

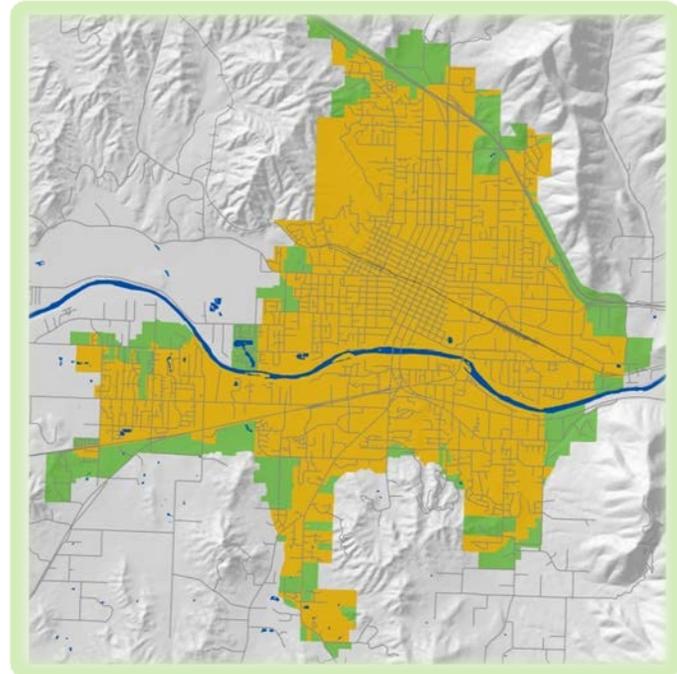
City of Grants Pass, Oregon

Comprehensive Annual Financial Report

Fiscal Year 2015-2016



Esri User Conference 2014
Special Achievement in GIS



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

Prepared by:

City of Grants Pass Finance Department

Jay Meredith, Finance Director
Tammy Canady, Accounting Services Supervisor
Mindy Ellerman, Accountant

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

TABLE OF CONTENTS

PAGE
NUMBER

INTRODUCTORY SECTION:

Elected Officials	1
Transmittal Letter	2
Organizational Chart	11
Certificate of Achievement for Excellence in Financial Reporting	12

FINANCIAL SECTION:

INDEPENDENT AUDITOR'S REPORT	13
------------------------------	----

MANAGEMENT'S DISCUSSION AND ANALYSIS	16
--------------------------------------	----

FINANCIAL STATEMENTS AND SCHEDULES:

Basic Financial Statements:

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

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis – General Fund	71
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis – Solid Waste Fund	72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis – Street Utility Fund	73
Schedule of City's Proportionate Share of Net Pension Liability	74

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

TABLE OF CONTENTS, (CONTINUED)

PAGE
NUMBER

Schedule of City Contributions to Oregon Public Employees Retirement System	74
Notes To Required Supplementary Information	75

Supplementary Information:

Schedules of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis:	
General Obligation Bond Fund	77
Bancroft Bond Fund	78
Transportation Projects Fund	79
Land and Building Projects Fund	80
Combining Balance Sheet – Non-Major Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	82
Schedules of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis:	
Non-Major Governmental Funds:	
Transient Room Tax Fund	83
Community Development Block Grant Fund	84
Housing and Economic Development Fund	85
Storm Water And Open Space Fund	86
Enterprise Funds:	
Water Fund	87
Sewer Fund	88
Combining Statement of Net Position – Internal Service Funds	89
Combining Statement of Revenues, Expenditures and Changes in Net Position – Internal Service Funds	90
Combining Statement of Cash Flows – Internal Service Funds	91
Schedules of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis:	
Fleet Operations Fund	92
Support Services Fund	93
Administrative Services Fund	94
Insurance Services Fund	95
Statement of Changes in Assets and Liabilities – Agency Fund	96
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	97

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

TABLE OF CONTENTS, (CONTINUED)

PAGE
NUMBER

STATISTICAL SECTION:

Net Position by Component	100
Changes in Net Position	101
Program Revenue by Function	102
Fund Balances, Governmental Funds	103
Changes in Fund Balances, Governmental Funds	104
Tax Revenue by Source, Governmental Funds	105
Property Tax Levies and Collections	106
Consolidated Tax Rates	107
Consolidated Tax Levies	108
Assessed and Estimated Actual Value of Taxable Property	109
Real Property Tax Rates – Direct and Overlapping Governments	110
Special Assessment Collections	111
Ratio of Outstanding Debt by Type	112
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	113
Legal Debt Margin Information	114
Computation of Direct and Overlapping Debt	115
Ratio of Annual General Obligation Bonded Debt Service Expenditures to General Expenditures	116
Schedule of Revenue Bond Coverage Water Bonds	117
Schedule of Bonds and Bond Interest Transactions	118
Schedule of Future Debt Service	119
Property Values, Construction Values and Bank Deposits	120
Demographic Statistics	121
Insurance and Surety Bonds in Force	122
Josephine County Principal Employers	123
Ten Largest Taxpayers Within City Limits	124
Operating Indicators by Function	125
Capital Assets Statistics by Function	126
Workers Compensation Fund Balance & Reserves	127
Miscellaneous Statistics	128
Staff Allocation by Activity	129
Water Utility Ten Largest Revenue Sources	130
Utility Statistics Water Usage Customers Analysis	131
Water and Sewer Rates	132
AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	144
GOVERNMENTAL AUDITING STANDARDS	147

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

ELECTED OFFICIALS

As of November 1, 2016

<u>NAME</u>	<u>TERM EXPIRES</u>
Darin Fowler, Mayor	December 31, 2016
Roy Lindsay, NW – Ward 1	December 31, 2018
Dan DeYoung, NW – Ward 1	December 31, 2016
Rick Riker, NE – Ward 2	December 31, 2018
Valerie Lovelace, NE – Ward 2	December 31, 2016
Dennis Roler, SE – Ward 3	December 31, 2018
Ken Hannum, SE – Ward 3	December 31, 2016
Vacant*, SW – Ward 4	December 31, 2018
Vacant*, SW – Ward 4	December 31, 2016

* These vacant positions will be filled effective January 1, 2017 from the November 8, 2016 general election.

CITY MANAGER

Aaron Cubic

FINANCE DIRECTOR

Jay Meredith

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



December 14, 2016

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Grants Pass, Oregon. This report is for the fiscal year ending June 30, 2016.

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

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

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

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

Profile of the City of Grants Pass

Grants Pass has grown to an estimated population of 36,465 residents according to the Portland State University Population Research Center and is a beautiful community with a

"hometown" feeling. The City was incorporated in 1887 and today encompasses 7,438 acres of land. Grants Pass is located on Interstate 5 in the "Sun Belt" of Southern Oregon, astride the banks of the Rogue River, one of America's premier white water rivers. The City is nestled among a series of mountains providing the valley a scenic backdrop. Grants Pass is the County seat of Josephine County and serves as the major commercial, cultural, and economic center for a County population of 83,720.

Factors Impacting Financial Conditions

The City of Grants Pass continues to rank 15th in population among 241 cities in Oregon. Grants Pass' real estate assessed value rose by 6.6% as market values increased slightly this year and a major annexation was approved in the previous year. Approximately 1.9% of this increase was the change on assessed values for existing properties and approximately a 1.0% increase in values was the result of new development. The annexation approved by voters in November of 2014 added approximately 3.7% to the assessed values in FY'16. Assessed property values are on average much closer to actual market values for many properties than they used to be years ago. Changes to assessed values are limited under State law so the assessed values were significantly lower than the market values during the periods where market values were increasing rapidly in the last decade. The assessed value change for the next fiscal year (Fiscal 2017) will be a total increase of 3.7%, with approximately 2.2% coming from new construction and 1.5% coming from the assessed value change in existing properties.

For a third year, Grants Pass continued to see relatively strong new building activity in both commercial and residential development as compared to the more challenging years during the economic and housing downturn between 2008 and 2012. The Building and Safety Division issued 154 new structural permits during the year, compared to 91 in the previous year. Total commercial construction units were at 19 units and \$26.7M in total value, while total residential construction units were 135 units and \$32.1M in value. A total of 134 single-family residential permits were issued compared to 81 for FY'15, while there was 1 multi-family permit. Commercial permits totaled 19 in the current year compared to 6 last fiscal year.

The immediate demand for planning and building inspections for all classes of construction continues is relatively high but hasn't yet met activity levels prior to the housing downturn beginning around 2008. Despite development declines compared to years ago, escalating demands for transportation and public safety services are on-going. Simultaneously, as the municipal boundaries grow and residents within the urban growth boundary connect to City utility services, additional citizens expect rural streets to be brought up to City standards and neighborhood parks to be planned and developed while protecting the natural environment.

According to Zillow.com, the median home value in the second calendar quarter of 2016 was approximately \$214,000 which is up from approximately \$202,000 in the same quarter last year. It is difficult to predict whether increases over recent years will continue but it seems reasonable to assume based on projects in the pipeline that current busy development levels will continue in the short-term.

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. The first annexation since 2006 was approved by voters in November of 2014, which replaced most of the service and annexation agreements that were in place. This annexation affected total property tax assessments beginning in Fiscal 2016. A smaller annexation of certain industrial and commercially zoned properties was also approved by voters in May of 2016.

All property taxes received in Grants Pass and S&A fee revenues 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 (\$0.39) totaled \$6.3135/\$1,000 assessed value and generated \$16.8M of the resources required for the \$17.6M public safety operations actual expenditures. Citizens reaffirmed the local option levy amount at the same rate for an additional four years in the November 2013 vote with 62% of citizens voting yes for the levy renewal. FY'16 was the second year of this 4-year levy term.

While many of the same influences affecting the nation as a whole continue to impact Grants Pass and Josephine County, the unemployment rate fell for the seventh consecutive year. At June 30th, 2016, the unemployment rate of 6.9% for the Grants Pass metropolitan statistical area was down 1.0% from the previous year. Grants Pass has a diversified economy but also a significant presence of manufacturing industries, led by wood products and housing-related manufacturing. As the current recession was fueled in part by the housing crisis, the impact on the economy in Grants Pass remains significant.

Grants Pass has made a significant commitment to economic development and works with many local and regional partners to impact economic development in the community. Partners such as the Southern Oregon Regional Economic Development Incorporated (SORED) help to recruit new business to the area and the City, Chamber of Commerce, and others work together for retention and expansion for existing businesses. The City also had some temporary development incentives in place in the last year to encourage development in the City, including a temporary reduction in system development charges and a grant program to assist property owners of older buildings in the City to retrofit these buildings with modern seismic and fire safety enhancements.

Grants Pass has a number of programs that can assist the expansion of local businesses and has made a financial commitment of restricting a portion of the City's transient room tax revenue for the economic development program. The Tourism and Economic Development divisions also went through a performance audit three years ago to ensure these divisions are operating as effectively and efficiently as possible, and the City is currently working with Josephine County and various community stakeholders for a new economic development strategic plan.

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

assessed to make sure each property pays for its fair share of impact on the City's Water, Wastewater, Transportation, and other infrastructure. With the desire to be competitive with other regional cities and to encourage local economic development, the City Council temporarily lowered Transportation SDCs and Parks SDCs, with the incentive ending on June 30, 2015. Revenue forecasts for development sensitive resources such as Building Permits and SDCs have been set at conservative levels in recent budgets to make sure the resources are available for planned capital projects. This year, thanks to a slightly higher level of activity for the last two years in both commercial and residential development activity, the Water, Wastewater, and Stormwater SDC revenues came in well ahead of budget.

The shortfall in resources available to complete pending high priority utility infrastructure projects will continue to be an important discussion for Council as it has been in recent years. The expansion of the Wastewater Plant in three phases has just begun in the last year and the complete replacement of the aging Water Plant is in the early planning phases. The more borrowing that is required for these major infrastructure projects, the more interest expenses will add to project costs and user rates in the future. A large performance audit and strategic planning project for Water and Wastewater was completed in October of 2015 to ensure these major capital projects and utility operations move forward as efficiently and effectively as possible. Water and Wastewater utility rates will need an in depth review over the next year to accommodate the bond debt service that will result from completing these major projects and a phasing in of rate increases over a multi-year period will likely be the end result.

The Wastewater Plant expansion is set for three phases, and the Wastewater Fund has recently completed phase one without borrowing. However, phase two which has begun in FY17 has an estimated cost of approximately \$17 million in total and will require bond financing. Phase three is another \$8-\$9 million and will begin approximately four years after phase two, depending on growth in the amount of wastewater that needs to be treated by the system. The more we can adjust rates to prepare for the costs and long-term debt requirements of these projects, the more we can limit the long-term costs of borrowing.

The planned new Water Treatment Plant has a master plan showing the ultimate long-term capacity and cost would be a plant with a treatment capacity of 30 million gallons a day and a cost of approximately \$56 million. However, staff will be reviewing options for building a smaller capacity plant designed to meet short-term and intermediate-term water demands with the room to expand capacity in the future. Over the next year the site for the new water plant will be determined and the procurement process for the design and construction of the new plant will begin. This project will also require a significant bond issue and many of the available water capital project resources are being directed to this major plant project in order to limit the eventual size of the borrowing.

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 citizens by providing leadership and decisions necessary to meet community needs and desires."

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

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

Parks and Community Development: Directs the development of the community through planning and construction (utility systems, parking facilities, neighborhood improvements, etc.), and enforcement of state building standards. Directs the operations and maintenance of City parks facilities and the recreation programs.

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

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

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

City Agencies and Special Districts

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

In September of 2001, the City of Grants Pass entered into an intergovernmental agreement with Josephine County, forming an entity known as the Josephine County/City of Grants Pass Solid Waste Agency. This Agency has a six-member board, three each

from the County and the City. This Board is responsible for oversight of the solid waste franchise agreements, establishing rates, and collecting and allocating environmental program fees. The Board granted managerial responsibilities of the Agency to the City of Grants Pass.

Goals of the Community

The Grants Pass City Council reaffirmed the following goals for 2016. These goals provide a special emphasis on safety services, leadership, and facilitating sustainable, manageable growth. Well over 100 individual Council Strategic Plan action items were developed to guide operations towards each of the following big picture goals:

- Keep Citizens Safe
- Provide Cooperative Shared Leadership Involving Council, Staff and Community
- Encourage Economic Opportunities
- Facilitate Sustainable, Manageable Growth
- Maintain, Operate, and Expand our Infrastructure to Meet Community Needs

Measuring Performance

Grants Pass is committed to the Government Finance Officers Association's recommended performance standards. Each operating division, as a part of the annual budgetary process, is required to define outcomes and service levels. These indicators of performance are reviewed semi-annually and then published in the budget book, with notations addressing the attainment of each. The Fiscal 2016 budget provided a format for numerical performance measurements with categories of outputs, effectiveness measures, and efficiency measures. A quarterly report on progress in completing the Action Items in the Strategic Plan also measures the progress during the year.

Accounting Systems and Internal Controls

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

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

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

All internal control evaluations have been made within the framework described above. We believe the internal accounting controls meet the material standards for audit, adequately

safeguard the City's assets, and provide reasonable assurance that financial transactions are properly reported.

Financial Policies

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

Revenue

The City's revenue policies strive to maintain a diversified income base in order to minimize the impact of fluctuations in any one source. The City considers the financial burden of multiple taxing jurisdictions when setting taxes and tries to equitably share the costs of services. The City will use non-recurring income for capital projects and other one-time expenses. During the year, Council continued to review fees for a number of services with an emphasis on the utility rates. Maintaining diversity in revenue sources and following policies that avoid long-term financial burdens will be important as Council continues its efforts to equitably share costs.

