Out	-	-
Net cash provided (used) by noncapital financing activities	<u>107,872</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(200,974)	(75,478)
Net cash provided (used) by capital financing activities	<u>(200,974)</u>	<u>(75,478)</u>
Cash flows from investing activities		
Interest on Investments	28,867	7,742
Net increase (decrease) in cash and investments	(195,562)	136,044
Cash and investments, beginning of year	3,794,672	879,611
Cash and investments, end of year	<u>\$ 3,599,110</u>	<u>\$ 1,015,655</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ (358,363)	\$ 98,479
Depreciation and Amortization	218,562	41,449
(Increase) Decrease in Receivables	935	(8,633)
Increase (Decrease) in Payables	2,524	12,798
Increase (Decrease) in Payroll Liabilities	5,015	59,687
Net Cash Provided by Operating Activities	<u>\$ (131,327)</u>	<u>\$ 203,780</u>

ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
\$ 2,834,796	\$ 1,001,963	\$ 7,850,144
(820,075)	(323,152)	(3,170,067)
(1,969,190)	(56,346)	(3,939,628)
<u>45,531</u>	<u>622,465</u>	<u>740,449</u>
6,624	1,357	108,075
-	-	7,778
-	-	-
-	-	-
-	-	-
<u>6,624</u>	<u>1,357</u>	<u>115,853</u>
(10,771)	-	(287,223)
<u>(10,771)</u>	<u>-</u>	<u>(287,223)</u>
<u>7,422</u>	<u>24,742</u>	<u>68,773</u>
48,806	648,564	637,852
<u>936,100</u>	<u>2,683,477</u>	<u>8,293,860</u>
<u>\$ 984,906</u>	<u>\$ 3,332,041</u>	<u>\$ 8,931,712</u>
\$ (53,290)	\$ 496,659	\$ 183,485
4,334	-	264,345
(4,134)	-	(11,832)
24,810	125,786	165,918
73,811	20	138,533
<u>\$ 45,531</u>	<u>\$ 622,465</u>	<u>\$ 740,449</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, 2011**

<u>FLEET OPERATIONS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ 206,506	\$ 206,506	\$ 100,094	\$ (106,412)
Charges for Services	1,283,465	1,283,465	1,289,841	6,376
Interest on Investments	20,500	20,500	28,867	8,367
Miscellaneous	2,500	2,500	2,017	(483)
Total Revenues	1,512,971	1,512,971	1,420,819	(92,152)
EXPENDITURES:				
Garage Operations	809,907	809,907 (1)	732,311	77,596
Equipment Replacement Operations	1,133,818	1,133,818 (1)	900,321	233,497
Contingency	424,235	424,235 (1)	-	424,235
Total Expenditures	2,367,960	2,367,960	1,632,632	735,328
Excess of Revenues Over (Under) Expenditures	(854,989)	(854,989)	(211,813)	643,176
OTHER FINANCING SOURCES:				
Transfers In	-	-	-	-
Sale of Assets	-	-	7,778	7,778
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	7,778	7,778
Net Change in Fund Balance	(854,989)	(854,989)	(204,035)	650,954
Beginning Fund Balance	3,300,585	3,300,585	3,714,066	413,481
Ending Fund Balance	<u>\$ 2,445,596</u>	<u>\$ 2,445,596</u>	<u>\$ 3,510,031</u>	<u>\$ 1,064,435</u>
Reconciliation to Net Assets				
Capital Assets, net			<u>1,385,833</u>	
Total Net Assets			<u>\$ 4,895,864</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, 2011**

<u>SUPPORT SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	2,787,651	2,787,651	2,672,358	(115,293)
Interest on Investments	1,181	1,181	7,742	6,561
Miscellaneous Revenues	22,654	22,654	56,867	34,213
Total Revenues	2,811,486	2,811,486	2,736,967	(74,519)
EXPENDITURES:				
Property Management	620,841	620,841 (1)	572,895	47,946
Engineering Services	908,614	908,614 (1)	865,346	43,268
Community Development Management	861,823	861,823 (1)	709,850	151,973
Information Technology	588,745	588,745	516,683	72,062
Debt Service	-	- (1)	-	-
Contingency	236,868	236,868 (1)	-	236,868
Total expenditures	3,216,891	3,216,891	2,664,774	552,117
Excess of Revenues Over (Under) Expenditures	(405,405)	(405,405)	72,193	477,598
OTHER FINANCING SOURCE (USES)				
Transfer In	-	-	-	-
Interfund Loans	-	-	-	-
Transfers Out	-	- (1)	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(405,405)	(405,405)	72,193	477,598
Beginning Fund Balance	405,405	405,405	652,052	246,647
Ending Fund Balance	\$ -	\$ -	\$ 724,245	\$ 724,245
Reconciliation to Net Assets				
Interfund Loans			-	
Capital Assets, net			423,865	
Total Net Assets			\$ 1,148,110	

(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, 2011**

ADMINISTRATIVE SERVICES FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 6,624	\$ 4,624
Charges for Services	3,045,699	3,045,699	2,837,203	(208,496)
Interest on Investments	3,000	3,000	7,422	4,422
Miscellaneous Revenues	-	-	1,727	1,727
Total Revenues	3,050,699	3,050,699	2,852,976	(197,723)
EXPENDITURES:				
Management Services	721,858	721,858 (1)	716,528	5,330
Legal Services	357,013	357,013 (1)	334,843	22,170
Finance Services	1,449,393	1,449,393 (1)	1,271,957	177,436
General Program Operations	261,115	261,115 (1)	213,604	47,511
Human Resources	416,167	416,167 (1)	361,726	54,441
Contingency	456,824	456,824 (1)	-	456,824
Total expenditures	3,662,370	3,662,370	2,898,658	763,712
Net Change in Fund Balance	(611,671)	(611,671)	(45,682)	565,989
Beginning Fund Balance	611,671	611,671	531,082	(80,589)
Ending Fund Balance	\$ -	\$ -	\$ 485,400	\$ 485,400
Reconciliation to Net Assets				
Capital Assets, net			19,479	
Total Net Assets			\$ 504,879	

(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, 2011**

<u>INSURANCE SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,357	\$ 1,357
Charges for Services	1,111,989	1,111,989	966,859	(145,130)
Interest on Investments	13,200	13,200	24,742	11,542
Miscellaneous	125,426	125,426	35,104	(90,322)
Total Revenues	1,250,615	1,250,615	1,028,062	(222,553)
EXPENDITURES:				
General Insurance Services	487,039	487,039 (1)	287,487	199,552
Benefits Administration	51,930	51,930 (1)	27,838	24,092
Workers' Compensation Insurance	427,116	427,116 (1)	189,979	237,137
Contingency	600,000	600,000 (1)	-	600,000
Total expenditures	1,566,085	1,566,085	505,304	1,060,781
Excess of Revenues Over (Under) Expenditures	(315,470)	(315,470)	522,758	838,228
OTHER FINANCING SOURCE (USES)				
Interfund Loans	-	-	-	-
Transfer In	-	-	-	-
Transfers Out	-	- (1)	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(315,470)	(315,470)	522,758	838,228
Beginning Fund Balance	2,395,700	2,395,700	2,613,657	217,957
Prior Period Adjustment				
Ending Fund Balance	<u>\$ 2,080,230</u>	<u>\$ 2,080,230</u>	<u>\$ 3,136,415</u>	<u>\$ 1,056,185</u>
Reconciliation to Net Assets				
Interfund Loans			146,205	
Total Net Assets			<u>\$ 3,282,620</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, 2011**

	Balance at June 30, 2010	Additions	Deductions	Balance at June 30, 2011
Assets				
Cash and Investments	\$ 3,577,297	\$ 3,668,511	\$ 3,577,297	\$ 3,668,511
Accounts Receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 3,577,297</u>	<u>\$ 3,668,511</u>	<u>\$ 3,577,297</u>	<u>\$ 3,668,511</u>
Liabilities				
Due to Others	<u>\$ 3,577,297</u>	<u>\$ 3,668,511</u>	<u>\$ 3,577,297</u>	<u>\$ 3,668,511</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, 2011**

GENERAL AND WATER FUNDS

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/1/10	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/11
Current:						
2010-11	\$ 15,698,562	\$ 362,415	\$ 0	\$ 27,183	\$ 14,666,467	\$ 696,863
Prior Years:						
2009-10	701,919	0	(38,682)	18,833	329,330	352,740
2008-09	298,568	0	(4,597)	19,023	153,018	159,976
2007-08	126,756	0	4,692	20,529	110,866	41,111
2006-07	30,766	0	(9,282)	3,687	16,196	8,975
2005-06	3,427	0	70	531	1,731	2,297
Prior	4,339	0	(35)	198	481	4,021
Total Prior	1,165,775	0	(47,834)	62,801	611,622	569,120
Total All Funds	\$ 16,864,337	\$ 362,415	\$ (47,834)	\$ 89,984	\$ 15,278,089	\$ 1,265,983

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 15,278,089
Accrual of Receivables:	
June 30, 2010	(174,692)
June 30, 2011	227,473
Miscellaneous Taxes	5,626
Total Revenue	\$ 15,336,496

WHERE THE ROGUE RIVER RUNS



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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>	119
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	126
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>	133
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>	141
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>	146

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

WHERE THE ROGUE RIVER RUNS



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

NET ASSETS BY COMPONENT

For the last nine fiscal years*
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, net of related debt	\$ 61,446,389	\$ 70,817,161	\$ 41,109,766	\$ 94,714,953	\$ 109,719,868	\$ 129,195,607	\$ 133,844,008	\$ 138,145,695	\$ 146,190,808
Restricted for Capital Purposes	-	-	-	-	-	3,706,534	1,524,619	482,870	5,392,281
Unrestricted	15,919,809	18,056,168	57,569,142	20,457,257	37,053,641	26,433,560	28,878,112	30,945,320	25,480,630
Total governmental activities net assets	\$ 77,366,198	\$ 88,873,329	\$ 98,678,908	\$ 115,172,210	\$ 146,773,509	\$ 159,335,701	\$ 164,246,739	\$ 169,573,885	\$ 177,063,719
Business-Type Activities									
Invested in Capital Assets, net of related debt	\$ 61,220,836	\$ 62,607,143	\$ 66,870,761	\$ 71,185,429	\$ 76,870,093	\$ 82,828,074	\$ 84,254,981	\$ 86,290,233	\$ 87,379,784
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	7,128,214	8,969,442	11,226,231	11,829,156	13,009,932	11,255,966	11,529,197	10,670,206	11,352,071
Total business-type activities net assets	\$ 68,349,050	\$ 71,576,585	\$ 78,096,992	\$ 83,014,585	\$ 89,880,025	\$ 94,084,040	\$ 95,784,178	\$ 96,960,439	\$ 98,731,855
Primary government									
Invested in Capital Assets, net of related debt	\$ 122,667,225	\$ 133,424,304	\$ 107,980,527	\$ 165,900,382	\$ 186,589,961	\$ 212,023,742	\$ 218,098,989	\$ 224,435,928	\$ 233,570,592
Restricted for Capital Purposes	-	-	-	-	-	3,706,534	1,524,619	482,870	5,392,281
Unrestricted	23,048,023	27,025,610	68,795,373	32,286,413	50,063,573	37,689,465	40,407,309	41,615,526	36,832,701
Total primary government net assets	\$ 145,715,248	\$ 160,449,914	\$ 176,775,900	\$ 198,186,795	\$ 236,653,534	\$ 253,419,741	\$ 260,030,917	\$ 266,534,324	\$ 275,795,574

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

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

CHANGES IN NET ASSETS

For the last nine fiscal years (unaudited)

Expenses	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Public Safety	\$ 6,861,932	\$ 8,967,348	\$ 11,308,389	\$ 8,505,477	\$ 13,897,740	\$ 12,104,326	\$ 15,715,693	\$ 16,622,773	\$ 15,765,649
Transportation	1,511,761	1,672,361	1,357,134	1,007,261	1,662,747	1,430,601	1,720,308	1,668,081	1,587,847
Building	644,421	862,341	1,110,231	765,541	1,178,647	910,259	806,483	496,906	547,455
Parks	1,139,412	361,174	1,518,671	1,135,134	1,666,934	1,450,608	2,063,311	1,714,511	1,679,201
Development	2,639,705	2,493,017	2,392,553	2,815,350	2,099,393	3,278,657	2,789,112	1,534,263	1,611,616
General Government	246,978	245,936	143,923	193,264	226,893	218,905	228,948	1,039,310	252,392
Solid Waste	325,399	378,738	2,050,240	(139,183)	787,168	1,474,560	178,512	284,876	264,647
Interest	149,460	364,393	173,982	339,344	212,221	445,088	504,102	657,027	350,140
Total Governmental Activities Expenses	13,519,068	15,345,308	20,055,123	14,622,188	21,731,743	21,313,004	24,006,469	24,017,747	22,058,947
Business-Type Activities									
Water	2,643,028	2,908,859	3,397,559	3,660,103	3,795,099	3,019,237	4,171,634	3,837,597	3,945,483
Sewer	3,394,601	3,606,999	5,015,385	4,544,046	4,673,214	5,617,811	5,486,284	5,567,558	5,474,335
Interest	416,330	547,767	***	***	***	***	***	***	***
Total Business-Type Activities Expenses	6,453,959	7,063,625	8,412,944	8,204,149	8,468,313	8,637,048	9,657,918	9,405,155	9,419,818
Total Primary Government Expenses	\$ 19,973,027	\$ 22,408,933	\$ 28,468,067	\$ 22,826,337	\$ 30,200,056	\$ 29,950,052	\$ 33,664,387	\$ 33,422,902	\$ 31,478,765
Program Revenues									
Governmental Activities									
Charges for Service:	\$ 3,097,391	\$ 4,786,614	\$ 6,946,869	\$ 9,180,248	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	-	-	-	-	23,214,300	3,541,708	2,532,870	1,679,342	1,576,637
General Government	-	-	-	-	5,281,710	1,161,947	506,123	360,782	1,769,217
Other	-	-	-	-	2,127,083	1,938,835	1,396,315	1,923,164	1,455,580
Operating Grants and Contributions	59,361	274,952	377,726	2,239,659	142,581	184,284	256,481	2,189,745	1,237,791
Capital Grants	-	-	-	-	398,285	-	339,749	2,600	-
Dedicated Property Taxes	7,435,680	*	*	*	*	*	*	*	*
Total Governmental Activities Revenues	10,592,432	5,061,566	7,324,595	11,419,907	31,163,959	6,826,774	5,031,538	6,155,633	6,039,225
Business-Type Activities									
Charges for Service:	7,579,395	8,364,037	8,781,698	10,341,297	-	-	-	-	-
Water	-	-	-	-	5,052,827	4,461,350	4,312,938	4,041,855	3,941,619
Sewer	-	-	-	-	6,281,328	5,940,872	5,332,252	5,360,977	5,437,415
Operating Grants and Contributions	-	-	-	1,761,536	2,873,646	1,010,140	909,274	240,729	955,442
Total Business-Type Activities Revenues	7,579,395	8,364,037	8,781,698	12,102,833	14,207,801	11,412,362	10,554,464	9,643,561	10,334,476
Total Primary Government Revenues	\$ 18,171,827	\$ 13,425,603	\$ 16,106,293	\$ 23,522,740	\$ 45,371,760	\$ 18,239,136	\$ 15,586,002	\$ 15,799,194	\$ 16,373,701
Net (Expense)/Revenue									
Governmental Activities	\$ (2,926,636)	\$ (10,283,742)	\$ (12,730,528)	\$ (3,202,281)	\$ 9,432,217	\$ (14,486,230)	\$ (18,974,931)	\$ (17,862,114)	\$ (16,019,722)
Business-Type Activities	1,125,436	1,300,412	368,754	3,898,684	5,739,488	2,775,314	896,546	238,406	914,658
Total Primary Government Net Expense	\$ (1,801,200)	\$ (8,983,330)	\$ (12,361,774)	\$ 696,403	\$ 15,171,704	\$ (11,710,916)	\$ (18,078,385)	\$ (17,623,708)	\$ (15,105,064)