Budgetary Goals and Services

The Council adopts City goals as part of their efforts to provide policy and direction for the City. The operating and capital budgets work to carry out the Council's goals and policies using objectives and action items for each goal. The 2016 Work Plan was adopted by Council towards the beginning of the calendar year following the annual strategic planning session. Council is expected to review the goals, objectives, and action items again this winter prior to fiscal year 2018 budgeting work.

Financial Planning

Policies under financial planning require the City to estimate income and expenses over a three-year horizon and to update those projections annually. The policy also requires each fund to maintain a contingency to meet unanticipated requirements during the fiscal year. Five years ago, Council adopted a fund balance policy for the General Fund. An expanded fund balance policy also covering Enterprise Funds and certain Internal Service Funds was adopted by the City Council four years ago, along with policies that assist in financial planning for future capital expenditures.

Capital Improvements

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

Financial Management

The City maintains an accounting system that is consistent with generally accepted accounting practices for local governments in order to promote an atmosphere of trust in its financial management system and to provide full disclosure of its financial condition.

Starting in the financial report five years ago there was a minor change to Fund Balance reporting under GASB 54 showing different categories of fund balance restrictions for governmental funds. Starting with the annual financial report from three years ago, GASB 63 now requires a standardized presentation of deferred outflows of resources and deferred inflows of resources and their effects on the City's reported net position. And finally, beginning in last year's financial report the City has implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date" which measures the net pension liability or asset and uses a different measurement for pension related expenses as shown in statement of net position and the statement of activities. See the footnotes to the financial statements for comprehensive details on the effects to the financial statements of implementing these new pension related governmental accounting standards.

Investments

The City strives to maximize interest income on cash assets for the benefit of the public. Cash in all City funds is pooled and invested in either the state managed Local Government Investment Pool (LGIP) or short-term instruments, which are restricted to investments approved by the State Treasurer in accordance with Oregon Revised Statutes 294.035 and 294.046 and a Council Adopted Investment Policy. Minor changes were made to the investment policy by Council five years ago and throughout the year money is moved between various investment accounts authorized by the policy in order to maximize interest while keeping the funds safe and liquid. Interest income is distributed monthly to each fund's cash balance and the investment policy is reviewed by Council on an annual basis.

Awards

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grants Pass for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 34th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Respectfully submitted,

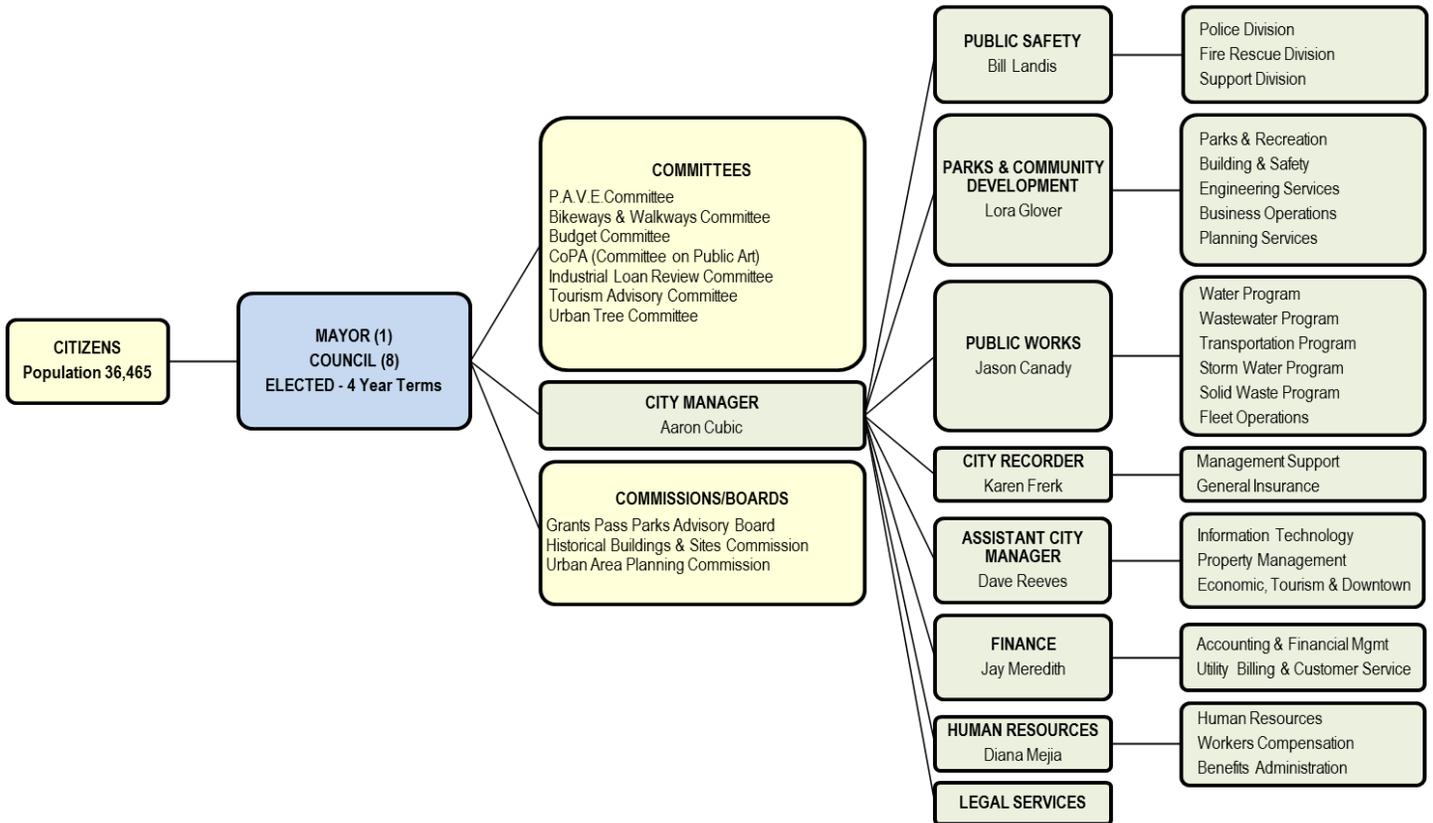


Aaron Cubic
City Manager



Jay Meredith
Finance Director

CITY OF GRANTS PASS ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Grants Pass
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grants Pass (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2016 on our consideration of the City of Grants Pass's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in consideration of, the City of Grants Pass's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 14, 2016, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Eide Bailly, LLP
Boise, Idaho
December 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As the management of the City of Grants Pass ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2-10 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$296,635,785 (net position). Of this amount, \$33,927,464 represented unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$3,186,235.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$27,142,211 which is an increase of \$305,296 in comparison with the prior year. Approximately 36% of the combined fund balances or \$9,738,509 is available for spending at the government's discretion.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$13,793,158, or approximately 60% of total general fund expenditures for this year.
- The City's total outstanding long-term debt decreased by \$2,191,276 during the current fiscal year as a result of scheduled annual debt service payments.

Overview of the Financial Statements

The basic financial statements and supplementary information are presented using the integrated approach as prescribed by GASB. The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. The basic financial statements present financial information about the City as a whole and about its activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the basic financial statements are required supplementary information, other supplementary information, and other financial schedules.

1. Government-wide Financial Statements

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise

to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation leave and employer contributions to Oregon Public Employees Retirement System).

Both of the government-wide financial statements of the distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City's include general government, public safety, planning, building and safety, streets and storm drainage, solid waste, economic development, parks and recreation, and interest on long-term debt. The business-type activities of the City include water and sewer utilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also for the legally separate Josephine County-City of Grants Pass Solid Waste Agency for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

2. Fund Financial Statements

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

Governmental Funds - The governmental fund statements emphasize available financial resources rather than the net position. They are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

The City has 11 governmental funds. The governmental fund statements present seven major funds separately: General Fund, Solid Waste Fund, Street Utility Fund, General Obligation Bond Fund, Bancroft Bond Fund, Transportation Projects Fund, and the Lands & Buildings Projects Fund. The other 4 nonmajor funds are combined and presented in a single column as nonmajor governmental funds.

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

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

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

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

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

Fiduciary Funds - The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, due to a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position 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.

The basic fiduciary fund financial statements can be found on page 44 of this report.

3. Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-69 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The City's assets and deferred outflows exceed liabilities and deferred inflows by \$296,635,785 at June 30, 2016. By far, the largest portion of the City's net position, approximately 86%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City's capital assets after depreciation increased \$8.01M or 3.1% from June 30, 2015. The City's major capital assets are investments in infrastructure – the water treatment plant and distribution system, the wastewater treatment plant and collection system, and the street and sidewalk system. Accordingly, these assets are not available for

future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GRANTS PASS' Net Position at June 30

	<i>In thousands</i>					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 39,042	\$ 39,842	\$ 23,874	\$ 21,714	\$ 62,916	\$ 61,556
Net Pension Asset	-	4,292	-	531	-	4,823
Capital Assets	167,746	161,269	96,339	94,810	264,085	256,079
Total Assets	<u>\$ 206,788</u>	<u>\$ 205,403</u>	<u>\$ 120,213</u>	<u>\$ 117,055</u>	<u>\$ 327,001</u>	<u>\$ 322,458</u>
Total Deferred Outflow of Resources	\$ 2,395	\$ 1,881	\$ 313	\$ 233	\$ 2,708	\$ 2,114
Current and Other Liabilities	\$ 4,147	\$ 5,371	\$ 1,527	\$ 2,255	\$ 5,674	\$ 7,626
Long-Term Liabilities	16,350	6,588	8,149	7,567	24,499	14,155
Total Liabilities	<u>20,497</u>	<u>11,959</u>	<u>9,676</u>	<u>9,822</u>	<u>30,173</u>	<u>21,781</u>
Total Deferred Inflow of Resources	\$ 2,617	\$ 8,312	\$ 284	\$ 1,029	\$ 2,901	\$ 9,341
Net Position:						
Net Investment in Capital Assets	164,871	157,464	89,484	86,693	254,355	244,157
Restricted	6,461	6,292	1,892	1,014	8,353	7,306
Unrestricted	14,737	23,257	19,191	18,730	33,928	41,987
Total Net Position	<u>\$ 186,069</u>	<u>\$ 187,013</u>	<u>\$ 110,567</u>	<u>\$ 106,437</u>	<u>\$ 296,636</u>	<u>\$ 293,450</u>

Net position of \$8.4M or 2.8% of the total represent resources that are subject to external restrictions on how they may be used. This represents an increase of \$1.05M in the City's restricted net position from June 30, 2015. The remaining balance of \$33.9M may be used to meet the government's ongoing obligations to its citizens and creditors.

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, the City's overall net position increased \$3.2M from the prior fiscal year's net position. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Analysis of Change Net Position

CITY OF GRANTS PASS - CHANGES IN NET POSITION							
<i>(In thousands of dollars)</i>							
	Governmental Activities		Business-Type Activities		Total		
	2016	2015	2016	2015	2016	2015	
REVENUES:							
Program Revenues:							
Charges for Services	\$ 9,445	\$ 5,881	\$ 12,406	\$ 12,100	\$ 21,851	\$ 17,981	
Operating Grants & Contributions	148	866	-	-	148	866	
Capital Grants & Contributions	-	1,424	1,587	62	1,587	1,486	
General Revenues:							
Taxes	23,419	21,876	-	-	23,419	21,876	
Intergovernmental	3,697	3,618	207	2	3,904	3,620	
Other	1,117	1,125	1,618	984	2,735	2,109	
Total Revenues	<u>37,826</u>	<u>34,790</u>	<u>15,818</u>	<u>13,148</u>	<u>53,644</u>	<u>47,938</u>	
EXPENSES:							
Public Safety	26,168	17,333	-	-	26,168	17,333	
Transportation	3,330	2,029	-	-	3,330	2,029	
Building	804	400	-	-	804	400	
Parks	2,723	1,827	-	-	2,723	1,827	
Development	2,462	1,604	-	-	2,462	1,604	
General Government	2,343	1,577	-	-	2,343	1,577	
Solid Waste	685	448	-	-	685	448	
Water	-	-	5,694	4,188	5,694	4,188	
Sewer	-	-	6,078	4,592	6,078	4,592	
Interest	172	206	-	-	172	206	
Total Expenses	<u>38,687</u>	<u>25,424</u>	<u>11,772</u>	<u>8,780</u>	<u>50,459</u>	<u>34,204</u>	
Change in Net Position before Transfers	(861)	9,366	4,046	4,368	3,185	13,734	
Transfers	(83)	(626)	83	626	-	-	
Change in Net Position	(944)	8,740	4,129	4,994	3,185	13,734	
Net Position - Beginning	<u>187,013</u>	<u>178,273</u>	<u>106,437</u>	<u>101,443</u>	<u>293,450</u>	<u>279,716</u>	
Net Position - Ending	\$ <u>186,069</u>	\$ <u>187,013</u>	\$ <u>110,566</u>	\$ <u>106,437</u>	\$ <u>296,635</u>	\$ <u>293,450</u>	

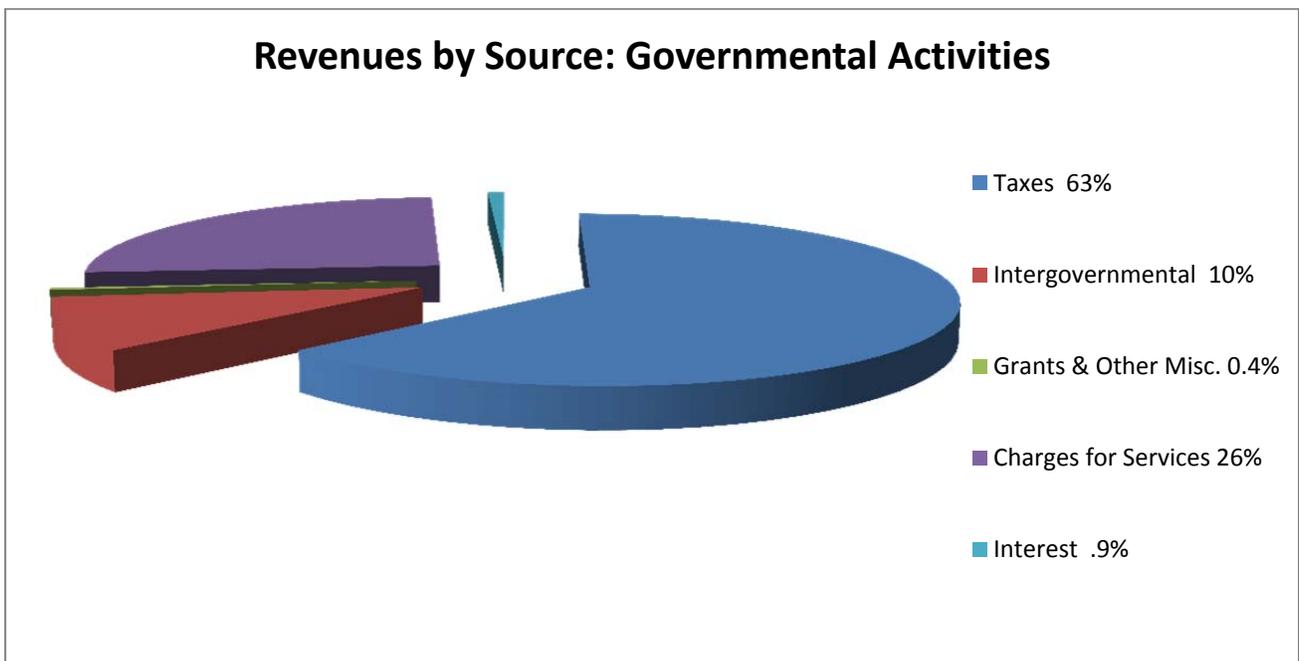
The statement of activities is a full accounting of all short-term and long-term expense accruals and differs significantly from budgetary statements or even the statement of revenues, expenditures, and changes in fund balances. For example, the statement of activities factors in program allocations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

The City's total revenues were \$53.6M, of which a significant portion, 43.7%, came from taxes, while 40.7% relates to charges for services, including user fees and licenses and permits. Grants & Contributions decreased slightly during the year primarily as a result of a large CDBG grant for a capital project in the previous year. Certain expenses such as long-term liability expense accruals and capital asset depreciation are allocated to departments based on the size of the department as a percentage of budgetary expenditures.