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

CHANGES IN NET ASSETS (continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Taxes	\$ 2,936,236	\$ 11,035,419	\$ 11,922,037	\$ 14,003,723	\$ 16,153,726	\$ 18,241,381	\$ 17,808,752	\$ 18,913,372	\$ 19,516,508
Licenses and Permits	58,381	**	**	**	**	**	**	**	**
Intergovernmental	4,264,905	3,636,796	3,805,599	3,727,927	3,551,395	5,071,345	3,928,465	3,359,165	3,160,079
Fines and Forfeitures	156,635	**	**	**	**	**	**	**	**
Special Assessments	893,573	**	**	**	**	**	**	**	**
Interest	421,389	307,318	535,698	914,546	1,459,814	1,856,733	896,915	550,250	424,147
Interest on Assessments	187,030	50,633	****	****	****	****	****	****	****
Trust Receipts	7,723	153,920	222,376	204,401	77,560	233,637	38,805	131,584	123,798
Contributions	6,450	6,168,301	5,520,142	*****	*****	*****	*****	*****	*****
Industrial Payments	68,572	100,441	36,716	29,835	69,068	7,151	24,446	13,163	33,619
Sale of Assets	460,857	171,194	****	****	****	****	****	****	****
Miscellaneous	395,065	76,351	51,624	749,580	735,071	1,985,656	799,012	152,842	98,405
Transfers	623,055	377,096	441,915	65,571	122,447	(347,481)	389,574	68,884	153,000
Total Governmental Activities	\$ 10,479,871	\$ 22,077,469	\$ 22,536,107	\$ 19,695,583	\$ 22,169,081	\$ 27,048,422	\$ 23,885,969	\$ 23,189,260	\$ 23,509,556
Business-Type Activities									
Taxes	\$ 867	\$ 380	\$ 146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	171,211	212,002	240,625	260,966	275,843	257,045	327,430	315,658	344,520
Special Assessments	12,252	**	**	**	**	**	**	**	**
Interest	132,832	107,273	168,727	361,315	559,754	407,972	225,424	145,702	102,804
Trust Receipts	39,559	113,339	91,044	176,422	100,445	67,968	522,714	467,982	424,177
Contributions	1,888,150	1,553,530	5,831,783	*****	*****	*****	*****	*****	*****
Sale of Assets	39,291	(70,560)	****	****	****	****	****	****	****
Miscellaneous	165,437	388,255	261,243	285,777	312,358	350,236	117,598	77,397	138,257
Transfers	(623,055)	(377,096)	(441,915)	(65,571)	(122,447)	347,481	(389,574)	(68,884)	(153,000)
Total Business-Type Activities	\$ 1,826,544	\$ 1,927,123	\$ 6,151,653	\$ 1,018,909	\$ 1,125,953	\$ 1,430,702	\$ 803,592	\$ 937,855	\$ 856,758
Total Primary Government	\$ 12,306,415	\$ 24,004,592	\$ 28,687,760	\$ 20,714,492	\$ 23,295,034	\$ 28,479,124	\$ 24,689,561	\$ 24,127,115	\$ 24,366,314
Change in Net Assets									
Governmental Activities	\$ 7,553,235	\$ 11,793,727	\$ 9,805,579	\$ 16,493,302	\$ 31,601,298	\$ 12,562,192	\$ 4,911,038	\$ 5,327,146	\$ 7,489,834
Business-Type Activities	2,951,980	3,227,535	6,520,407	4,917,593	6,865,441	4,206,016	1,700,138	1,176,261	1,771,416
Total Primary Government	\$ 10,505,215	\$ 15,021,262	\$ 16,325,986	\$ 21,410,895	\$ 38,466,739	\$ 16,768,208	\$ 6,611,176	\$ 6,503,407	\$ 9,261,250

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

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

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

PROGRAM REVENUE BY FUNCTION

For the last nine fiscal years
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Program Revenues									
Governmental Activities									
Public Safety *	\$ 6,335,774	\$ 792,525	\$ 529,560	\$ 484,070	\$ 343,114	\$ 488,697	\$ 873,106	\$ 766,545	\$ 684,010
Transportation	1,442,317	2,063,175	3,182,643	6,353,654	23,224,198	3,541,968	2,532,870	3,503,448	2,477,196
Building	909,784	1,155,723	1,394,747	1,241,980	903,800	835,566	335,550	317,067	348,445
Parks	15,814	36,387	19,550	827,167	4,750	452,763	134,809	27,095	27,278
Development	1,564,195	655,463	1,311,569	290,772	1,061,950	20,758	312,071	357,221	406,799
General Government	6,556	10,745	552,682	1,876,329	5,281,710	1,161,947	506,123	898,500	1,769,217
Solid Waste	317,992	347,548	333,844	345,935	344,437	325,075	337,009	285,757	326,280
Subtotal Governmental activities	<u>10,592,432</u>	<u>5,061,566</u>	<u>7,324,595</u>	<u>11,419,907</u>	<u>31,163,959</u>	<u>6,826,774</u>	<u>5,031,538</u>	<u>6,155,633</u>	<u>6,039,225</u>
Business- Type Activities									
Water	3,615,418	4,000,671	4,114,400	5,854,617	7,029,744	5,204,874	4,736,238	4,186,369	4,307,259
Sewer	3,963,977	4,363,366	4,667,298	6,248,216	7,178,057	6,207,488	5,818,226	5,457,192	6,027,217
Subtotal Business-Type Activities	<u>7,579,395</u>	<u>8,364,037</u>	<u>8,781,698</u>	<u>12,102,833</u>	<u>14,207,801</u>	<u>11,412,362</u>	<u>10,554,464</u>	<u>9,643,561</u>	<u>10,334,476</u>
Total Primary Government	<u>\$ 18,171,827</u>	<u>\$ 13,425,603</u>	<u>\$ 16,106,293</u>	<u>\$ 23,522,740</u>	<u>\$ 45,371,760</u>	<u>\$ 18,239,136</u>	<u>\$ 15,586,002</u>	<u>\$ 15,799,194</u>	<u>\$ 16,373,701</u>

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

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

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

FUND BALANCES, GOVERNMENTAL FUNDS

For the last nine fiscal years
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011*
General Fund									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,125
Restricted	-	-	-	-	-	-	-	-	549,511
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	2,315,067
Unassigned	-	-	-	-	-	-	-	-	8,657,596
Reserved	-	-	-	-	-	-	-	-	-
Unreserved	2,727,493	2,423,670	3,019,923	4,438,485	5,581,614	7,482,929	7,736,946	10,197,778	-
Total General Fund	2,727,493	2,423,670	3,019,923	4,438,485	5,581,614	7,482,929	7,736,946	10,197,778	11,523,299
All Other Governmental Funds									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	250,000
Restricted	-	-	-	-	-	-	-	-	8,097,389
Committed	-	-	-	-	-	-	-	-	2,061,453
Assigned	-	-	-	-	-	-	-	-	7,039,518
Unassigned	-	-	-	-	-	-	-	-	(1,220,513)
Reserved	945,262	(1,381,330)	(1,493,576)	(2,391,514)	(1,500,626)	3,706,534	1,584,732	551,807	-
Unreserved, reported in:									
Special Revenue Funds	5,240,358	5,637,517	5,767,543	5,645,630	5,728,115	5,692,914	5,668,343	6,026,470	-
Capital Projects Funds	5,160,440	7,573,454	8,942,175	7,810,238	20,735,290	12,204,633	12,788,348	10,803,433	-
Debt Service Funds	(1,916,214)	-	-	-	-	(1,386,260)	(1,782,901)	(1,360,828)	-
Total All Governmental Funds	\$ 9,429,846	\$ 14,253,311	\$ 16,236,065	\$ 15,502,839	\$ 30,544,393	\$ 27,700,750	\$ 25,995,468	\$ 26,218,660	\$ 27,751,146