Governmental Activities. The net position decrease from governmental activities was approximately 0.5%, or approximately \$0.9M for the fiscal year. This small decrease in net position was largely due to this year's calculation of pension expense amounts after the FY15 implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions", and GASB statement No. 71 "Pension Transition for

Contributions Made Subsequent to the Measurement Date.” In fiscal 2015, the measurement requirements for GASB 68 and GASB 71 resulted in a large increase in net position during the initial year of implementation. However, due to a supreme court ruling and changing measurements for the State pension system as a whole, this year’s GASB 68 impact resulted in moving from a net pension asset to a net pension liability with a corresponding significant increase to pension expenses for the year. The additional pension expenses as a result of required GASB 68 measurements added approximately \$8.6 million in additional expenses for Governmental Activities in FY’16. Footnote 10 to the financial statements provides much more comprehensive information about the impact of this relatively new pension related GASB statement.

Revenue from governmental activities increased approximately 8.7% for the year, largely due to higher assessed values after the relatively large FY’15 annexation and higher charges for services resulting from higher level of development activity during the year. Many development sensitive revenues in the Planning and Building divisions along with System Development Charge (SDC) revenues showed a significant increase from the previous year due to higher levels of commercial and residential building activity during the year. Grants Pass’ real estate assessed value rose by 6.6% as market values increased slightly this year and a major annexation was approved in the previous year. The following chart shows the revenue from governmental activities by source.

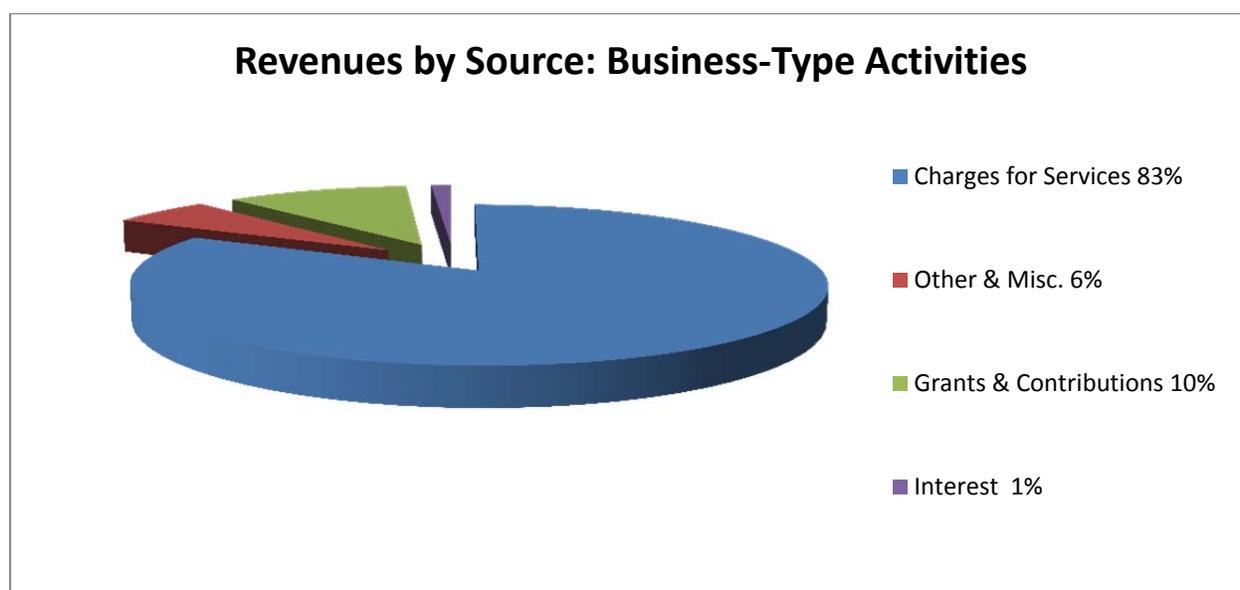


Total tax revenue increased 7.1% in FY’16 generating approximately \$1.5M more in revenues than in FY’15. Franchise (Right of Way) taxes increased \$0.16M, Transient Room Taxes increased \$0.22M, Business Taxes were close to flat from the previous year, and Property Taxes increased \$1.15M. Grants and contributions were lower than last year due to a large CDBG grant for a capital project in the previous year. The \$1.5M CDBG grant for the Josephine County food bank facility on the City’s River Road Reserve Property made a large impact on total grant revenue for the previous year.

Governmental expenses increased by \$13.3M or 52%. The increase was primarily due to the second year of recording pension expenses measured under GASB 68 and GASB 71 as previously discussed. The total difference in pension expense, compared to the previous year, resulted in accounting for over \$12M in

the difference of governmental expenses from the previous year. Other expense changes from year to year were relatively routine inflationary and other adjustments, including the addition of 6 new Public Safety positions compared to the total authorized staffing in the previous year.

Business-type Activities. The business-type activities experienced a 3.9% increase, or \$4.1M, in net position for the fiscal year. The Water and Wastewater Funds together had slightly higher charges for services revenues and are carrying over additional resources to begin preparing for large capital projects such as the Wastewater Plant expansion and the construction of the new Water Treatment Plant. The implementation of GASB 68 and GASB 71 last fiscal year also increased liabilities on the net position for business-type activities and significantly increased expenses for business-type activities similar to what was previously described in governmental activities. Pension related transactions required by GASB 68 and GASB 71 are allocated to all areas of operations in the statement of activities based on percentages of contractually required pension contributions in each of the operations areas.



Charges for services accounted for 83% of the revenues in the City's business-type activities. As the current economy continues to show modest growth in commercial and residential building activities, growth in total City utility accounts has also remained steady. The increase of \$0.31M in charges for service over the prior fiscal year (or a 2.5% increase) can be largely attributed to the Cost of Living (CPI) Index applied to the water and sewer rates each January along with modest growth in new utility accounts. Contributions increased from the previous year due to new residential subdivisions and the contribution of utility infrastructure from developers to the City from the new subdivisions.

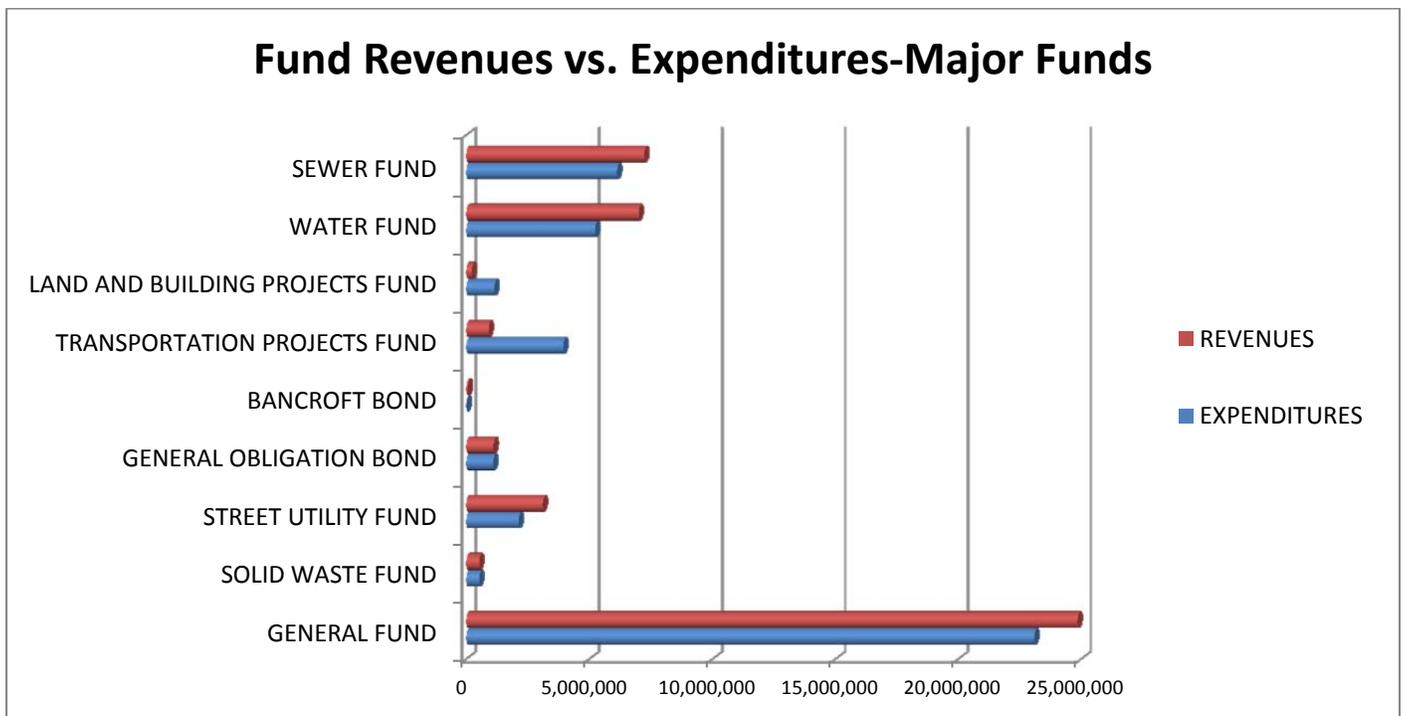
Water operational expenses increased 36%, or \$1.51M, largely the result of the implementation of the GASB 68 and GASB 71 pension accounting standard in the previous year and the valuation changes in the net pension liability compared to the previous year. In wastewater operational expenses increased 32% or \$1.49M for similar reasons. The expense increase compared to the previous year from GASB 68 and GASB 71 measurements resulted in an increase to expenses of about \$0.9M in the Water Fund and \$0.9M in the Sewer Fund. An increase in professional expenditures for both the Water and Sewer Funds made up most of the remainder of the increase in expenses compared to the previous year. Both utilities were in the process of completing updated master plans for the plants and for the distribution and collection systems.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$27,142,211 which is an increase of \$0.3M in comparison with the prior year. Approximately 36% of this amount or \$9.7M constitutes unassigned fund balance which is available for spending at the government's discretion. The small increase in total fund balance is largely the result of an increase of about \$0.7M in the General Fund balance from a strong increase in assessed property values and increased property development activities in the year, offset by modest increases and decreases in various capital project and special revenue fund balances.



The General Fund is the chief operating fund of the City. It ended the year with a balance of \$14.8 million, an increase of \$0.7M for the year. The increase in the General Fund balance was due mostly to significant increases in real estate assessed values for the year (compared to recent years) and also strong levels of commercial and residential building activities compared to recent years. There are some restricted and assigned resources in the General Fund such as the Building Permit fees which by law can only be used for the operation of the building division. It's also worth noting that unassigned amount of fund balance in

the General Fund, the amount available for discretionary spending, was nearly unchanged from the previous year and ended at \$10.5M for the year.

The unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$13.8M. The ending budgetary fund balance for the General Fund was closer to \$13.3M, with the difference being an interfund loan due from the Lands and Buildings Fund. The budgetary fund balance represents approximately 48% of total general fund expenditures budgeted for FY'17, slightly above the 30% to 40% financial policy guidelines. As revenue growth is not expected to exceed expenditure growth in the short-term, some of this fund balance excess compared to financial policies will be carried over for use in future fiscal years or for use in one-time capital projects.

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, 2016 and 2015**

	2016	2015	Change
Bancroft Bond Fund	\$ (722,189)	\$ (779,849)	\$ 57,660
General Obligation Bond Fund	69,537	56,894	12,643
Street Utility Fund	1,333,200	1,360,714	(27,514)
Transportation Projects Fund	4,522,778	5,545,797	(1,023,019)
Solid Waste	2,396,859	2,422,977	(26,118)
Lands & Buildings Project Fund	3,212,622	2,695,599	517,023
Total Fund Balances	<u>\$ 10,812,807</u>	<u>\$ 11,302,132</u>	<u>\$ (489,325)</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 slightly 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 Transportation Projects Fund balance decreased during the year as major transportation projects such as Redwood Avenue, Eastern Avenue, and Terry Lane moved into the construction phase during the year. The Street Utility Fund collects revenues for both the maintenance of City streets and for transportation capital projects. Any fund balance resources above 25% of operational expenditures in the Street Utility Fund will be transferred to the Transportation Projects Fund in future fiscal years so the fund balance in the Street Utility Fund won't change much in a typical year as it merely maintains close to its target fund balance. The Lands & Buildings Project Fund balance increased \$0.5M for the year due to many Parks and other capital projects being funded but remaining in the planning phases before construction begins.

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

Schedule of Major Business-type Unrestricted Net Position

As of June 30, 2016 and 2015

	2016	2015	Change
Water Fund	\$ 7,860,028	\$ 7,042,697	\$ 817,331
Sewer Fund	7,509,243	7,366,590	142,653
Total Unrestricted Net Assets	\$ 15,369,271	\$ 14,409,287	\$ 959,984

The unrestricted net position for the Water Fund at the end of the fiscal year was \$7.9M and was \$7.5M for the Sewer Fund. Generally the utility funds maintain a contingency balance in the operating fund (separate from the capital projects fund in each utility) of close to 25% of annual expenditures and the rest of available funds are transferred to the utility's capital project fund for use in the completion of infrastructure projects. The unrestricted net position amounts shown above are primarily the operating fund contingency plus funds available to complete infrastructure projects. The Water Fund and Sewer Fund are both carrying over additional resources for major upcoming capital projects such as the Wastewater Plant expansion and the construction of the new Water Treatment Plant which were both in the planning phase during FY'16.

General Fund Budgetary Highlights

Original budget compared to final budget and final budget compared to actual results: During FY'16 there was only one budget adjustment approved by the City Council in the fourth quarter of FY'16. A transfer of appropriation from the General Fund Building and Safety Services contingency to the General Fund Building and Safety Services Division was done for \$25,000 to cover a higher than expected number of contractual inspections required for the year due to strong residential and commercial development activity.

Overall General Fund revenues came in 4.6% above budget. Along with taxes over budget, licenses and permits and charges for services were also over budget due to a pickup in residential and commercial development activity. The largest differences between estimated revenues and actual revenues were as follows.

Revenue Source	Estimated revenues	Actual revenues	Differences
Taxes	\$20,418,738	\$20,895,911	\$477,173
Charges for Services	\$1,009,070	\$1,276,774	\$267,704
Licenses and Permits	\$290,960	\$638,032	\$347,072

The only major General Fund revenue categories that came in under budget for the year was Intergovernmental Revenue with a shortfall of \$96,810 for the year mostly due to discontinuing the grant funded Firewise program in the Fire Rescue division which previously provided close to \$80k per year in grant revenues.

The unrestricted budgetary balance for the General Fund, which includes all General Fund programs except restricted resources from areas such as the Building and Tourism departments, was \$12.4M. This

equates to a balance slightly higher than the City's financial policy range of 30% to 40% of annual expenditures, but this excess is projected to be needed as a carryover during the current fixed rate four-year Public Safety property tax operating levy that ends in FY'18. General Fund departments with the largest budgetary savings during the year by dollar amount included Public Safety, Parks Maintenance, and Planning, largely due to personnel vacancies at different points in the year. Public Safety was by far the largest contributor to expenditure savings in dollar amounts compared to budget as it is the largest department in the General Fund. General Fund operating departments were overall 8.7% under the revised expenditure budget for the year. Public Safety expenditures in FY'16 were also 7.9% under budget, again due largely to savings in personnel budgets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal 2016, the City had invested \$264,085,539 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 \$8.01 million. The following table reconciles the change in capital assets. Additions include assets acquired or under construction at year-end. Reductions are for the disposition of assets and depreciation.

	Changes in Capital Assets (In Millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Beginning Balance	\$ 161	\$ 156	\$ 95	\$ 96	\$ 256	\$ 252
Additions	9.69	8.04	3.83	1.76	13.52	9.80
Retirement/Other	(0.02)	(0.05)	-	-	(0.02)	(0.05)
Depreciation	(2.95)	(2.87)	(2.57)	(2.51)	(5.52)	(5.38)
Ending Balance	\$ 168	\$ 161	\$ 96	\$ 95	\$ 264	\$ 256

Major additions to Governmental Activities assets for the year were generated largely by Transportation projects. In addition to developer installed infrastructure and right-of-way acquisitions, street projects such as Redwood Avenue and Lincoln Road added to infrastructure. These street projects added capital assets of \$1.4M and \$.5M, respectively.

In the Business-type activities, the Water Fund added approximately \$0.98M in capital assets (before depreciation) for City constructed water infrastructure and water plant capital projects in process. The Sewer Fund added a net amount of \$1.4M to capital assets before depreciation, about half of which was underground pipeline infrastructure and half construction in process on the Water Restoration Plant expansion.

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

Long-Term Debt. At year-end the City had bonds and notes outstanding that totaled \$9.73M. All of the current debt is backed by the full faith and credit of the government, including the current bonds payable by the business-type activities. Debt outstanding was as follows at year-end:

Outstanding Debt at Year End		
(in millions)		
	2016	2015
Governmental:		
General obligation	\$ 2.87	\$ 3.81
Business-type Activities:		
Bonds payable	6.40	7.57
Unamortized Premium / Discount	0.46	0.54
Sub Total	6.86	8.11
Total	<u>\$ 9.73</u>	<u>\$ 11.92</u>

Decreases to outstanding debt above for the last year were the result of regular annual debt service payments and there was no new debt issued during FY'16. The City maintains a bond rating of "Aa3" with Moody's for its General Obligation debt and an "AA-" rating with Standard & Poor's for its Full Faith and Credit debt issues. Detailed charts about the City's debt are presented in Note 8 of the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of total real market value of the taxable property within its boundaries (ORS 287A.050). The current debt margin for the City is \$99,363,042 which is the legal limit of additional general obligation borrowings.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City and were considered in developing the 2016-2017 budget.

- The City's General Fund is dependent on property taxes. With a continued modest activity in construction, and assessed values moving closer to real market values, the key factors used to build the property tax estimates for FY'17 included a 1.5% increase in assessed value on existing properties in addition to a modest new construction estimate based on actual construction activity in the previous calendar year. The property tax revenue budget uses a 93.5% collection rate for the current year levy in addition to a percentage of past due and outstanding property tax levies from previous years. The total estimated increase in property tax revenues for the FY'17 levy is a budget of \$0.59M in additional property tax revenues for the General Fund (for the current year's estimated total levy compared to last year's actual levy), with an estimated 2.2% assessed value growth coming from new construction.

- The Council, wishing to maintain service levels in our growing community, placed before the voters a four-year Public Safety levy renewal in 2013 at a \$1.79/\$1,000 assessed value. The measure was approved by a large voting margin and will provide continued Public Safety funding for the fiscal years of FY'15 through FY'18. The rate approved by voters was the same local option levy rate that funded Public Safety between in FY'10 and FY'14.
- Other General Fund revenue trends and assumptions include:
 - In the near-term, consumption of utilities is expected to stay relatively flat so franchise tax budget revenue changes are based merely on anticipated utility rate changes.
 - State revenue sharing amounts in total are not expected to have significant changes in the near-term as these are a percentage of the alcohol tax revenues paid in to the State and amounts do not typically fluctuate a great deal from year to year unless Cities have significant population changes. A minimal amount of growth is factored in for State revenue sharing and population growth in the City.
- System Development Charge (SDC) revenues generally have a very conservative budget and are not transferred for use in capital projects until they have been made available from actual receipts in previous fiscal years. This avoids uncertainty in the funding for capital projects from development levels that can vary from year to year.
- Personnel expenses continue to put pressure on budgets as PERS rates are set to resume increases starting in FY'18 and health insurance premiums are expected to continue to grow at the average of close to 8%-10% per year seen over the last decade. An insurance committee composed of labor representatives, the City's agent of record, and management, continue to look at ways to lower these costs or limit premium increases in future years through modifications to plans and attaining numerous competitive insurance quotes.
- At least three of the four City bargaining units will be in negotiations for wages or the full labor contract before 2017. Budgets generally assume inflation rates of 1-2% for wages and certain other operational costs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the City's finances. If you have any questions about this report or need additional information please contact the Finance Department at the City of Grants Pass at (541) 450-6035, 101 N.W. "A" Street, Grants Pass, Oregon, 97526.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS



CITY OF GRANTS PASS, OREGON
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Josephine County City of Grants Pass Solid Waste Agency
ASSETS				
<i>Assets</i>				
Cash and Cash Equivalents	\$ 37,500,478	\$ 16,491,818	\$ 53,992,296	\$ 2,268,309
Receivables, net	4,216,641	1,668,852	5,885,493	-
Prepays	237,237	-	237,237	-
Internal Balances	(3,821,657)	3,821,657	-	-
Restricted Assets:				
Cash and Cash Equivalents	579,572	1,694,915	2,274,487	-
Receivables, net	329,669	196,776	526,445	-
Net Pension Asset	-	-	-	-
Capital Assets not being depreciated	77,830,063	2,959,064	80,789,127	-
Capital Assets, net of Accumulated Depreciation	89,916,137	93,380,275	183,296,412	-
Total Assets	<u>206,788,140</u>	<u>120,213,357</u>	<u>327,001,497</u>	<u>2,268,309</u>
DEFERRED OUTFLOW OF RESOURCES				
Changes in employer proportion and differences between employer contribution and proportionate share of contributions	<u>2,394,584</u>	<u>313,088</u>	<u>2,707,672</u>	<u>-</u>
LIABILITIES AND NET POSITION				
<i>Liabilities</i>				
Accounts Payable and Other Current Liabilities	1,109,271	353,952	1,463,223	66,476
Accrued Payroll	924,789	149,030	1,073,819	-
Retainage Payable	4,421	11,175	15,596	-
Customer Deposits	-	72,219	72,219	-
Noncurrent Liabilities				
Due Within One Year	2,108,393	941,000	3,049,393	-
Due in More than One Year	16,349,613	8,148,825	24,498,438	-
Total Liabilities	<u>20,496,487</u>	<u>9,676,201</u>	<u>30,172,688</u>	<u>66,476</u>
DEFERRED INFLOW OF RESOURCES				
Differences between projected and actual investment earnings	<u>2,616,794</u>	<u>283,902</u>	<u>2,900,696</u>	<u>-</u>
NET POSITION				
Net Investments in Capital Assets	164,871,200	89,483,723	254,354,923	-
Restricted for				
Transportation	1,304,946	-	1,304,946	-
Lands & Building Capital	614,108	-	614,108	-
System Development	1,679,610	1,891,691	3,571,301	-
CDBG/HUD	958,040	-	958,040	-
Building & Safety	939,687	-	939,687	-
Tourism/Recreation/TRT Approved	854,169	-	854,169	-
Debt Service	69,537	-	69,537	-
Other purposes	41,610	-	41,610	-
Unrestricted	<u>14,736,536</u>	<u>19,190,928</u>	<u>33,927,464</u>	<u>2,201,833</u>
Total Net Position	<u>\$ 186,069,443</u>	<u>\$ 110,566,342</u>	<u>\$ 296,635,785</u>	<u>\$ 2,201,833</u>

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
Public Safety	\$ 26,168,284	\$ 326,369	\$ 39,411	\$ -
Transportation	3,329,800	2,177,575	102,552	-
Building	803,949	821,100	-	-
Parks	2,723,357	24,970	3,600	-
Development	2,461,645	293,592	2,299	-
General Government	2,342,794	5,331,862	-	-
Solid Waste	685,545	469,853	-	-
Interest	171,600	-	-	-
Total Governmental Activities	<u>38,686,974</u>	<u>9,445,321</u>	<u>147,862</u>	<u>-</u>
Business-Type Activities				
Water	5,694,622	6,210,224	-	1,186,291
Sewer	6,077,698	6,195,710	-	401,531
Total Business-Type Activities	<u>11,772,320</u>	<u>12,405,934</u>	<u>-</u>	<u>1,587,822</u>
Total Primary Government	<u>\$ 50,459,294</u>	<u>\$ 21,851,255</u>	<u>\$ 147,862</u>	<u>\$ 1,587,822</u>
Component Unit				
Josephine County-City of Grants				
Pass Solid Waste Agency	<u>\$ 228,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

	Governmental Activities	Business-Type Activities	Total	Component Unit Josephine County City of Grants Pass Solid Waste Agency
	\$ (25,802,504)	\$ -	\$ (25,802,504)	\$ -
	(1,049,673)	-	(1,049,673)	-
	17,151	-	17,151	-
	(2,694,787)	-	(2,694,787)	-
	(2,165,754)	-	(2,165,754)	-
	2,989,068	-	2,989,068	-
	(215,692)	-	(215,692)	-
	(171,600)	-	(171,600)	-
	<u>(29,093,791)</u>	<u>-</u>	<u>(29,093,791)</u>	<u>-</u>
	-	1,701,893	1,701,893	-
	-	519,543	519,543	-
	-	<u>2,221,436</u>	<u>2,221,436</u>	-
	<u>(29,093,791)</u>	<u>2,221,436</u>	<u>(26,872,355)</u>	-
	-	-	-	(228,811)
General Revenues				
Taxes:				
Property	17,952,698	-	17,952,698	-
Business	293,333	-	293,333	-
Franchise	3,753,097	-	3,753,097	-
Transient Room	1,419,998	-	1,419,998	-
Intergovernmental-unrestricted	3,696,770	207,352	3,904,122	281,000
Interest	318,164	175,311	493,475	16,789
Trust Receipts - unrestricted	94,755	51,119	145,874	-
SDC Receipts	-	1,268,480	1,268,480	-
Miscellaneous	704,468	123,045	827,513	-
Transfers	(82,836)	82,836	-	-
Total General Revenues and Transfers	<u>28,150,447</u>	<u>1,908,143</u>	<u>30,058,590</u>	<u>297,789</u>
Change in Net Position	(943,344)	4,129,579	3,186,235	68,978
Net Position - Beginning	<u>187,012,787</u>	<u>106,436,763</u>	<u>293,449,550</u>	<u>2,132,855</u>
Net Position - Ending	<u>\$ 186,069,443</u>	<u>\$ 110,566,342</u>	<u>\$ 296,635,785</u>	<u>\$ 2,201,833</u>

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2016

	SPECIAL REVENUE			DEBT SERVICE	
	GENERAL	SOLID WASTE	STREET UTILITY	GEN OBLIGATION BOND	BANCROFT BOND
ASSETS					
Cash and Investments	\$ 13,076,733	\$ 1,554,992	\$ 1,115,797	\$ 54,662	\$ 18,240
Receivables:					
Taxes	2,134,467	-	-	98,035	-
Intergovernmental	223,301	-	191,178	-	-
Accounts, net	398,511	71,739	116,866	-	-
Accrued Interest	6,102	-	-	-	64,986
Notes and Contracts	-	21,903	-	-	-
Grants	7,620	-	-	-	-
Assessment Liens	-	-	-	-	399,569
Due from Other Funds	1,460,000	819,200	-	-	-
Prepaid Items	38,223	-	1,306	-	-
Restricted Assets					
Cash and Cash Equivalents	-	-	-	-	-
Notes and Taxes Receivable	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Total Assets	<u>\$ 17,344,957</u>	<u>\$ 2,467,834</u>	<u>\$ 1,425,147</u>	<u>\$ 152,697</u>	<u>\$ 482,795</u>
LIABILITIES					
Accounts Payable	\$ 425,343	\$ 7,640	\$ 65,916	\$ -	\$ -
Salaries, Withholdings and Taxes Payable	699,343	800	26,031	-	-
Due to Other Funds	-	-	-	-	819,200
Retainage Payable	-	-	-	-	-
Total Liabilities	<u>1,124,686</u>	<u>8,440</u>	<u>91,947</u>	<u>-</u>	<u>819,200</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - property taxes	\$ 1,234,976	\$ -	\$ -	\$ 83,160	\$ -
Unavailable revenue - grants	769	-	-	-	-
Unavailable revenue - accounts receivable	185,189	62,535	-	-	-
Unavailable revenue - special assessments	-	-	-	-	385,784
Unavailable revenue - loans	-	-	-	-	-
Total Deferred Inflows	<u>1,420,934</u>	<u>62,535</u>	<u>-</u>	<u>83,160</u>	<u>385,784</u>
FUND BALANCES (DEFICITS)					
<i>Nonspendable:</i>	\$ 38,223	\$ -	\$ 1,306	\$ -	\$ -
<i>Restricted for:</i>					
Transportation	-	-	-	-	-
Lands & Building Capital	-	-	-	-	-
System Development	-	-	-	-	-
CDBG/HUD	-	-	-	-	-
Building & Safety	939,687	-	-	-	-
Tourism/Recreation/TRT Approved	21,795	-	-	-	-
Debt Service	-	-	-	69,537	-
Other purposes (COPA, Environmental Fees, PEG)	6,474	32,019	-	-	-
<i>Committed to:</i>					
Transportation, Water, Wastewater	-	-	-	-	-
<i>Assigned to:</i>					
Lands & Building Capital	-	-	-	-	-
Public Safety	3,247,856	-	-	-	-
Economic Development	84,604	-	-	-	-
Solid Waste	-	202,306	-	-	-
Transportation	-	-	1,331,894	-	-
Storm Water	-	-	-	-	-
Capital Projects	-	2,162,534	-	-	-
<i>Unassigned:</i>	10,460,698	-	-	-	(722,189)
Total Fund Balances	<u>14,799,337</u>	<u>2,396,859</u>	<u>1,333,200</u>	<u>69,537</u>	<u>(722,189)</u>
Total Liabilities, deferred inflow of resources and Fund Balances	<u>\$ 17,344,957</u>	<u>\$ 2,467,834</u>	<u>\$ 1,425,147</u>	<u>\$ 152,697</u>	<u>\$ 482,795</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS			
TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	TOTAL NON-MAJOR	TOTAL GOVERNMENTAL
\$ 4,439,943	\$ 4,523,853	\$ 1,280,618	\$ 26,064,838
-	-	25,973	2,258,475
-	-	-	414,479
1,785	16,061	-	604,962
24,840	-	23,868	119,796
80,949	-	128,660	231,512
150,523	-	16,766	174,909
-	-	-	399,569
-	-	-	2,279,200
23,942	3,396	-	66,867
198,007	183,738	197,827	579,572
233,867	33,479	20,846	288,192
19,788	11,237	10,452	41,477
<u>\$ 5,173,644</u>	<u>\$ 4,771,764</u>	<u>\$ 1,705,010</u>	<u>\$ 33,523,848</u>
\$ 185,723	\$ 66,418	\$ 9,158	\$ 760,198
765	863	-	727,802
-	1,460,000	-	2,279,200
4,421	-	-	4,421
<u>190,909</u>	<u>1,527,281</u>	<u>9,158</u>	<u>3,771,621</u>
\$ -	\$ -	\$ -	\$ 1,318,136
150,524	-	-	151,293
-	-	-	247,724
228,484	-	-	614,268
80,949	31,861	165,785	278,595
<u>459,957</u>	<u>31,861</u>	<u>165,785</u>	<u>2,610,016</u>
\$ 23,942	\$ 3,396	\$ -	\$ 66,867
1,304,946	-	-	1,304,946
-	614,108	-	614,108
1,051,045	444,562	184,003	1,679,610
-	-	958,040	958,040
-	-	-	939,687
125,000	490,416	216,958	854,169
-	-	-	69,537
3,117	-	-	41,610
253,683	227,243	-	480,926
-	-	-	-
-	-	-	3,247,856
-	-	-	84,604
-	-	-	202,306
-	-	-	1,331,894
-	-	171,066	171,066
1,761,045	1,432,897	-	5,356,476
-	-	-	9,738,509
<u>4,522,778</u>	<u>3,212,622</u>	<u>1,530,067</u>	<u>27,142,211</u>
<u>\$ 5,173,644</u>	<u>\$ 4,771,764</u>	<u>\$ 1,705,010</u>	<u>\$ 33,523,848</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO STATEMENT OF NET POSITION
 June 30, 2016

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

Fund Balances	\$	27,142,211
<p>The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the City as a whole.</p>		
Net Capital Assets		164,668,554
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.</p>		
Deferred Inflow of Resources-Pension	(2,070,180)	
General Obligation Bonds	(2,875,000)	
Net Adjustment	(4,945,180)	(4,945,180)
<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		(1,872,604)
Other Post Employment Benefits		(2,127,521)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>		
Net Pension Asset (Liability)		(8,191,488)
Deferred Inflow of Resources		2,610,016
Deferred Outflow of Resources-Pension		1,857,401
<p>Internal service funds are used by the City to account for the fleet operations, support services, administrative service and insurance services that are provided to the other departments and agencies on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>		
Internal Service Fund Net Position		6,928,054
Total Net Position	\$	186,069,443

The accompanying notes are an integral part of this statement.