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

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

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS ⁽⁴⁾

For the last ten fiscal years
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues ⁽¹⁾										
Taxes	8,441,907	10,380,444	11,093,602	11,854,212	14,006,903	16,118,499	18,143,991	17,450,007	18,803,838	19,469,079
Licenses and Permits	585,282	734,950	898,559	1,076,622	1,020,253	711,524	492,375	286,445	274,049	276,619
Intergovernmental	2,386,793	4,256,934	3,844,673	4,128,652	5,387,371	4,045,054	5,225,029	4,312,300	5,733,089	4,322,842
Charges for Services	1,200,539	2,287,356	3,299,013	4,970,440	5,002,020	3,889,361	3,505,815	2,827,772	2,580,954	1,778,060
Fines and Forfeitures	183,753	156,635	164,852	163,055	200,322	233,887	253,766	237,776	300,528	306,097
Special Assessments	222,021	521,448	517,331	428,056	591,532	1,051,627	202,536	795,947	374,550	276,647
Interest	0	544,835	311,951	443,858	779,618	1,275,934	1,672,282	794,905	497,016	376,403
Other Revenues ⁽²⁾	470,661	376,610	369,895	473,826	561,775	277,830	1,299,891	229,240	330,241	187,278
Total Revenues	13,490,953	19,259,212	20,499,876	23,538,721	27,549,794	27,603,716	30,795,685	26,934,392	28,894,265	26,993,025
Expenditures ⁽¹⁾										
General Governmental	177,193	160,190	110,938	113,413	238,166	190,691	237,401	549,079	1,953,637	243,351
Public Safety	7,117,745	7,629,926	8,536,933	9,129,171	10,350,614	11,826,804	12,596,250	14,008,746	14,737,717	15,074,699
Field Operations	2,453,511	-	-	-	-	-	-	-	-	-
Community Development	1,599,375	3,037,279	2,428,001	1,934,013	3,439,641	1,786,695	3,393,756	2,486,875	1,372,620	1,542,330
Debt Service ⁽³⁾	93,305									
Principal		403,861	481,496	462,466	669,499	714,972	1,328,521	1,466,960	1,110,305	1,035,000
Interest		165,631	152,928	173,982	149,304	225,289	467,588	462,106	674,031	372,640
Solid Waste	6,842,294	377,602	1,884,141	392,357	399,179	376,302	369,431	352,704	327,254	339,354
Capital Outlay	382,517	5,414,335	4,786,154	9,132,159	9,499,093	3,703,899	11,752,279	6,674,210	4,989,921	3,350,522
Transportation	-	949,597	996,651	1,084,732	1,240,225	1,405,089	1,529,698	1,526,810	1,545,768	1,527,138
Building	-	697,950	792,896	893,389	938,973	999,912	961,444	716,102	472,525	527,569
Parks	-	1,076,203	1,115,138	1,225,688	1,389,164	1,417,736	1,512,891	1,615,733	1,547,370	1,606,686
Total Expenditures	18,665,940	19,912,574	21,285,276	24,541,370	28,313,858	22,647,389	34,149,259	29,859,325	28,731,148	25,619,289

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

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

	For the last ten fiscal years (Unaudited)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Loan Proceeds	-	-	1,500,000	-	-	9,998,031	-	-	-	-
Sale of Assets	-	470,471	966,789	2,624,201	4,842	1,195	878,942	910,239	5,075	5,750
Operating Transfer In	-	4,325,468	3,064,292	3,801,142	4,109,259	3,331,276	2,760,935	8,302,583	4,152,451	3,532,156
Operating Transfers Out	-	(3,803,419)	(2,649,709)	(3,451,142)	(4,083,259)	(3,245,276)	(3,129,937)	(7,993,171)	(4,097,451)	(3,379,156)
Total Other Financing Sources (Uses)	-	992,520	2,881,372	2,974,201	30,842	10,085,226	509,940	1,219,651	60,075	158,750
Net Change in Fund Balances	-	207,120	1,878,723	2,210,137	4,987,169	15,041,553	(2,843,634)	(1,705,282)	223,192	1,532,486
Debt Service as a percentage of noncapital expenditures	-	4.00%	4.31%	4.55%	5.22%	5.22%	8.72%	9.08%	8.13%	6.75%

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

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

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

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

Source: Annual financial statements of the City of Grants Pass

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

TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS⁽¹⁾

For the last ten fiscal years
(Unaudited)

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

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

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

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

PROPERTY TAX LEVIES AND COLLECTIONS

For the last ten fiscal years
(Unaudited)

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

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

*does not include the Parkway Redevelopment Fund

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

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

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Total	General Fund	Debt Service Fund
2002	4.98	4.98	-
2003	4.98	4.98	-
2004	5.02	5.02	-
2005	5.02	5.02	-
2006	5.62	5.62	-
2007	5.62	5.62	-
2008	6.13	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

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

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

CONSOLIDATED TAX LEVIES

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Total	General Fund	Bond Debt/Service Fund	Water Fund	Parkway Redevelopment Fund
2002	7,003,863	5,816,331	-	-	1,187,532
2003	7,585,739	6,252,061	-	-	1,333,678
2004	8,188,825	6,804,725	-	-	1,384,100
2005	8,997,490	7,427,728	-	-	1,569,762
2006	10,852,219	9,171,224	-	-	1,680,995
2007	12,824,629	11,019,070	-	-	1,805,559
2008	14,851,145	11,767,092	1,124,923	-	1,959,130
2009	14,204,620	13,044,673	1,159,947	-	-
2010	15,247,413	14,285,977	961,436	-	-
2011	15,690,087	14,682,269	1,007,818	-	-

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

Source: Josephine County

N/A - Not Available

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

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

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	General Fund	Debt Service Fund	Parkway Redevelopment Fund	Water Fund	Total (4)	Josephine County	School District No.7	Rogue Community College	Education Service District	4H Extension	Total	Measure 5 Total (2)
2001	4.98	-	-	-	4.98	1.52	7.23 (3)	0.51	0.35	0.05	15.04 (2)	12.18
2002	4.98	-	-	-	4.98	0.96	7.14 (3)	0.51	0.35	0.05	14.39 (2)	11.53
2003	4.98	-	-	-	4.98	0.93	7.06 (3)	0.51	0.35	0.05	14.28 (2)	11.54
2004	5.02	-	-	-	5.02	0.88	6.83 (3)	0.51	0.35	0.05	13.64 (2)	11.44
2005	5.02	-	-	-	5.02	0.85	7.16 (3)	0.51	0.35	0.05	13.94 (2)	11.44
2006	5.62	-	-	-	5.62	0.83	6.67 (3)	0.51	0.35	0.05	14.03 (2)	11.64
2007	5.62	-	-	-	5.62	0.81	6.48 (3)	0.51	0.35	0.05	13.82 (2)	11.64
2008	5.62	0.51	-	-	6.13	0.80	6.41 (3)	0.51	0.35	0.05	14.25 (2)	11.64
2009	5.62	0.50	-	-	6.12	0.79	6.21 (3)	0.51	0.35	0.05	14.03 (2)	11.65
2010	5.92	0.40	-	-	6.32	0.77	6.43 (3)	0.51	0.35	0.05	14.43 (2)	11.94
2011	5.92	0.41	-	-	6.33	0.76	5.92 (3)	0.51	0.35	0.05	13.92 (2)	11.94

(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
2002	396,982	677,646	155,975	(4,783)	913,870	23.8%
2003	913,870	863,628	532,230	2,760	1,248,028	49.2%
2004	1,248,028	101,418	517,741	(82,271)	749,434	51.8%
2005*	749,434	566,527	457,152	12,609	871,418	52.5%
2006	871,418	1,563,448	561,900	0	1,872,966	30.0%
2007*	1,872,966	11,692	963,791	0	920,867	104.7%
2008	920,867	1,260,672	162,020	(2,895)	2,016,624	8.0%
2009	2,016,624	43,362	818,310	(11,500)	1,230,176	66.5%
2010	1,230,176	0	374,550	0	855,626	43.8%
2011	855,626	119,805	218,468	0	756,963	28.9%

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	Bancroft Bonds	General Obligation Bonds	Solid Waste Agency Loan	Water Bonds	2009 Refunding Bonds	SRF Loans			
2002	2,735,000	90,000	-	-	3,600,000	-	6,007,072	12,432,072	2.31%	271
2003	2,425,000	-	-	-	3,345,000	-	5,769,771	11,539,771	2.07%	482
2004	2,070,000	-	-	1,500,000	3,080,000	-	5,523,312	12,173,312	2.06%	491
2005	1,695,000	-	-	1,419,991	2,800,000	-	12,142,747	18,057,738	2.78%	710
2006	1,300,000	-	-	1,154,991	2,505,000	-	10,923,053	15,883,044	1.93%	519
2007	885,000	-	9,820,000	864,991	2,200,000	-	10,428,215	24,198,206	2.75%	774
2008	455,000	-	9,190,000	601,705	1,880,000	-	9,796,518	21,923,223	2.32%	679
2009	-	-	8,490,000	359,737	1,540,000	-	9,201,369	19,591,106	1.96%	590
2010	-	-	7,930,000	-	-	8,120,000	-	16,050,000	1.61%	483
2011	-	-	7,300,000	-	-	7,040,000	-	14,340,000	1.39%	415