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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016**

	<u>SPECIAL REVENUE</u>			<u>DEBT SERVICE</u>	
	<u>GENERAL</u>	<u>SOLID WASTE</u>	<u>STREET UTILITY</u>	<u>GEN OBLIGATION BOND</u>	<u>BANCROFT BOND</u>
REVENUES:					
Taxes	\$ 20,895,911	\$ -	\$ -	\$ 1,110,208	\$ -
Licenses and Permits	638,032	-	11,581	-	-
Intergovernmental	1,563,493	15,000	2,155,478	-	-
Charges for Services	1,276,774	469,853	932,513	-	-
Fines and Forfeitures	204,658	-	-	-	-
Special Assessments	-	-	-	-	72,212
Interest on Investments	106,967	17,018	3,968	4,035	549
Trust Receipts	-	-	-	-	-
Miscellaneous Revenues	173,205	26,626	6,167	-	-
Total Revenues	<u>24,859,040</u>	<u>528,497</u>	<u>3,109,707</u>	<u>1,114,243</u>	<u>72,761</u>
EXPENDITURES:					
Current:					
Public Safety	17,619,029	-	-	-	-
Transportation	-	-	2,134,827	-	-
Building	485,299	-	-	-	-
Parks	1,818,375	-	-	-	-
Development	1,607,883	-	-	-	-
General Government	1,564,674	-	-	-	15,101
Solid Waste	-	471,963	-	-	-
Capital Outlay	-	58,652	-	-	-
Debt Service	-	-	-	1,101,600	-
Total Expenditures	<u>23,095,260</u>	<u>530,615</u>	<u>2,134,827</u>	<u>1,101,600</u>	<u>15,101</u>
Excess of Revenues Over, (Under) Expenditures	<u>1,763,780</u>	<u>(2,118)</u>	<u>974,880</u>	<u>12,643</u>	<u>57,660</u>
OTHER FINANCING SOURCES (USES)					
Sale of Assets	5,497	-	48	-	-
Transfers In	1,041,929	5,000	307,558	-	-
Transfer Out	(2,092,544)	(29,000)	(1,310,000)	-	-
Total Other Financing Sources, (Uses)	<u>(1,045,118)</u>	<u>(24,000)</u>	<u>(1,002,394)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	718,662	(26,118)	(27,514)	12,643	57,660
Beginning Fund Balance	<u>14,080,675</u>	<u>2,422,977</u>	<u>1,360,714</u>	<u>56,894</u>	<u>(779,849)</u>
Ending Fund Balance (Deficit)	<u>\$ 14,799,337</u>	<u>\$ 2,396,859</u>	<u>\$ 1,333,200</u>	<u>\$ 69,537</u>	<u>\$ (722,189)</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS			
TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	TOTAL NON-MAJOR	TOTAL GOVERNMENTAL
\$ -	\$ -	\$ 1,419,998	\$ 23,426,117
-	-	-	649,613
102,552	5,000	2,299	3,843,822
212,233	102,307	123,674	3,117,354
-	-	-	204,658
-	-	-	72,212
67,709	39,277	18,392	257,915
94,505	-	250	94,755
434,108	90,189	19,010	749,305
<u>911,107</u>	<u>236,773</u>	<u>1,583,623</u>	<u>32,415,751</u>
-	-	-	17,619,029
-	-	-	2,134,827
-	-	-	485,299
-	-	-	1,818,375
-	-	28,486	1,636,369
-	-	-	1,579,775
-	-	-	471,963
3,942,623	1,147,003	201,485	5,349,763
-	-	-	1,101,600
<u>3,942,623</u>	<u>1,147,003</u>	<u>229,971</u>	<u>32,197,000</u>
<u>(3,031,516)</u>	<u>(910,230)</u>	<u>1,353,652</u>	<u>218,751</u>
-	-	-	5,545
2,098,497	1,427,253	116,404	4,996,641
(90,000)	-	(1,394,097)	(4,915,641)
<u>2,008,497</u>	<u>1,427,253</u>	<u>(1,277,693)</u>	<u>86,545</u>
(1,023,019)	517,023	75,959	305,296
<u>5,545,797</u>	<u>2,695,599</u>	<u>1,454,108</u>	<u>26,836,915</u>
<u>\$ 4,522,778</u>	<u>\$ 3,212,622</u>	<u>\$ 1,530,067</u>	<u>\$ 27,142,211</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, 2016

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

Excess of Expenditures over Revenues \$ 305,296

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	3,311,076	
Capital Contributions	5,420,282	
Depreciation Expense	(2,522,870)	
Net Adjustment	6,208,488	6,208,488

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.

Net pension expense	(6,735,103)	
Compensated Absences	(206,952)	
GASB45-OPEB	(147,322)	
General Obligation Bond Payments	930,000	
Net Adjustment	(6,159,377)	(6,159,377)

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

Property Taxes	(6,992)	
Special Assessments	(43,768)	
Misc Notes and Grants	(114,490)	
Net Adjustment	(165,250)	(165,250)

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

Internal Service Fund Change in Net Position		(1,132,501)
Change in Net Position		\$ (943,344)

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	WATER FUND	SEWER FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS:				
Current Assets				
Cash and Investments	\$ 8,387,021	\$ 8,104,797	\$ 16,491,818	\$ 11,435,640
Prepaid Items	-	-	-	170,370
Accounts Receivable	839,974	777,042	1,617,016	12,939
Notes Receivable	32,068	14,248	46,316	-
Interest Receivable	2,632	2,888	5,520	-
Restricted Assets				
Cash and Investments	838,025	856,890	1,694,915	-
Accrued Interest and Accounts Receivable	23,956	23,346	47,302	-
Notes	67,847	81,627	149,474	-
Total Current Assets	<u>10,191,523</u>	<u>9,860,838</u>	<u>20,052,361</u>	<u>11,618,949</u>
Noncurrent Assets				
Capital Assets, Net	56,402,389	39,936,950	96,339,339	3,077,646
Total assets	<u><u>66,593,912</u></u>	<u><u>49,797,788</u></u>	<u><u>116,391,700</u></u>	<u><u>14,696,595</u></u>
DEFERRED OUTFLOW OF RESOURCES				
Changes in employer proportion and differences between employer contribution and proportionate share of contributions	<u>154,875</u>	<u>158,213</u>	<u>313,088</u>	<u>537,183</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	144,382	190,689	335,071	296,877
Pending Claims	-	-	-	52,196
Salaries, Withholdings and Taxes Payable	86,389	62,641	149,030	196,987
Compensated Absences	90,000	86,000	176,000	234,393
Accrued Interest Payable	9,531	9,350	18,881	-
Bonds, Notes Payable Within One Year	390,000	375,000	765,000	-
Customer Deposits Payable	72,219	-	72,219	-
Contractor Retainage Payable	-	11,175	11,175	-
Total Current Liabilities	<u>792,521</u>	<u>734,855</u>	<u>1,527,376</u>	<u>780,453</u>
Long-Term Liabilities				
Compensated Absences	56,015	111,708	167,723	48,656
Other Post Employment Benefits	260,986	248,719	509,705	739,269
Net Pension Liability	683,031	697,750	1,380,781	2,369,075
Full Faith & Credit Bonds Payable	3,394,438	2,696,178	6,090,616	-
Total Long-Term Liabilities	<u>4,394,470</u>	<u>3,754,355</u>	<u>8,148,825</u>	<u>3,157,000</u>
Total Liabilities	<u>5,186,991</u>	<u>4,489,210</u>	<u>9,676,201</u>	<u>3,937,453</u>
DEFERRED INFLOW OF RESOURCES				
Differences between projected and actual investment earnings	<u>153,989</u>	<u>129,913</u>	<u>283,902</u>	<u>546,614</u>
Total Deferred Inflows	<u>153,989</u>	<u>129,913</u>	<u>283,902</u>	<u>546,614</u>
NET POSITION				
Net invested in capital assets	52,617,951	36,865,772	89,483,723	3,077,646
Restricted net position for system development	929,828	961,863	1,891,691	-
Unrestricted	<u>7,860,028</u>	<u>7,509,243</u>	<u>15,369,271</u>	<u>7,672,065</u>
Total Net Position	<u><u>\$ 61,407,807</u></u>	<u><u>\$ 45,336,878</u></u>	<u>106,744,685</u>	<u><u>\$ 10,749,711</u></u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.			<u>3,821,657</u>	
Net position of business-type activities (page 31)			<u><u>\$ 110,566,342</u></u>	

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2016

	WATER FUND	SEWER FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES				
Charges for Services	\$ 6,210,224	\$ 6,195,710	\$ 12,405,934	\$ 8,962,820
Trust receipts	51,119	-	51,119	-
Miscellaneous	50,235	12,984	63,219	128,812
Total Operating Revenue	<u>6,311,578</u>	<u>6,208,694</u>	<u>12,520,272</u>	<u>9,091,632</u>
OPERATING EXPENSES				
Salaries, Wages, and Benefits	1,903,515	1,881,352	3,784,867	6,571,350
Operating Supplies	393,827	337,212	731,039	419,646
Repairs and Maintenance	125,736	152,962	278,698	76,019
Utilities	383,987	447,983	831,970	140,506
Professional Services	683,991	946,622	1,630,613	2,192,985
General, Administrative and Engineering	780,139	494,695	1,274,834	745,880
Depreciation and Amortization	1,055,795	1,428,676	2,484,471	428,029
Total Operating Expenses	<u>5,326,990</u>	<u>5,689,502</u>	<u>11,016,492</u>	<u>10,574,415</u>
Total Operating Income	<u>984,588</u>	<u>519,192</u>	<u>1,503,780</u>	<u>(1,482,783)</u>
NONOPERATING INCOME (EXPENSE)				
Gain / Loss on sale of capital assets	1,521	19,069	20,590	945
Loss disposal of capital assets	-	-	-	(1,443)
System Development Charge Receipts	608,527	659,953	1,268,480	-
Intergovernmental	-	206,995	206,995	1,167
Interest Income	72,241	76,533	148,774	86,786
Interest Expense	(121,550)	(141,485)	(263,035)	-
Total Nonoperating Income	<u>560,739</u>	<u>821,065</u>	<u>1,381,804</u>	<u>87,455</u>
Capital Contribution	1,186,291	401,531	1,587,822	-
Income Before Transfers	<u>2,731,618</u>	<u>1,741,788</u>	<u>4,473,406</u>	<u>(1,395,328)</u>
TRANSFERS				
Transfers In	3,413,000	1,874,000	5,287,000	-
Transfers Out	(3,413,000)	(1,719,000)	(5,132,000)	(236,000)
Total Transfers	<u>-</u>	<u>155,000</u>	<u>155,000</u>	<u>(236,000)</u>
Change in Net Position	2,731,618	1,896,788	4,628,406	(1,631,328)
Net Position-Beginning	58,676,189	43,440,090		12,381,039
Net Position-Ending	<u>\$ 61,407,807</u>	<u>\$ 45,336,878</u>		<u>\$ 10,749,711</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.			<u>(498,827)</u>	
Changes in net position of business-type activities (page 33)			<u>\$ 4,129,579</u>	

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016**

	WATER FUND	SEWER FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 6,411,102	\$ 6,271,952	\$ 12,683,054	\$ 9,097,862
Cash Paid to Suppliers	(2,498,919)	(2,573,992)	(5,072,911)	(3,619,430)
Cash Paid to Employees	(1,348,718)	(1,286,742)	(2,635,460)	(4,548,367)
Net cash provided by operating activities	<u>2,563,465</u>	<u>2,411,218</u>	<u>4,974,683</u>	<u>930,065</u>
Cash Flows From Noncapital Financing Activities				
Transfers In	3,413,000	1,874,000	5,287,000	-
Transfers Out	(3,413,000)	(1,719,000)	(5,132,000)	(236,000)
Intergovernmental and Taxes	-	206,995	206,995	2,112
Decrease (Increase) in Notes Receivable	7,140	76,366	83,506	-
Net cash provided (used) by noncapital financing activities	<u>7,140</u>	<u>438,361</u>	<u>445,501</u>	<u>(233,888)</u>
Cash Flows From Capital and Related Financing Activities				
Principal Payments on Bonds	(385,000)	(790,000)	(1,175,000)	-
Interest Paid on Bonds and Contracts	(122,171)	(143,712)	(265,883)	-
Acquisition and Construction of Capital Assets	(992,133)	(1,520,360)	(2,512,493)	(698,209)
System Development Charge Receipts	608,527	659,953	1,268,480	-
Disposition of Property	1,521	19,069	20,590	-
Net cash used by capital and related financing activities	<u>(889,256)</u>	<u>(1,775,050)</u>	<u>(2,664,306)</u>	<u>(698,209)</u>
Cash flows from investing activities				
Interest on Investments	<u>72,241</u>	<u>76,533</u>	<u>148,774</u>	<u>86,786</u>
Net increase in cash and investments	1,753,590	1,151,062	2,904,652	84,754
Cash and investments, beginning of year	<u>7,471,456</u>	<u>7,810,625</u>	<u>15,282,081</u>	<u>11,350,886</u>
Cash and investments, end of year	<u>\$ 9,225,046</u>	<u>\$ 8,961,687</u>	<u>\$ 18,186,733</u>	<u>\$ 11,435,640</u>
Composition of cash and investments, end of year				
Current cash and investments	\$ 8,387,021	\$ 8,104,797	\$ 16,491,818	\$ 11,435,640
Restricted cash and investments	838,025	856,890	1,694,915	-
Total cash and investments	<u>\$ 9,225,046</u>	<u>\$ 8,961,687</u>	<u>\$ 18,186,733</u>	<u>\$ 11,435,640</u>
Reconciliation of Operating Income to net cash provided by operating activities:				
Operating Income	<u>\$ 984,588</u>	<u>\$ 519,192</u>	<u>\$ 1,503,780</u>	<u>\$ (1,482,783)</u>
Depreciation and Amortization	1,055,795	1,428,676	2,484,471	428,029
(Increase) Decrease in Receivables/Prepays	99,524	63,258	162,782	6,230
Increase (Decrease) in Payables	(131,239)	(194,518)	(325,757)	(44,394)
Increase (Decrease) in Payroll Liabilities	554,797	594,610	1,149,407	2,022,983
Net Cash Provided by Operating Activities	<u>\$ 2,563,465</u>	<u>\$ 2,411,218</u>	<u>\$ 4,974,683</u>	<u>\$ 930,065</u>
Noncash Capital Transactions				
Developer Installed Public Utility Improvements	<u>\$ 1,186,291</u>	<u>\$ 401,531</u>	<u>\$ 1,587,822</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016

AGENCY FUND

ASSETS:

Cash and Investments	\$ <u>3,710,560</u>
Total assets	\$ <u><u>3,710,560</u></u>

LIABILITIES

Liabilities:	
Accounts payable	\$ 14,888
Building Permit Suspense	32,008
Construction Excise Tax (School Districts)	57,914
Deferred Developer Agreements	2,241,708
Evidence Money	92,173
Forfeiture Trust Pending	247,379
Forfeiture Trust Available	380,899
Security Deposits	117,161
Tree Refund Trust	100,353
Miscellaneous Trust Liabilities	<u>426,077</u>
Total liabilities	\$ <u><u>3,710,560</u></u>

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For purposes of Measuring the net pension liability and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

THE FINANCIAL REPORTING ENTITY

The City of Grants Pass is a municipal corporation governed by an elected mayor and eight-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, as defined under GASB. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. As of June 30, 2016, the City had one discretely presented component unit.