Source: Internal accounting reports of the City of Grants Pass

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

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

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Population	Assessed Value (In \$1,000)	Gross Bonded Debt (1)	Less Debt Payable from Enterprise Revenue (2)	Less Debt Payable from Nonenterprise Revenue (3)	Gross Bonded Debt Payable from General Revenue	Less Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt per Dollar Assessed Value	Net Bonded Debt per Capita
2002	23,670	1,253,169	6,335,000	3,600,000	2,735,000	-	-	-	0.00%	-
2003	23,870	1,349,274	5,770,000	3,345,000	2,425,000	-	-	-	0.00%	-
2004	24,470	1,446,214	5,150,000	3,080,000	2,070,000	-	-	-	0.00%	-
2005	25,423	1,579,312	4,495,000	2,800,000	1,695,000	-	-	-	0.00%	-
2006	30,930	1,728,922	3,805,000	2,505,000	1,300,000	-	-	-	0.00%	-
2007	31,740	2,065,308	3,085,000	2,200,000	885,000	9,820,000	-	9,820,000	0.47%	\$309
2008	32,290	2,207,029	2,335,000	1,880,000	455,000	9,190,000	-	9,190,000	0.42%	\$285
2009	33,225	2,318,500	1,540,000	1,540,000	-	8,490,000	-	8,490,000	0.37%	\$256
2010	33,225	2,409,615	8,120,000	8,120,000	-	7,930,000	-	7,930,000	0.33%	\$239
2011	34,533	2,476,837	7,040,000	7,040,000	-	7,300,000	-	7,300,000	0.29%	\$211

(1) Excludes General Obligation improvement bonds

(2) These amounts are being repaid by Enterprise revenue

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

Source: Internal accounting reports of the City of Grants Pass

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

LEGAL DEBT MARGIN INFORMATION

For the last ten fiscal years
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2011

Total Real Market Value as of June 30, 2011			\$	3,258,983,323
Less Non-Profit Housing				-2,195,200
			\$	3,256,788,123
 Debt limit, 3% of total assessed value - ORS 287.004			\$	97,703,644
Amount of debt applicable to debt limit				
Total bonded debt, including special assessment bonds and public safety general obligation bonds	\$	13,935,000		
Less				
Other deductions allowed by law				
Special assessment and revenue bonds	<u>7,040,000</u>			
Total deductions		<u>7,040,000</u>		
Total amount of debt applicable to debt limit			<u>6,895,000</u>	
Legal debt margin			<u>\$ 90,808,644</u>	

*Total Real Market Value as defined in ORS 308.207

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	37,595,076	40,521,044	43,386,434	47,379,356	90,246,736	110,642,556	114,449,016	114,449,016	97,696,996	97,703,644
Total net debt applicable to limit	<u>2,735,000</u>	<u>2,425,000</u>	<u>2,070,000</u>	<u>1,695,000</u>	<u>1,300,000</u>	<u>10,705,000</u>	<u>9,645,000</u>	<u>8,490,000</u>	<u>7,930,000</u>	<u>6,895,000</u>
Legal debt margin	<u>34,860,076</u>	<u>38,096,044</u>	<u>41,316,434</u>	<u>45,684,356</u>	<u>88,946,736</u>	<u>99,937,556</u>	<u>104,804,016</u>	<u>105,959,016</u>	<u>89,766,996</u>	<u>90,808,644</u>
Total net debt applicable to the limit as a percentage of debt limit	9.58%	8.67%	7.27%	5.98%	4.77%	3.58%	1.44%	9.68%	8.12%	7.06%

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, 2011

<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	16,625,909	37.80%	6,284,594
School Districts:			
Grants Pass School District No. 7	7,385,000	81.86%	6,045,361
Three Rivers School District	43,810,000	5.56%	2,435,836
Community Colleges:			
Rogue Community College	19,800,000	10.24%	2,027,520
	<i>Sub-total Overlapping Debt</i>		16,793,311
Direct:			
City of Grants Pass			6,895,000
Total			\$ 23,688,311

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

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

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

For the last ten fiscal years
(Unaudited)

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

(1) Includes General, Special Revenue and Debt Service Funds in 2001-2002, from 2003 on it includes all governmental funds.

Source: Annual financial statements of the City of Grants Pass

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

**SCHEDULE OF REVENUE BOND COVERAGE
WATER BONDS**

For the last ten fiscal years
(Unaudited)

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

(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, 2011

	Interest Rates	Date of Issue		Bond Transactions					Outstanding June 30, 2011
				Outstanding June 30, 2010	Issued	Called	Matured	Paid	
General Obligation Bonds									
2009 Full Faith & Credit Refunding	2.0-4.0%	12/22/2009	\$ 8,815,000	\$ 8,120,000	\$ -	\$ -	\$ 1,080,000	\$ 1,080,000	\$ 7,040,000
Supported Bonds									
2007 Public Safety	4%	6/20/2007	9,820,000	7,930,000	-	-	1,035,000	1,035,000	6,895,000
Total Bonds				<u>\$ 16,050,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,115,000</u>	<u>\$ 2,115,000</u>	<u>\$ 13,935,000</u>

	Interest Rates	Date of Issue	Interest Coupons			
			Outstanding June 30, 2010	Matured	Paid	Outstanding June 30, 2011
General Obligation Bonds						
Supported Bonds						
1992 A Water Refunding	3.10-5.85%	4/01/92	\$ 4,616	\$ -	\$ -	\$ 4,616
2007 Public Safety	4%	6/20/07	-	367,952	367,952	-
2009 Public Works Debt Refunding	2.0-4.0%	12/22/2009	-	275,313	275,313	-
Bancroft Improvement Bonds						
Series of 1982	9.75-15.00%	6/01/82	731	-	-	731
Series of 1990	7.00-15.00%	11/1/90	3,617	-	-	3,617
Total Bonds			<u>\$ 8,964</u>	<u>\$ 643,265</u>	<u>\$ 643,265</u>	<u>\$ 8,964</u>

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

SCHEDULE OF FUTURE DEBT SERVICE

For the Year Ended June 30, 2011

Year of Maturity	Governmental Activities		Proprietary Activities						Interagency Loan to Parkway Agency	
	General Obligation Bond Public Safety Facilities		General Obligation Bond 2009 Refunding						Parkway Redevelopment	
	General Fund		Water Fund		Wastewater Fund		Redwood Sanitary Sewer		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011-2012	685,000	295,200	390,000	7,800	320,000	171,713	385,000	63,400		7,500
2012-2013	740,000	267,800			330,000	162,813	395,000	55,700		7,500
2013-2014	800,000	238,200			340,000	152,913	405,000	43,850	250,000	7,500
2014-2015	865,000	206,200			355,000	139,313	420,000	27,650		
2015-2016	930,000	171,600			360,000	128,663	430,000	15,050		
2016-2017	1,010,000	125,100			375,000	116,063				
2017-2018	1,095,000	74,600			385,000	101,063				
2018-2019	770,000	30,800			400,000	85,663				
2019-2020					415,000	69,663				
2020-2021					430,000	53,400				
2021-2022					445,000	36,200				
2022-2023					460,000	18,400				
2023-2024										
2024-2025										
2025-2026										
2026-2027										
2027-2028										
2028-2030										
	<u>6,895,000</u>	<u>\$1,409,500</u>	<u>\$390,000</u>	<u>\$7,800</u>	<u>\$4,615,000</u>	<u>\$1,235,867</u>	<u>\$2,035,000</u>	<u>\$205,650</u>	<u>\$250,000</u>	<u>\$22,500</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
2002	59	17,771,045	239	32,332,952	835,906	(4)	(4)	(4)
2003	45	18,098,182	274	49,745,662	901,476	(4)	(4)	(4)
2004	31	4,991,043	463	77,950,022	959,242	(4)	(4)	(4)
2005	32	33,579,289	470	79,408,188	1,038,152	(4)	(4)	(4)
2006	17	19,666,915	508	80,933,576	1,030,196	(4)	(4)	(4)
2007	32	18,799,032	278	40,407,617	1,179,020	(4)	(4)	(4)
2008	17	9,751,549	185	27,184,422	1,120,845	(4)	(4)	(4)
2009	11	2,181,625	77	13,038,727	1,196,459	(4)	(4)	(4)
2010*	11	3,987,404	53	9,512,778	1,210,261	(4)	(4)	(4)
2011	10	14,161,168	39	4,678,107	1,165,441	(4)	(4)	(4)