The City reports the following discretely presented component unit:

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

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

The government reports the following major governmental funds:

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

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

Street Utility Fund – This fund accounts for the operations of Street Maintenance which is primarily funded by a State Gas Tax Allocation and City Transportation Utility Fees.

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

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

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following funds:

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

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

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

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

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

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. Original and supplemental budgets require hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passing a Council resolution or ordinance authorizing the transfer. All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes, Chapter 294 (Oregon Budget Law). Supplemental appropriations, permitted by Oregon Budget Law, were authorized by the City Council during the fiscal year.

Budget amounts presented herein are as originally adopted or as amended by the City Council. There was one transfer of appropriations during FY16. Budget appropriations lapse at year end.

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

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2016.

ACCOUNTING CHANGES

Estimates

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

ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and Investments

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

Investment Valuation

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 2 or Level 3 inputs.

Fair value measurements of the City's investments are as follows at June 30, 2016:

- U.S. Agency Bond Securities: valued at \$9.003 million, based on quoted market prices (Level 1 inputs).

Receivables and Payables

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

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

Property taxes are levied as of July 1 on property assessed as of January 1st. The tax levy is due November 15, with an optional payment method of 1/3 due November 15, 1/3 due January 15, and 1/3 due March 15. Taxes paid in full before November 15 are provided a 3 percent discount. The billings are considered

delinquent after the appropriate due date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

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

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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
Improvements	20 years
Infrastructure	25-100 years
Machinery & Equipment	5-30 years

Capitalized Interest

Interest is capitalized on capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the year ended June 30, 2016, there was no interest capitalized on capital assets.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a deferred inflow of resources on the statement of net position.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City has a policy to pay a percentage of unpaid sick leave upon retirement or termination of employment in good standing, only after 10 years of continuous service by the employee. All vacation and sick pay is accrued when incurred in the government-wide, and proprietary financial statements. A liability for these amounts is not reported in governmental funds in accordance with GASB, unless the compensated absences have matured (due to resignation or retirement).

Long-term Obligations

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

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

Workers' Compensation Insurance

The City is self-insured for workers' compensation. Premiums are paid to the Insurance Service Fund from operating divisions and are available to pay claims, claims reserves and administrative costs of the program. Estimated claims of \$52,196 have been accrued as a liability of the fund and are included in accounts payable.

Statement of Cash Flows

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

Fund Equity/Net Position

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

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

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

Unrestricted net position – is the remaining net position not included in the other categories previously mentioned.

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

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions* of which the objective is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard the fund balance classifications are:

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category: the deferred net pension obligation reported on the government-wide Statement of Net Position. The deferred net pension obligation results from changes in assumptions or other inputs in the actuarial calculation of the City's net pension asset/liability.

In additions to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category: the deferred net pension assumption. The deferred net pension assumption results from the differences between the expected and actual experience and the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the City's net pension asset/liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND INVESTMENTS

Cash and Investments at June 30, 2016 (recorded at fair value) consisted of:

Deposits with Financial Institutions:

Demand Deposits	\$	4,683,617
Cash Equivalents		48,561,349
Investments		9,002,836
Total	\$	<u>62,247,802</u>

Unrestricted	\$	53,994,446
Restricted		2,274,487
Fiduciary Fund		3,710,560
Discretely Presented Component Unit		2,268,309
Total	\$	<u>62,247,802</u>

INVESTMENTS AND CASH EQUIVALENTS

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, 2016, the City had the following investments and maturities.

Investment and Cash Equivalent Type	Fair Value	Investment and Cash Equivalent Maturities (in months)		
		Less than 3	3-17	18-59
US Government Securities	\$ 9,002,836	\$ -	\$ -	\$ 9,002,836
Certificates of Deposit	7,259,145	-	3,112,187	4,146,958
State Treasurer's investment pool	41,302,204	41,302,204	-	-
Total	\$ 57,564,185	\$ 41,302,204	\$ 3,112,187	\$ 13,149,794

Investments are valued at fair value as required by GASB. The fair value for US Government Securities as of June 30th is determined by quoted market prices as of the last business day of the fiscal year as reported by brokerage statements. Cash equivalents in certificates of deposit and the Local Government Investment Pool are reported at the carrying value as there is no activity in trading markets. Amounts in the State Treasurer's Local Government Investment Pool (LGIP) are not required to be collateralized. As of June 30, 2016 the fair value of the position in the LGIP is 100.60% 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 Treasurer 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.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2016:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
U.S. Agencies	\$9,002,836	\$9,002,836	-	-
Total debt securities	\$9,002,836	\$9,002,836	-	-

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities.

Interest Rate Risk

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

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the Oregon Short-Term Fund Board (OSFTB). The City's policy is that 100% of all funds shall mature within 36 months or up to five years if the maturity can be matched up with the known expenditure more than three years in the future.

The City limits investment maturities as follows for operating funds:

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

100% of all operating funds shall mature within 36 months, and only those funds reserved for debt services reserves may be invested at maturities greater than 36 months. The weighted average maturity of the entire portfolio shall be no more than 18 months.

Credit Risk

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

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

Deposits consist of bank demand deposits. The carrying amount of deposits is \$4,683,617. The total bank balance per the bank statements is \$6,170,887. Of these deposits, \$547,730 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, 2016 the City was in compliance with all percentage restrictions.

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

3. ASSESSMENTS RECEIVABLE

Assessments receivable represent the uncollected amounts levied against benefited properties for the costs of local improvements. Since the assessments are liens against the properties, an allowance for uncollectible amounts is not deemed necessary. Assessments are generally payable over a period of ten to twenty years and bear interest at 2.25% to 8.00%. At June 30, 2016, the City's delinquent assessments receivable totaled \$81,323.

4. NOTES AND CONTRACTS RECEIVABLE

Notes and Contracts Receivable consisted of the following at June 30, 2016:

CDBG Loans	\$	73,818
Industrial Loans (Housing & Economic Dev. Fund)		43,356
Advanced Finance/Local Improvement District Loans		997,889
	\$	<u>1,115,063</u>

5. DEFERRED INFLOWS OF RESOURCES

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

	General Fund	Solid Waste Fund	Street Utility Fund	Debt Service		Capital Projects		
				Gen Obligation Bond Fund	Bancroft Bond Fund	Transportation Projects Fund	Land and Building Projects Fund	Non-Major Funds
Delinquent taxes	\$ 1,234,976	\$ -	\$ -	\$ 83,160	\$ -	\$ -	\$ -	\$ -
Grant reimbursements	769	-	-	-	-	150,524	-	-
Special assessments	-	-	-	-	385,784	228,484	-	-
Loans	-	-	-	-	-	80,949	31,861	165,785
Accounts Receivable	185,189	62,535	-	-	-	-	-	-
	<u>\$ 1,420,934</u>	<u>\$ 62,535</u>	<u>\$ -</u>	<u>\$ 83,160</u>	<u>\$ 385,784</u>	<u>\$ 459,957</u>	<u>\$ 31,861</u>	<u>\$ 165,785</u>

6. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2016 are as follows:

	GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
	June 30, 2015	Additions	Transfers	Disposals	June 30, 2016
Capital Assets, not being depreciated					
Land	\$ 71,792,902	\$ 4,280,168	\$ -	\$ -	\$ 76,073,070
Construction in Progress	5,846,020	701,172	(4,786,555)	3,644	1,756,993
Total, not being depreciated	77,638,922	4,981,340	(4,786,555)	3,644	77,830,063
Buildings	12,157,014	-	-	-	12,157,014
Improvements	13,882,219	56,695	-	-	13,938,914
Machinery & Equipment	9,064,865	771,892	-	26,242	9,810,515
Infrastructure	85,354,247	3,887,132	4,522,709	-	93,764,088
Total, being depreciated	120,458,345	4,715,719	4,522,709	26,242	129,670,531
Less Accumulated Depreciation					
Buildings	4,152,929	345,995	-	-	4,498,924
Improvements	5,861,807	540,689	-	-	6,402,496
Machinery & Equipment	5,191,620	644,325	-	25,465	5,810,480
Infrastructure	21,621,937	1,420,557	-	-	23,042,494
Total Accumulated Depreciation	36,828,293	2,951,566	-	25,465	39,754,394
Total Capital Assets					
being Depreciated, net	83,630,052	1,764,153	4,522,709	777	89,916,137
Governmental Activities					
Capital Assets, net	\$ 161,268,974	\$ 6,745,493	\$ (263,846)	\$ 4,421	\$ 167,746,200

	BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS				
	June 30, 2015	Additions	Transfers	Disposals	June 30, 2016
Capital Assets, not being depreciated					
Land	\$ 853,812	\$ -	\$ -	\$ -	\$ 853,812
Construction in Progress	908,976	1,273,784	(77,508)	-	2,105,252
Total, not being depreciated	1,762,788	1,273,784	(77,508)	-	2,959,064
Buildings	7,074,141	23,303	-	-	7,097,444
Improvements	2,294,486	-	45,861	-	2,340,347
Machinery & Equipment	13,851,965	218,585	19,213	85,593	14,004,170
Infrastructure	117,442,998	2,320,797	276,280	-	120,040,075
Total, being depreciated	140,663,590	2,562,685	341,354	85,593	143,482,036
Less Accumulated Depreciation					
Buildings	3,153,815	187,804	-	-	3,341,619
Improvements	1,354,089	106,245	26,752	-	1,487,086
Machinery & Equipment	6,750,049	533,731	-	85,593	7,198,187
Infrastructure	36,358,653	1,742,968	(26,752)	-	38,074,869
Total Accumulated Depreciation	47,616,606	2,570,748	-	85,593	50,101,761
Total Capital Assets being Depreciated, net	93,046,984	(8,063)	341,354	-	93,380,275
Business-Type Activities Capital Assets, net	\$ 94,809,772	\$ 1,265,721	\$ 263,846	\$ -	\$ 96,339,339

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

	Governmental Funds
	Depreciation Allocation
Public Safety	\$ 2,019,904
Transportation	244,744
Building	55,636
Parks	208,465
Development	187,599
General Government	181,111
Solid Waste	54,107
	<u>\$ 2,951,566</u>

7. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

Due To	Due From		
	<u>Land and Building Projects</u>	<u>Bancroft Bond Fund</u>	
General Fund	\$ 1,460,000		
Solid Waste Fund		\$ 819,200	
<i>Total Due To/From</i>	<u>\$ 1,460,000</u>	<u>\$ 819,200</u>	<u>\$ 2,279,200</u>
Budgeted for repayment next year	\$ 1,460,000	\$ 150,000	
Not expected to be repaid next year	\$ -	\$ 669,200	

In FY'07, the City used an interfund loan from the General fund to purchase property for future park use. This loan is to be paid back through the sale of City owned property held in the Lands and Building Fund. The Bancroft Bond Fund has made internal borrowings totaling \$1,540,000 from the Solid Waste Capital Projects Fund for local improvement projects. The variation in the individual project costs subject to bonding together with timing elements made internal borrowing more cost effective than public financing. The repayment of the Bancroft Bond Fund borrowing will depend on the amounts and timing of payments made on assessment loans owed to the fund. During FY'16 \$75,000 was available from assessment loan payments and paid to the Solid Waste Fund.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,041,929	\$ 2,092,544
Solid Waste Capital Projects	5,000	29,000
Street Utility	307,558	1,310,000
Transportation Capital Projects	2,098,497	90,000
Lands & Buildings Capital Projects	1,427,253	-
Water Fund	3,413,000	3,413,000
Sewer Fund	1,874,000	1,719,000
Fleet Operations Fund	-	46,000
Administrative Services Fund	-	150,000
Support Services Fund	-	40,000
Nonmajor governmental Funds	116,404	1,394,097
Total Funds	<u>\$ 10,283,641</u>	<u>\$ 10,283,641</u>

The allocation of Transient Room Tax receipts, a special revenue fund, to general governmental operating activities accounts for the majority (\$1,030,779) of the monies transferred into the General Fund. The largest segment of General Fund transfers out represent funding of \$813,582 appropriated for Lands & Building Capital Projects. Transfers into the Street utility fund represent street lighting support. Transfers out include \$1,195,000 of street utility fees and state gas tax to Transportation Projects. Transfers in and out of the Water Fund and Sewer Fund generally represent budgetary transfers between the utility's operating fund and the utility's capital project fund.

8. LONG-TERM DEBT AND LONG-TERM LIABILITIES

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

Purpose	Interest Rates	Amount
Governmental General Obligation Bonds	4.0 - 5.0%	\$ 2,875,000
Business-Type Full Faith & Credit Bonds	1.28 - 4.0%	6,865,665

Long-Term Debt activity for the year ended June 30, 2016, is as follows:

GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016-2017	\$ 1,010,000	\$ 125,100	\$ 765,000	\$ 230,483
2017-2018	1,095,000	74,600	785,000	207,583
2018-2019	770,000	30,800	810,000	182,023
2019-2020	-	-	840,000	151,363
2020-2021	-	-	870,000	118,500
2021-2025	-	-	2,330,000	141,700
Premium/Discount	-	-	465,665	-
	\$ 2,875,000	\$ 230,500	\$ 6,865,665	\$ 1,031,652

CHANGES IN LONG-TERM DEBT					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 3,805,000	\$ -	\$ 930,000	\$ 2,875,000	\$ 1,010,000
Governmental activities					
Long-Term Debt	<u>\$ 3,805,000</u>	<u>\$ -</u>	<u>\$ 930,000</u>	<u>\$ 2,875,000</u>	<u>\$ 1,010,000</u>
Business-type Activities:					
General Obligation Bonds Payable	\$ 7,575,000	\$ -	\$ 1,175,000	\$ 6,400,000	\$ 765,000
Plus Unamortized Premium	541,892	-	86,276	455,616	-
Business-type Activities					
Long-Term Debt	<u>\$ 8,116,892</u>	<u>\$ -</u>	<u>\$ 1,261,276</u>	<u>\$ 6,855,616</u>	<u>\$ 765,000</u>

Amounts included in long-term liabilities on the statement of net position were as follows as of June 30, 2016.