*FY'10 Construction totals restated correctly using FY'11 report

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

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

DEMOGRAPHIC STATISTICS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Population (1)	Personal Income** (thousands of dollars)	Per Capita Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (2)
2002	23,870	537,647,880	22,524	N/A	5,347	8.2%
2003	24,470	557,793,650	22,795	N/A	5,535	8.7%
2004	24,790	590,944,020	23,838	39.7	5,596	7.3%
2005	26,085	650,220,795	24,927	39.4	5,707	7.2%
2006	30,930	824,841,240	26,668	38.2	5,779	6.9%
2007	31,740	881,419,800	27,770	43.5	5,655	6.7%
2008	32,260	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%

N/A = Information not available

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

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

**Per Capita Income x Population

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

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

INSURANCE AND SURETY BONDS IN FORCE

June 30, 2011
(Unaudited)

Company	Policy Number	Amount	Coverage	Policy Term	Premium
City - County Insurance Services	10LGSP	\$ 2,000,000	Comprehensive general liability	7/01/2010- 6/30/2011	\$ 198,257
City - County Insurance Services	10APDGSP	Various	Auto physical damage	7/01/2010 - 6/30/2011	20,737
City - County Insurance Services	10PGSP	5,000,000	Property insurance (includes earthquake and flood)	7/01/2010 - 6/30/2011	89,433
Western Surety	24781224	50,000	Public Official Bond Finance Director	6/22/2011 - 6/22/2012	175
Western Surety	24779104	50,000	Public Official Bond City Manager	6/17/2011 - 6/17/2012	175
Life Insurance Company of North America	SPS900303	30,000	Volunteer accident	7/01/2010 - 6/30/2011	568
Safety National Casualty	AGC4041961	1,000,000	Excess workers' compensation	7/01/2010 - 6/30/2011	38,570
American International Specialty Lines	PLS1957953	10,000,000	Pollution Legal Liability	12/31/2001 - 12/31/2011	200,000
American International Specialty Lines	EPP1957147	13,000,000	Solid waste-closure/post- closure	7/01/2001 - 7/01/2031	6,756,809
City - County Insurance Services	10LGSP	1,500,000	Auto Liability Coverage	7/01/2010 - 6/30/2011	23,931
City - County	10CGSP	200,000	Excess Crime	7/01/2010 - 6/30/2011	1088

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

JOSEPHINE COUNTY PRINCIPAL EMPLOYERS

Current Year and Nine** Years Ago
(Unaudited)

Employer	Type of Business	2011			2003		
		Approximate Employment	Rank	Percentage of Total County Employment	Approximate Employment	Rank	Percentage of Total County Employment
Three Rivers Community Hospital	* Health Care	700	1	2.27%	750	1	3.39%
Grants Pass School District No. 7	* Education	653	2	2.12%	650	5	2.94%
Master Brand Cabinets	* Wood products manufacturing	625	3	2.03%	510	6	2.31%
Three Rivers School District	Education	568	4	1.84%	670	4	3.03%
Wal-Mart	* Department Store	500	5	1.62%	330	7	1.49%
Fire Mountain Gems	* Catalog Sales	480	6	1.56%	225	9	1.02%
Josephine County	* Government	449	7	1.46%	700	3	3.16%
Rogue Community College	Education	350	8	1.14%	715	2	3.23%
Diversified Collection Services	* Collections agency	225	9	0.73%	--		--
City of Grants Pass	* Government	211	10	0.68%	--		--
Rogue Valley Door	* Wood products manufacturing	--		--	255	8	1.15%
Highland House Nursing Center	* Health Care	--		--	210	10	0.95%
Royale Gardens	* Health Care	--		--	210	10	0.95%
Total employees		4,761		15.44%	5,225		23.62%
	Total Employment	30,826			22,120		

* Indicates businesses within the Grants Pass city limits.

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

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 Nine* Years Ago
(Unaudited)

Name	Type of Business	2010			2003		
		City Assessed Value	Rank	Percentage of Total City Assessed Value	City Assessed Value	Rank	Percentage of Total City Assessed Value
Masterbrand Cabinets	Industrial	\$ 17,265,420	1	0.69%	\$ 5,760,190	10	0.43%
Auerbach Grants Pass LLC & Freeman Grants Pass LLC	Commercial	16,649,130	2	0.66%	-		-
Charter	Utility	15,547,400	3	0.62%	-		-
Grants Pass FMS LLC	Commercial	13,745,910	4	0.55%	-		-
Pacificcorp (PP&L)	Utility	13,777,690	5	0.55%	7,038,700	7	0.52%
Lynn-Ann Development LLC	Developer	13,392,412	6	0.53%	-		-
QWEST Corporation	Utility	12,990,600	7	0.52%	21,789,540	1	1.61%
Johnson Trust, Carl D	Commercial	9,568,270	8	0.38%	7,186,030	5	0.53%
Congress Street Exchange Fund	Commercial	9,520,180	9	0.38%	-		-
Spring Village Retirement LLC	Commercial	9,220,020	10	0.37%	-		-
Grant Kent Partners LP	Commercial				11,281,710	2	0.84%
Zak Realty	Commercial				10,581,537	3	0.78%
Jensen, Robert A & Shirley Y	Commercial				7,415,458	4	0.55%
Wal-Mart Stores Inc.	Commercial				7,120,444	6	0.53%
Hillebrand Children Riverwrod Apts	Rental				6,328,184	8	0.47%
Marquis Suites	Sr Housing				5,941,473	9	0.44%
Total of top-ten taxpayers		<u>131,677,032</u>		<u>5.25%</u>	<u>84,683,076</u>		<u>6.27%</u>
Other Taxpayers		<u>2,377,058,625</u>		<u>94.75%</u>	<u>1,266,018,385</u>		<u>93.73%</u>
Total City Assessed Value		<u>\$ 2,508,735,657</u>		<u>100.00%</u>	<u>\$ 1,350,701,461</u>		<u>100.00%</u>

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

Source: Joesphine County Assessor

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

OPERATING INDICATORS BY FUNCTION

		For fiscal year ending June 30th (Unaudited)			
		2004	2005	2006	2007
Public Safety					
Traffic stops	(1)	n/a	5,519	6,318	6,755
Warnings issued	(1)	n/a	3,870	4,232	4,340
Citations issued	(1)	5,469	5,180	4,416	4,119
Calls for service - Police Reactive**	(1)	28,209	25,562	27,703	29,950
Calls for service - Police Proactive**	(1)	n/a	15,424	13,232	15,104
Calls for service - Fire	(1)	3,426	3,190	3,126	3,591
Businesses inspected	(1)	557*	249**	839	1295
Business self-inspections	(1)	503*	454**	614	607
Citizen Public Safety Academy attendance	(1)	52	50	40	29
Student Public Safety Academy attendance	(1)	n/a	n/a	n/a	30
Transportation					
Street overlays (square yards)	(4)	52,648	41289**	0***	30,369
Street overlays (tons of asphalt)	(4)	8,773	7506**	0***	7,228
Chip Seal	(4)	n/a	n/a	n/a	n/a
Signage additions	(4)	141	279**	177	121
Signage replacements	(4)	135	189**	352	265
Miles of restriping	(4)	13.14	7.34**	12.3	20
Building					
Total Permits issued	(2)	5,154	5,606	5,334	3,804
New single family permits	(2)	325	361	362	234
New multi-family permits	(2)	59	44	54	20
New commercial permits	(2)	17	31	17	32
Total Inspections	(2)	14,024	15,507	17,043	12,366
Parks					
Swimming pool attendance	(5)	9,601	16,464	11,555	18,083
Rental of facilities	(5)	200	199	207	232
Number of games scheduled	(5)	1387*	1,458	1,727	1,575
Development					
Total land use applications	(2)	289	325	347	221
Subdivision final plats	(2)	20	29	20	22
Commercial site plan review	(2)	53	51	56	49
Water					
New connections	(3)	482	561	581	308
Number of consumers	(3)	9,158	9,521	10,038	10,413
Total water produced (1000s of gallons)	(4)	1,779,523	1,766,136	1,800,673	2,114,600
Total water billed (1000s of gallons)	(4)	n/a	n/a	n/a	n/a
Average daily production (gallons)	(4)	5,166,992	4,959,750	5,007,417	5,809,341
Wastewater					
Wastewater treated (1000s of gallons)	(4)	2,029,600	2,114,400	2,569,300	2,252,000
Sludge to co-compost (yards)	(4)	6,800	5,617	6,725	7,631
Greenwaste received (cubic yards)	(4)	37,495	43,961	37,081	37,764
Woodwaste received (cubic yards)	(4)	43,103	50,871	61,916	58,028
JO-GRO [™] sales (cubic yards)	(4)	7,471	5,248	5,754	5,748

Sources:

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

Notes:

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

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

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

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

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

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

OPERATING INDICATORS BY FUNCTION Continued

		For fiscal year ending June 30th (Unaudited)			
		2008	2009	2010	2011
Public Safety					
Traffic stops	(1)	7,580	8,229	10,712	9,225
Warnings issued	(1)	5,278	7,699	7,813	6,671
Citations issued	(1)	4,082	1,915	2,425	2,146
Calls for service - Police Reactive**	(1)	29,316	27,429	39,647	50,634
Calls for service - Police Proactive**	(1)	15,424	14,658	17,341	9,719
Calls for service - Fire	(1)	3,698	3,659	3,742	3,949
Businesses inspected	(1)	1342	1470	1451	1,440
Business self-inspections	(1)	67	48	57	69
Citizen Public Safety Academy attendance	(1)	28	26	25	21
Student Public Safety Academy attendance	(1)	27	25	27	8
Transportation					
Street overlays (square yards)	(4)	21,700	27,283	26,628	28,931
Street overlays (tons of asphalt)	(4)	2,411	n/a	13,588	4,881
Chip Seal	(4)	2,178	1,573	1,680	1,520
Signage additions	(4)	91	131	59	51
Signage replacements	(4)	185	505	364	75
Miles of restriping-longitudinal	(4)	25	26.5	25	27
Building					
Total Permits issued	(2)	2,857	1,225	1,130	1,403
New single family permits	(2)	166	75	58	25
New multi-family permits	(2)	6	1	1	7
New commercial permits	(2)	17	11	13	10
Total Inspections	(2)	10,609	6,409	3,988	4,207
Parks					
Swimming pool attendance	(5)	19,748	18,409	22,583	20,229
Rental of facilities	(5)	214	239	239	356
Number of games scheduled	(5)	1,563	1,916	1,752	1,489
Development					
Total land use applications	(2)	163	121	104	79
Subdivision final plats	(2)	7	6	5	2
Commercial site plan review	(2)	30	22	30	12
Water					
New connections	(3)	175	167	79	57
Number of consumers	(3)	10,545	10,533	10,614	10,659
Total water produced (1000s of gallons)	(4)	2,017,090	1,971,250	1,910,534	1,868,036
Total water billed (1000s of gallons)	(4)	n/a	1,780,787	1,559,451	1,808,217
Average daily production (gallons)	(4)	5,565,092	5,384,083	5,263,200	5,132,000
Wastewater					
Wastewater treated (1000s of gallons)	(4)	2,122,830	1,898,600	2,103,800	2,419,700
Sludge to co-compost (yards)	(4)	7,267	7,770	6,498	7,112
Greenwaste received (cubic yards)	(4)	38,807	37,869	36,032	35,743
Woodwaste received (cubic yards)	(4)	48,453	34,769	30,920	28,211
JO-GRO™ sales (cubic yards)	(4)	6,530	9,733	7,094	6,472

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**

CAPITAL ASSETS STATISTICS BY FUNCTION

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

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

Sources:

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

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

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

WORKERS COMPENSATION FUND BALANCE & RESERVES

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Fund Balance	Loss Reserve	Total Fund Balance & Loss Reserve
2002	912,467	116,906	1,029,373
2003	800,710	117,200	917,910
2004	622,507	120,959	743,466
2005	698,544	33,246	731,790
2006	596,412	56,713	653,125
2007	632,567	116,841	749,408
2008	775,676	79,755	855,431
2009	848,040	75,823	923,863
2010	987,599	39,480	1,027,079
2011	973,130	26,886	1,000,016

Source: Internal accounting reports of the City of Grants Pass

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

MISCELLANEOUS STATISTICS

June 30, 2011
(Unaudited)

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

Area		2004	2005	2006	2007	2008	2009	2010	2011
	(2)	Acres - 5,856	Acres - 6,166	Acres - 7,026					
Number of police and officers	(1)	40	41	43	44	44	41	46	46
Number of firefighters and officers	(1)	17	17	17	17	19	27	27	27
Employees (Permanent)									
Classified service	(3)	168	165	169	187.5	217	194	180	180
Exempt	(3)	9	9	9	9	10	10	27*	31

Sources:

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

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

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

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

STAFF ALLOCATION BY ACTIVITY*

Department/Activity	As of June 30th (Unaudited)									
	2002	2003	2004	2005	2006	2007	2008	2009*	2010	2011
Administration										
Management	4.75	4.90	5.90	5.90	5.90	5.90	6.90	6.70	5.75	5.61
Information Technology	-	2.00	2.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00
Finance	15.00	13.00	13.00	14.00	15.00	15.00	16.00	15.00	13.00	13.00
Legal	0.85	0.80	0.80	0.80	0.80	0.75	0.75	1.34	1.34	0.05
Risk Insurance	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.41	0.41	0.32
Human Resources	-	-	-	-	-	-	2.00	2.50	2.50	2.38
Economic Development	1.00	1.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	1.00
Tourism Development	1.00	2.00	2.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
Downtown	0.50	0.50	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00
	23.40	24.50	25.50	27.50	25.00	21.95	26.95	26.95	24.00	22.36
Community Development										
Management	6.00	6.00	6.00	7.00	7.00	7.00	8.00	4.80	5.00	9.00
Engineering	8.00	8.00	8.00	8.00	9.20	9.00	10.00	8.50	6.50	4.50
Planning	4.00	6.00	7.00	7.00	9.00	8.00	11.00	5.00	4.00	3.00
Building & Safety	5.00	5.00	7.00	7.00	6.00	6.00	7.00	2.00	2.00	2.00
	23.00	25.00	28.00	29.00	31.20	30.00	36.00	20.30	17.50	18.50
Parks and Community Services										
Information Services	-	-	-	0.00	3.55	2.65	4.45	3.95	3.95	4.88
Park Maintenance	6.30	6.30	6.30	6.40	6.40	6.45	8.00	6.65	6.85	6.64
Property Management	1.20	1.20	1.20	1.00	1.05	0.90	1.25	1.30	1.30	2.06
Aquatics	0.25	0.25	0.25	0.30	0.35	0.30	0.30	0.30	0.10	0.40
Street Maintenance	7.45	7.45	6.45	7.50	6.60	0.00	0.00	0.00	0.00	0.00
Recreation	0.05	0.05	0.05	0.05	0.05	0.05	0.15	0.15	0.15	0.15
Garage Operations	0.40	0.40	0.40	0.35	0.55	0.40	3.30	3.05	3.05	2.13
Equipment Repair	0.35	0.35	0.35	0.40	0.45	0.55	0.60	0.70	0.70	0.47
Tourism Development	-	-	-	0.00	0.00	2.00	1.85	1.85	1.85	1.85
Downtown	-	-	-	0.00	0.00	1.00	1.45	1.45	1.45	1.55
	16.00	16.00	15.00	16.00	19.00	14.30	21.35	19.40	19.40	20.13
Public Works										
Water Treatment	5.00	5.40	5.40	5.40	5.17	4.39	5.94	6.46	6.46	6.46
Water Distribution	7.00	8.00	8.00	8.00	8.44	8.98	8.93	8.30	8.30	8.80
Wastewater Collection	4.00	4.00	4.00	4.00	4.44	5.98	5.94	5.16	5.16	5.66
Wastewater Treatment	7.75	8.25	8.25	8.75	8.84	8.73	8.88	7.41	9.91	9.41
JO-GRO™	3.25	3.35	3.35	3.85	3.91	3.91	4.05	4.11	2.61	3.11
Capital Projects	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Solid Waste	1.10	-	-	0.00	0.00	0.01	0.00	0.10	0.10	0.10
Storm Water	-	-	-	0.00	0.00	0.00	0.15	0.00	0.00	0.00
Street Maintenance	-	-	-	0.00	0.00	6.70	6.76	7.56	7.56	7.56
	29.10	30.00	30.00	31.00	31.80	39.70	41.65	40.10	41.10	42.10
Public Safety										
Field Operations	52.50	54.50	52.50	54.50	59.00	60.00	68.00	67.75	73.50	76.50
Support Operations	26.00	27.00	26.00	26.00	28.00	26.00	31.00	25.60	29.10	29.00
Code Enforcement	-	-	-	-	1.00	3.05	2.05	1.00	0.00	0.00
	78.50	82	78.50	80.50	88.00	89.05	101.05	94.35	102.60	105.50
Total	170.00	177	177.00	184.00	195.00	195.00	227.00	201.10	204.60	208.59

* Actual full-time positions reported through 2008. As of 2009 reporting FTE for all permanent positions. This information is provided by the City's Human Resources Department.