	Governmental Activities	Business-Type Activities	Total
Due Within One Year			
Bonds Payable	\$ 1,010,000	\$ 765,000	\$ 1,775,000
Compensated Absences	1,098,393	176,000	1,274,393
Total Due within One Year	<u>2,108,393</u>	<u>941,000</u>	<u>3,049,393</u>
Long-Term Liabilities			
Compensated Absences	1,057,260	167,723	1,224,983
Other Post Employment Benefits	2,866,790	509,705	3,376,495
Net Pension Liability	10,560,563	1,380,781	11,941,344
Bonds Payable	1,865,000	6,090,616	7,955,616
Total	<u>16,349,613</u>	<u>8,148,825</u>	<u>24,498,438</u>
Total Long-Term Liabilities	<u>\$ 18,458,006</u>	<u>\$ 9,089,825</u>	<u>\$ 27,547,831</u>

9. RISK MANAGEMENT

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

The City was self-insured for workers' compensation claims through the end of FY'15 and purchased a workers' compensation insurance policy beginning in FY'16. The activities of the workers' compensation program are accounted for in the Insurance Services Fund. Prior to FY'16 the City carried stop-loss coverage for amounts over \$500,000, to a maximum of \$1,000,000 per occurrence. The City estimates losses based on actual claims and accident history. The claims liability of \$52,196 reported in the Insurance Services Fund at June 30, 2016 is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of that loss can be reasonably estimated. The \$52,196 is considered to be due within the next year and is classified as such on the Statement of Net Position. Starting in FY'16, the maximum workers' compensation claim payments by the City per policy year will be variable based on gross payroll amounts and the Insurance Services Fund as of this fiscal year has retained a reserve sufficient to cover the maximum future annual claim payments by the City for the next fiscal year. In FY'16, the maximum claim payments by the City for the FY'16 policy year was capped at \$362,556 and the current workers' compensation insurance policy contains an employer's liability per occurrence of \$3,000,000.

Worker's Compensation Estimate of Liability

Year Ending June 30,	Beginning of Year	Changes in Estimates	Payments of Claims	End of year
2016	\$ 99,264	\$ (39,647)	\$ 7,421	\$ 52,196
2015	102,929	53,280	56,945	99,264
2014	114,687	50,608	62,366	102,929
2013	95,020	105,682	86,015	114,687

10. PARTICIPATION IN OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. Eligible employees of the City are provided with pensions through the PERS, a cost-sharing multiple-employer defined benefit pension plan managed and administered by the Oregon Public Employees Retirement Board. Oregon Revised Statutes (ORS) Chapters 238 and 238A, contain various benefits provisions, which may be amended from time to time by the Oregon State Legislature. PERS issues a publicly available financial report that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided. PERS provides retirement, death benefits and disability benefits through its defined benefit plan with various options and adjustments based upon date of hire. Two tiers of employees were closed to new hires after 2003 (see additional information on Individual Account Program herein).

Retirement benefits are determined as follows:

Basis of Benefits	Tiers 1 / 2 Employees hired before August 29, 2003	Employees hired after August 29, 2003
Multiplier(s)	2.0 percent for police and fire employees, 1.67 percent for general service employees.	1.8 percent for police and fire employees, 1.5 percent for general service employees.
Rate	Final average salary	
Adjustment(s) and cost of living adjustments (COLAs)	Benefits may be calculated under either a formula plus annuity for members contributing before August 21, 1981, or a money match if a greater benefit results. Cap on COLAs to 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on additional benefits.	No adjustments, except cap on COLAs, which is the same as Tiers 1 / 2 employees.
Retirement Eligibility Ages	Police and fire members, 50, general service employees, 55. General service employees have reduced benefits prior to age 58 with fewer than 30 years of service (Tier 1.) For Tier 2, the full benefit age is 60.	Police and fire members, 60 (or age 53 with 25 years of service credits). General service employees, 65, (or age 58 with 30 years of service credits). To be classified as a police and fire member, the employee must be employed continuously for five years prior to retirement.
Years of Service Requirement for Vesting	Five Years of employment <i>or</i> has reached age 45 for police and fire employees, age 50 for general service employees.	The earliest of: 600 hours of service in each of five calendar years, normal retirement age or termination.

Disability benefits are determined as follows:

Basis of Benefits	Tiers 1 / 2 Employees hired before August 29, 2003	Employees hired after August 29, 2003
Eligibility	10 or more years of creditable service, unless job-incurred or because of illness	
Rate	Final average salary	45 percent of salary as of the last full month of employment.
Adjustment(s)	Monthly benefits adjusted to those that would be paid at age 55 for police and fire or age 58 for general service employees.	No adjustments.

Death benefits include the following:

Basis of Benefits	Tiers 1 / 2 Employees hired before August 29, 2003	Employees hired after August 29, 2003
Amount	A lump-sum refund of the member's account balance inclusive of accumulated contributions, interest.	50 percent of the pension that would have been paid to the deceased member.
Adjustment(s)	At least one of four conditions of employment at time of death provides additional funds equal to the member's account balance paid by the City: <ul style="list-style-type: none"> • Employment by a PERS employer at the time of death, • Death within 120 days after termination of PERS-covered employment, • Death as a result of injury sustained while employed in a PERS-covered job, or • The employee was on an official leave of absence from a PERS-covered job at the time of death. 	No adjustments.

Contributions. The City funds PERS at actuarially determined rates, based on a percentage of covered payroll. The current contribution rates became effective July 1, 2015 and may be amended from time to time by the PERS. Rates are as follows:

Rate	Tiers 1 / 2 Employees hired before August 29, 2003	Employees hired after August 29, 2003
Police and Fire members	18.98%	15.76%
General service employees		11.65%

The City's contributions to the PERS for the year ended June 30, 2016 were \$3,312,894.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability of \$11,941,343 for its proportionate share of the net pension liability of PERS. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The City's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion was 0.20798439 percent, which was a decrease of 0.0048136 percent from its proportion measured as of June 30, 2014.

The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a

significant portion of reductions made by the Oregon State Legislature to future system COLAs through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid compared to those in prior valuations and consequently, increased plan liabilities.

For the year ended June 30, 2016, the City recognized pension expense of \$11,754,286. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 643,939	\$ -
Net difference between projected and actual earnings on pension plan investments	-	\$2,503,176
Changes in proportion and differences between City contributions and proportionate share of contributions	-	397,520
City contributions subsequent to the measurement date	<u>\$2,063,733</u>	<u>-</u>
Total	<u>\$2,707,672</u>	<u>\$2,900,696</u>

\$2,063,733 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense / (negative adjustment to pension expense) as follows:

Year ended June 30:

2017	\$(1,139,666)
2018	(1,139,666)
2019	(1,139,666)
2020	1,137,461
2021	24,779
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 percent
Investment rate of return	7.75 percent

Mortality rates were based on the RP-2000 sex-distinct, generational per Scale AA, with various collar adjustments and set-backs. Active members are rated based on healthy retiree rates that vary by group. Disabled retirees mortality rates are a percentage (65 percent for males, 90 percent for females) of the RP-2000 static combined disabled mortality sex-distinct table.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study performed in 2014 and published in September 2015. As a result of the 2014 actuarial experience study, various changes in actuarial methods and allocation procedures were adjusted from prior valuations.

The long-term expected rate of return on pension plan investments was applied to all periods of projected

benefit payments to determine the total pension liability. To develop an analytical basis for the selection of the long-term expected rate of return, in July 2013, the PERS Board reviewed long-term assumptions developed by its actuary and the Oregon Investment Council's investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, adjusting for inflation. The assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Core Fixed Income	7.20%	4.70%	4.50%	6.60%
Short-term Bonds	8.00	3.76	3.70	3.45
Intermediate-term bonds	3.00	4.23	4.10	3.15
High yield bonds	1.80	7.21	6.66	11.10
Large Cap US Equities	11.65	8.60	7.20	17.90
Mid Cap US Equities	3.88	9.38	7.30	22.00
Small Cap US Equities	2.27	10.38	7.45	26.40
Developed Foreign Equities	14.21	8.73	6.90	20.55
Emerging Market Equities	5.49	11.51	7.40	31.70
Private Equity	20.00	11.95	8.26	30.00
Hedge Funds / Absolute Return	5.00	6.46	6.01	10.00
Real Estate (Property)	13.75	7.27	6.51	13.00
Real Estate (REITs)	2.50	8.41	6.76	19.45
Commodities	<u>1.25</u>	7.71	6.07	19.70
Total	100.00%			
Assumed inflation			2.75%	2.00%

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from plan members and those of the contributing employers are made at contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability / (asset)	\$28,819,988	\$11,941,343	(\$2,282,920)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Individual Account Program (IAP) (Internal Revenue Code Section 401(a))

Since 2004, City members of Tiers 1 and 2 became members of the IAP. These members retained their existing benefits, but contributions are now deposited into the members IAP account and not into the Defined Benefit Plan, effectively closing Tiers 1 and 2 to new members. IAP accounts are credited with earnings and losses, net of administrative expenses. The IAP is administered by the PERS Board.

Pension Benefits. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

The required employee contribution of 6% is paid by the City as a result of a collective bargaining agreement.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

11. DEFERRED COMPENSATION

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

12. OTHER POSTRETIREMENT BENEFITS

Plan Description

Explicit Employer Benefits – The City provides postretirement health care benefits, as per labor contracts and the City's Personnel Rules and Regulations, for retirees. The benefit varies depending upon date of employment. For employees hired before January 1, 2001, the City pays 92.5 percent of the medical insurance premium for four years following the retirement of an employee, or until the employee dies, reaches age 65, or enters employment where insurance is provided. The employee must be eligible and receiving Oregon Public Employees Retirement Systems (OPERS) benefits. Employees hired between January 1, 2001 and December 31, 2006 are eligible for 50% City paid medical insurance benefits for only six months following retirement (except Management and GPEA employees are not covered under this reduced benefit). There are no explicit health insurance benefits upon retirement for employees hired after December 31, 2006. Under Oregon law, retirees retain the right to continue their health insurance benefits under the City's group plan, with no

distinction made for costs or services available. Thus once the City's financial obligation ends, a retiree may elect to continue the group benefit coverage at their own expense. The City finances these expenses as they are incurred in the respective fund where the retiree had worked. The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Any changes to these benefits and contribution obligations would be a result of collective bargaining or changes to the City's Personnel Rules and Regulations by management as directed and approved by Council.

Implicit Employer Benefits – The City operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements. The City's post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the City's implicit employer contribution. The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and (2) actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. There is no separate audited GAAP basis audited financial statements for this OPEB plan. Any changes to these implicit benefits and contribution obligations would be a result of Oregon legislative action.

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

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

	2016	2015	2014
Annual required contribution	\$ 673,620	\$ 729,045	\$ 694,830
Interest on net pension obligation	110,107	96,429	82,593
Adjustment to annual required contribution	<u>(209,728)</u>	<u>(183,674)</u>	<u>(157,321)</u>
Annual pension cost	573,999	641,800	620,102
Contributions made	<u>(343,425)</u>	<u>(250,984)</u>	<u>(224,808)</u>
Increase in net pension obligation	230,574	390,816	395,294
NPO (Asset) at beginning of year	<u>3,145,921</u>	<u>2,755,105</u>	<u>2,359,811</u>
NPO (Asset) at end of year	<u>\$ 3,376,495</u>	<u>\$ 3,145,921</u>	<u>\$ 2,755,105</u>
Percentage of APC contributed	<u>59.8%</u>	<u>39.1%</u>	<u>36.3%</u>

The NPO and related pension expenses are allocated to each of the operating funds based on number of employees working in each fund, however these transactions do not meet the definition of budgetary expenditures under Oregon law and as such do not show in the budgetary statements starting in FY'15. Previously these transactions were accounted for as budgetary transactions in proprietary funds only but the amounts were reclassified to beginning fund balances in the proprietary funds. The NPO balances are reflected in the "Due in More than One Year" portion of Noncurrent Liabilities or the Long-term liabilities sections on the Statements of Net Position. Pension expenses are included in the statement of activities and also in the proprietary funds' statements of revenues, expenses and changes in net position.

Actuarial Methods and Assumptions – Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. The annual required contribution (ARC) for the current year was determined as part of the August 1, 2012 actuarial valuation using the projected unit credit method. The objective of this method is to fund each participant's benefits under the plans as they accrue.

Actuarial cost method	Projected unit credit cost
Amortization method	Level percentage of payroll over 15 years, open
Inflation rate	2.75%
Asset valuation method	n/a
Investment return	3.50%
Projected salary increases	3.50%
Health care cost trend	5.75% inflation first year, between 5.00% and 6.75% for future years

Other actuarial assumptions include a 55% assumption of participants who elect self-pay retiree medical coverage. Also 70% of male members and 35% of female members to elect coverage upon retirement are also assumed to elect spouse coverage until the spouse reaches 65. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS.

Funding Status and Funding Progress – As of June 30, 2016 the plan was 0% legally funded because the City has elected not to establish a trust for this purpose. The proprietary statements of net position and the statement of activities reflect OPEB expenses and accumulated liabilities; however the government type funds and budgetary statements do not reflect OPEB amounts. The actuarial accrued liability for benefits was \$5,347,356, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,347,356.

Valuation Date	AVA	AAL	UAAL	Funded Percent	Covered Payroll	UAAL/ Payroll
8/1/2010	\$ -	\$ 5,459,740	\$ 5,459,740	0%	\$ 12,246,635	45%
8/1/2012	-	5,147,652	5,147,652	0%	12,924,206	40%
8/1/2014	-	5,347,356	5,347,356	0%	13,282,821	40%

13. FUND BALANCE DEFICITS AND OVEREXPENDITURES

The Bancroft Bond Fund has a deficit GAAP fund balance of \$722,189. The City anticipates that the deficit balance will be liquidated by transfers from other funds and future loan payment revenues from assessment loans. The Administrative Services Fund has a deficit GAAP fund balance of \$464,647. This is due to the recording of net pension liabilities which do not have a budgetary impact.

14. LANDFILL/CLOSURE AND POSTCLOSURE CARE COSTS

The Merlin Landfill is a municipal solid waste landfill regulated by Federal regulations, 40 CFR 258, Subpart F and the State of Oregon statutes contained in ORS 340-094. The Landfill is maintained under the specific terms of an Oregon Solid Waste Disposal Site Closure Permit No. 159, with an expiration date of June 30, 2017. In July 2001, the City purchased insurance for closure and post-closure costs. State laws and regulations required the City to place a final cover on its Merlin landfill site after it stopped accepting trash in December 2000. This cap was completed during the fiscal year ended June 30, 2002. The Remedial Investigation and Risk Assessment reports have been completed and approved by the Oregon Department of Environmental Quality (DEQ). The City received a Record of Decision (ROD) from the DEQ on January 3, 2006 that guides the City in the remedial actions necessary to mitigate the risk due to the groundwater contamination. The current value of post closure care costs is \$2,903,933. This is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. Post-Closure Care Costs are covered by a policy with Chartis Specialty Insurance Company. As all expenses related to this liability are paid by the Chartis insurance policy, the City does not report it on the face of the financial statements.