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

**WATER UTILITY
TEN LARGEST REVENUE SOURCES**

Current Year and Nine* Years Ago
(Unaudited)

Customer (classification)	2011			2003				
	Annual Consumption Units (100 hcf)	Annual Revenue**	Rank	Percent of Total Revenue	Annual Consumption Units (100 hcf)	Annual Revenue**	Rank	Percent of Total Revenue
City of Grants Pass (public)	95,552	116,576	1	2.93%	67,471	\$ 95,239	1	2.93%
Rogue Valley Sash & Door (commercial)	74,677	76,345	2	1.92%				
School District 7 (public)	48,079	57,759	3	1.45%	54,955	69,797	2	2.15%
Josephine County (public)	17,980	35,799	4	0.90%	34,178	59,434	3	1.83%
Three Rivers Hospital (commercial)	21,100	29,707	5	0.75%	27,433	37,096	4	1.14%
South Valley Bank & Trust (commercial)	18,925	28,367	6	0.71%				
Timber Products (commercial)	18,927	23,567	7	0.59%	27,133	25,422	7	0.78%
Riverwood Apts. (multi-family)	17,678	21,834	8	0.55%	19,869	30,052	5	0.93%
Holiday Builders (commercial)	7,503	15,768	9	0.40%				
Champion Park (multi-family)	7,615	8,454	10	0.21%				
State of Oregon (Public)					20,018	28,352	6	0.87%
Grants Pass Shopping Center (commercial)					15,540	24,948	8	0.77%
Grants Pass Hardwoods (commercial)					27,618	22,185	9	0.68%
Spring Pointe/Spring Village (retirement)					12,949	20,819	10	0.64%
Sub-total	<u>328,036</u>	<u>414,176</u>		<u>10.39%</u>	<u>307,164</u>	<u>413,344</u>		<u>12.74%</u>
All other sources		<u>3,571,120</u>		<u>89.61%</u>		<u>2,831,815</u>		<u>87.26%</u>
Total Water Revenues		<u>\$ 3,985,296</u>		<u>100.00%</u>		<u>\$ 3,245,159</u>		<u>100.00%</u>

hcf = hundred cubic feet

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

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

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

UTILITY STATISTICS

**WATER USAGE CUSTOMER ANALYSIS
For the last ten fiscal years
(Unaudited)**

Number of Accounts

Fiscal Year Ended June 30,	Residential	Multi-Family	Commercial	Public	Fire Protection	Outside City Surcharge	Total
2001	6,094	722	980	120	76	85	8,077
2002	6,333	743	995	170	95	176	8,512
2003	6,553	766	1,027	173	97	252	8,868
2004	6,780	808	1,046	168	100	255	9,157
2005	6,909	874	1,095	189	116	270	9,453
2006	7,400	940	1,138	172	123	233	10,006
2007	7,708	948	1,134	181	135	207	10,313
2008	7,966	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

Water Consumption (hcf)

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

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

Water and Sewer Rates

Water and Sewer Rates from 1993 through November 1, 2005

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

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

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

Water Rates as of February, 2006

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

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

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

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

Sewer Rates as of October, 2005

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

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

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

Water and Sewer Rates

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

Water Rates as of January 1, 2007

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

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

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

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

Sewer Rates as of January 1, 2007

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

(3) awwc: average winter water consumption

(4) awc: actual water consumption

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

Water and Sewer Rates

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

Water Rates as of January 1, 2008

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

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

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

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

Sewer Rates as of January 1, 2008

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

(3) awwc: average winter water consumption

(4) awc: actual water consumption

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

Water and Sewer Rates

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

Water Rates as of January 1, 2009

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

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

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

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

Sewer Rates as of January 1, 2009

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

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

**awwc: average winter water consumption

***awc: actual water consumption

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

Water and Sewer Rates

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

Water Rates as of March 1, 2009

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

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

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

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

Sewer Rates as of March 1, 2009

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

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

**awwc: average winter water consumption

***awc: actual water consumption

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

Water and Sewer Rates

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

Water Rates as of January 1, 2010

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

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

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

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

Sewer Rates as of January 1, 2010

Class	Per Month
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 equivalent to 748 gallons.

**awwc: average winter water consumption

***awc: actual water consumption

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

Water and Sewer Rates

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

Water Rates as of January 1, 2011

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

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

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

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

Sewer Rates as of January 1, 2011

Class	Per Month
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 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 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 equivalent to 748 gallons.

**awwc: average winter water consumption

***awc: actual water consumption

WHERE THE ROGUE RIVER RUNS



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CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

2010-2011 AUDITORS' COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATOINS



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

November 23, 2011

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Grants Pass as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Grants Pass' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **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 of Grants Pass 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 considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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


PAULY, ROGERS AND CO., P.C.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
US DEPARTMENT OF JUSTICE		
Edward Byrne Memorial Justice Assistance via Oregon Criminal Justice Commission	16.738	\$ 76,072
Edward Byrne Memorial Justice Assistance via Office of Justice Programs	16.804	36,255
Edward Byrne Memorial Justice Assistance via Office of Justice Programs	16.738	4,389
Bullet Proof Vests	16.607	3,369
Community Oriented Policing Services	16.710	62,787
US DEPARTMENT OF TRANSPORTATION		
Federal Highway Administration through ODOT Congestion Mitigation and Air Quality Improvement (CMAQ) - Hybrid Cars	20.205	100,094 (1)
Federal Transit Administration through ODOT Transit System Agreement No. 26071	20.513	86,141 (1)
Transit System Agreement No. 26510	20.513	133,302 (1)
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed thru Oregon Business Development Department Josephine County Microenterprise Assistance Project No. MO8033	14.228	11,067
Josephine County Microenterprise Assistance Project No. MO9023	14.228	49,481
US DEPARTMENT OF AGRICULTURE		
Inventory for Business (RBEG)	10.769	6,000
US DEPARTMENT OF HOMELAND SECURITY / FEMA		
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	80,171 (1)
US ENVIRONMENTAL PROTECTION AGENCY		
Passed thru Oregon Business Development Department River Road Reserve Cleanup Project	66.818	43,794
NATIONAL HIGHWAY TRANSPORTATION SAFETY ADMINISTRATION AND FEDERAL HIGHWAY ADMINISTRATION		
Pass-through ODOT Speed Equipment Mini-Grant	20.600 through 20.605	5,000
Pass-through to OR Assoc. Chiefs of Police DUII Traffic Enforcement	20.600 through 20.605	2,240
Safety Belt/Three Flag Traffic Enforcement	20.600 through 20.605	2,560
Child Safety Seats	20.600 through 20.605	1,939
TOTAL FEDERAL EXPENDITURES		\$ 704,661

(1) Major Program



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November 23, 2011

To the City Council
City of Grants Pass

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

We have audited the financial statements of City of Grants Pass as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Josephine County Solid Waste Agency (a component unit) were not audited in accordance with Government Auditing Standards

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

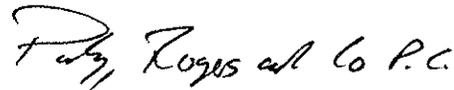
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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

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

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

PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS AND CO., P.C.

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November 23, 2011

To the City Council
City of Grants Pass

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

Compliance

We have audited the compliance of City of Grants Pass with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. City of Grants Pass's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on compliance based on our audit.

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

In our opinion, City of Grants Pass complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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


PAULY, ROGERS AND CO., P.C.

CITY OF GRANTS PASS

SCHEDULE FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

Section I – Summary of Auditors’ Results

Financial Statements’

Type of Auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes None reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of major programs

<u>CFDA Number(s):</u> <u>20.205</u> <u>20.513</u> <u>97.083</u>	<u>Name of Federal Program:</u> <u>CMAQ Green Fleet</u> <u>Federal Transit – Capital Investment Grant</u> <u>SAFER</u>
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Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

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

CITY OF GRANTS PASS
SCHEDULE FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None

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