15. PROPERTY TAX LIMITATIONS

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

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

16. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction and other significant commitments. The City has active projects as of June 30, 2016. These projects include wastewater and transportation infrastructure. At year end commitments with contractors are as follows:

Project	Spent-to-Date	Remaining commitment
Redwood Avenue – Dowell to Hubbard (TR4934)	\$2,460,549	\$1,228,514
WRP Phase 2 Expansion (SE4964)	275,664	542,543
Collection System Maintenance/Repair (SE6198)	62,100	120,334
Overlay/Maintenance FY15/FY16 (TR6201)	20,700	42,411
Drury Lane Reconstruction (TR6115)	1,318,425	7,404

Some of these remaining commitment amounts of \$1,941,206 were encumbered at fiscal year-end. As discussed in the Summary of Significant Accounting Policies note disclosures, under Stewardship, Compliance and Accountability, the encumbrances and related appropriation lapse at the end of the fiscal year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

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

17. COMPENSATED ABSENCES

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

	June 30, 2015	Additions	Deletions	June 30, 2016	Amount Due within one year
Governmental Activities	\$ 1,665,651	\$ 1,511,501	\$ (1,021,499)	\$ 2,155,653	\$ 1,098,393
Business-Type Activities	588,297	(27,320)	(217,254)	343,723	176,000
Total	<u>\$ 2,253,948</u>	<u>\$ 1,484,181</u>	<u>\$ (1,238,753)</u>	<u>\$ 2,499,376</u>	<u>\$ 1,274,393</u>

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Individual Major Governmental Fund Statements

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Taxes	\$ 20,418,738	\$ 20,418,738	\$ 20,895,911	\$ 477,173
Licenses and Permits	290,960	290,960	638,032	347,072
Intergovernmental	1,660,303	1,660,303	1,563,493	(96,810)
Charges for Services	1,009,070	1,009,070	1,276,774	267,704
Fines and Forfeitures	141,000	141,000	204,658	63,658
Interest on Investments	72,750	72,750	106,967	34,217
Miscellaneous	170,125	170,125	173,205	3,080
Total Revenues	<u>23,762,946</u>	<u>23,762,946</u>	<u>24,859,040</u>	<u>1,096,094</u>
EXPENDITURES:				
Mayor and Council	291,328	291,328 (1)	214,968	76,360
Public Safety Police Services	9,789,031	9,789,031 (1)	9,080,906	708,125
Public Safety Fire Rescue Services	5,835,992	5,835,992 (1)	5,537,815	298,177
Public Safety Support Services	3,340,430	3,340,430 (1)	2,826,810	513,620
Crisis Support Services	44,500	44,500 (1)	43,498	1,002
Sobering Center	130,000	130,000 (1)	130,000	-
Park Maintenance Services	1,820,939	1,820,939 (1)	1,585,433	235,506
Aquatic Services	125,418	125,418 (1)	84,090	41,328
Recreation Services	155,300	155,300 (1)	148,852	6,448
Planning Services	829,211	829,211 (1)	690,825	138,386
Building and Safety Services	530,262	555,262 (1)	485,299	69,963
Economic Development	176,769	176,769 (1)	119,132	57,637
Downtown Development	416,514	416,514 (1)	411,456	5,058
Tourism Promotion	392,235	392,235 (1)	386,470	5,765
General Program Operations	1,393,240	1,393,240 (1)	1,349,706	43,534
Contingency	2,367,115	2,342,115 (1)	-	2,342,115
Total Expenditures	<u>27,638,284</u>	<u>27,638,284</u>	<u>23,095,260</u>	<u>4,543,024</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,875,338)</u>	<u>(3,875,338)</u>	<u>1,763,780</u>	<u>5,639,118</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,041,900	1,041,900	1,041,929	29
Sale of Assets	4,100	4,100	5,497	1,397
Transfers Out	(2,185,500)	(2,185,500) (1)	(2,092,544)	92,956
Total other financing uses	<u>(1,139,500)</u>	<u>(1,139,500)</u>	<u>(1,045,118)</u>	<u>94,382</u>
Net Change in Fund Balance	(5,014,838)	(5,014,838)	718,662	5,733,500
Beginning Fund Balance	<u>10,899,226</u>	<u>10,515,825</u>	<u>12,620,675</u>	<u>2,104,850</u>
Ending Fund Balance	<u>\$ 5,884,388</u>	<u>\$ 5,500,987</u>	<u>\$ 13,339,337</u>	<u>\$ 7,838,350</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			<u>1,460,000</u>	
Total GAAP Fund Balance			<u>\$ 14,799,337</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, 2016**

<u>SOLID WASTE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Licenses and Permits	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Intergovernmental	15,000	15,000	15,000	-
Charges for Services	436,890	436,890	469,853	32,963
Interest on Investments	13,650	13,650	17,018	3,368
Miscellaneous Revenue	177,200	177,200	101,626	(75,574)
Total Revenues	<u>645,240</u>	<u>645,240</u>	<u>603,497</u>	<u>(41,743)</u>
EXPENDITURES:				
Environmental Waste Fees	281,000	281,000 (1)	281,000	-
Solid Waste Operations	37,370	37,370 (1)	32,403	4,967
Post-closure	155,890	155,890 (1)	155,322	568
General Program Operations	3,750	3,750 (1)	3,238	512
Capital Outlay	1,438,848	1,438,848 (1)	58,652	1,380,196
Contingency	218,053	218,053 (1)	-	218,053
Total Expenditures	<u>2,134,911</u>	<u>2,134,911</u>	<u>530,615</u>	<u>1,604,296</u>
Excess of Revenues Over (Under) Expenditures	(1,489,671)	(1,489,671)	72,882	1,562,553
OTHER FINANCING SOURCES (USES)				
Transfers In	5,000	5,000	5,000	-
Transfers Out	(29,000)	(29,000) (1)	(29,000)	-
Total Other Financing Sources (Uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>
Net Change in Fund Balance	(1,513,671)	(1,513,671)	48,882	1,562,553
Beginning Fund Balance	1,513,671	1,513,671	1,528,777	15,106
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,577,659</u>	<u>\$ 1,577,659</u>
Reconciliation to GAAP Equity				
Interfund Loan			<u>819,200</u>	
GAAP Equity			<u>\$ 2,396,859</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, 2016**

	<u>STREET UTILITY FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 11,581	\$ 1,581
Intergovernmental	2,095,600	2,095,600	2,155,478	59,878
Charges for services	935,400	935,400	932,513	(2,887)
Interest on investments	3,500	3,500	3,968	468
Miscellaneous	4,000	4,000	6,167	2,167
Total Revenues	<u>3,048,500</u>	<u>3,048,500</u>	<u>3,109,707</u>	<u>61,207</u>
EXPENDITURES:				
Street and drainage services	1,351,069	1,351,069 (1)	1,251,885	99,184
Customer Service	179,866	179,866 (1)	171,191	8,675
Street Lights	385,500	385,500	307,558	77,942
General operations	421,358	421,358 (1)	404,193	17,165
Contingency	448,633	448,633 (1)	-	448,633
Total Expenditures	<u>2,786,426</u>	<u>2,786,426</u>	<u>2,134,827</u>	<u>651,599</u>
Excess of Revenues Over (Under) Expenditures	<u>262,074</u>	<u>262,074</u>	<u>974,880</u>	<u>712,806</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	385,500	385,500	307,558	(77,942)
Sale of Assets	-	-	48	48
Transfers Out	<u>(1,310,000)</u>	<u>(1,310,000) (1)</u>	<u>(1,310,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(924,500)</u>	<u>(924,500)</u>	<u>(1,002,394)</u>	<u>(77,894)</u>
Net Change in Fund Balance	(662,426)	(662,426)	(27,514)	634,912
Beginning Fund Balance	<u>662,426</u>	<u>662,426</u>	<u>1,360,714</u>	<u>698,288</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,333,200</u>	<u>\$ 1,333,200</u>

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

	Measurement Date of June 30:									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City's proportion of the net pension liability (asset)	n/a	n/a	n/a	n/a	n/a	n/a	0.21279790%	0.21279790%	0.20798439%	n/a
City's proportionate share of the net pension liability (asset)	n/a	n/a	n/a	n/a	n/a	n/a	\$ 10,859,389	\$ (4,823,521)	\$ 11,941,343	n/a
City's covered employee payroll	n/a	n/a	n/a	n/a	n/a	n/a	\$ 12,971,527	\$ 13,282,821	\$ 13,806,561	n/a
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	n/a	n/a	n/a	n/a	n/a	n/a	83.72%	-36.31%	86.49%	n/a
Plan fiduciary net position as a percentage of the total pension liability	n/a	n/a	n/a	n/a	n/a	n/a	91.97%	103.59%	91.88%	n/a

SCHEDULE OF CITY CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

	For the last ten fiscal years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution	\$ 1,635,788	\$ 1,673,488	\$ 1,850,217	\$ 1,561,518	\$ 1,557,801	\$ 2,150,406	\$ 2,050,221	\$ 1,887,788	\$ 2,114,188	\$ 2,063,733
Contributions in relation to the contractually required contribution	\$ (1,635,788)	\$ (1,673,488)	\$ (1,850,217)	\$ (1,561,518)	\$ (1,557,801)	\$ (2,150,406)	\$ (2,050,221)	\$ (1,887,788)	\$ (2,114,188)	\$ (2,063,733)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 10,691,408	\$ 11,116,279	\$ 12,234,968	\$ 12,104,862	\$ 12,141,995	\$ 13,418,796	\$ 12,971,527	\$ 13,282,821	\$ 13,806,561	\$ 13,225,468
Contributions as a percentage of covered-employee payroll	15.30%	15.05%	15.12%	12.90%	12.83%	16.03%	15.81%	14.21%	15.31%	15.60%

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

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

Combining, Individual Fund, and Other Financial Schedules

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET- BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2016

<u>GENERAL OBLIGATION BOND FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 1,096,700	\$ 1,096,700	\$ 1,110,208	\$ 13,508
Interest on Investments	1,500	1,500	4,035	2,535
Total Revenues	<u>1,098,200</u>	<u>1,098,200</u>	<u>1,114,243</u>	<u>16,043</u>
EXPENDITURES:				
Debt Service	<u>1,101,600</u>	<u>1,101,600</u> (1)	<u>1,101,600</u>	-
Total Expenditures	<u>1,101,600</u>	<u>1,101,600</u>	<u>1,101,600</u>	-
Excess of Revenues Over (Under) Expenditures	<u>(3,400)</u>	<u>(3,400)</u>	<u>12,643</u>	<u>16,043</u>
Beginning Fund Balance	<u>53,400</u>	<u>53,400</u>	<u>56,894</u>	<u>3,494</u>
Ending Fund Balance	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 69,537</u>	<u>\$ 19,537</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, 2016**

	<u>BANCROFT BOND FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Special Assessments	\$ 160,000	\$ 160,000	\$ 72,212	\$ (87,788)
Interest on Investments	-	-	549	549
Total Revenues	<u>160,000</u>	<u>160,000</u>	<u>72,761</u>	<u>(87,239)</u>
EXPENDITURES:				
Materials and Services	18,000	18,000 (1)	15,101	2,899
Debt Service	150,000	150,000 (1)	75,000	75,000
Contingency	91,480	91,480 (1)	-	91,480
Total Expenditures	<u>259,480</u>	<u>259,480</u>	<u>90,101</u>	<u>169,379</u>
Excess of Revenues Over (Under) Expenditures	<u>(99,480)</u>	<u>(99,480)</u>	<u>(17,340)</u>	<u>82,140</u>
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	500,000	500,000	-	(500,000)
Transfers Out	<u>(500,000)</u>	<u>(500,000) (1)</u>	<u>-</u>	<u>500,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(99,480)	(99,480)	(17,340)	82,140
Beginning Fund Balance	<u>99,480</u>	<u>99,480</u>	<u>114,351</u>	<u>14,871</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,011</u>	<u>\$ 97,011</u>
Reconciliation to GAAP Equity				
Interfund Loan			<u>(819,200)</u>	
GAAP Equity			<u>\$ (722,189)</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, 2016

<u>TRANSPORTATION PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ 3,106,750	\$ 3,106,750	\$ 102,552	\$ (3,004,198)
Charges for Services	150,000	150,000	212,233	62,233
Interest on Investments	-	-	67,709	67,709
Trust Receipts	700,000	700,000	94,505	(605,495)
Miscellaneous Revenues	-	-	434,108	434,108
Total Revenues	<u>3,956,750</u>	<u>3,956,750</u>	<u>911,107</u>	<u>(3,045,643)</u>
EXPENDITURES:				
Capital Outlay	12,385,201	12,385,201 (1)	3,942,623	8,442,578
Total Expenditures	<u>12,385,201</u>	<u>12,385,201</u>	<u>3,942,623</u>	<u>8,442,578</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,428,451)</u>	<u>(8,428,451)</u>	<u>(3,031,516)</u>	<u>5,396,935</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,109,000	2,109,000	2,098,497	(10,503)
Transfers Out	(90,000)	(90,000) (1)	(90,000)	-
Total Other Financing Sources (Uses)	<u>2,019,000</u>	<u>2,019,000</u>	<u>2,008,497</u>	<u>(10,503)</u>
Net Change in Fund Balance	(6,409,451)	(6,409,451)	(1,023,019)	5,386,432
Beginning Fund Balance	<u>6,409,451</u>	<u>6,409,451</u>	<u>5,545,797</u>	<u>(863,654)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,522,778</u>	<u>\$ 4,522,778</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, 2016**

<u>LAND AND BUILDING PROJECTS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 5,000	\$ (295,000)
Charges for Services	92,000	92,000	102,307	10,307
Interest on Investments	44,693	44,693	39,277	(5,416)
Miscellaneous	1,574,343	1,574,343	90,189	(1,484,154)
Total Revenues	<u>2,011,036</u>	<u>2,011,036</u>	<u>236,773</u>	<u>(1,774,263)</u>
EXPENDITURES:				
Capital Outlay	9,581,432	9,581,432 (1)	1,147,003	8,434,429
Debt Service	1,460,000	1,460,000	-	1,460,000
Total expenditures	<u>11,041,432</u>	<u>11,041,432</u>	<u>1,147,003</u>	<u>9,894,429</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,030,396)</u>	<u>(9,030,396)</u>	<u>(910,230)</u>	<u>8,120,166</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,492,700	2,492,700	1,427,253	(1,065,447)
Loan proceeds	3,000,000	3,000,000	-	(3,000,000)
Total Other Financing Sources (Uses)	<u>5,492,700</u>	<u>5,492,700</u>	<u>1,427,253</u>	<u>(4,065,447)</u>
Net Change in Fund Balance	(3,537,696)	(3,537,696)	517,023	4,054,719
Beginning Fund Balance	<u>3,537,696</u>	<u>3,537,069</u>	<u>4,155,599</u>	<u>618,530</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ (627)</u>	<u>\$ 4,672,622</u>	<u>\$ 4,673,249</u>
Reconciliation to GAAP Fund Balance				
Interfund Loans			<u>(1,460,000)</u>	
Total GAAP Fund Balance			<u>\$ 3,212,622</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2016

	SPECIAL REVENUE FUNDS				
	TRANSIENT ROOM TAX FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	HOUSING & ECONOMIC DEVELOPMENT FUND	STORM WATER & OPEN SPACE FUND	TOTAL NONMAJOR FUNDS
ASSETS					
Cash and Investments	\$ 190,985	\$ 2,598	\$ 944,600	\$ 142,435	\$ 1,280,618
Prepaid Items	-	-	-	-	-
Receivables					
Taxes	25,973	-	-	-	25,973
Notes	-	73,817	43,356	11,487	128,660
Grants	-	16,766	-	-	16,766
Accrued Interest	-	20,000	-	3,868	23,868
Restricted Assets					
Cash and Cash Equivalents	-	-	-	197,827	197,827
Notes and Taxes Receivable	-	-	-	20,846	20,846
Accrued Interest Receivable	-	-	-	10,452	10,452
Total Assets	<u>\$ 216,958</u>	<u>\$ 113,181</u>	<u>\$ 987,956</u>	<u>\$ 386,915</u>	<u>\$ 1,705,010</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 9,158	\$ -	\$ -	\$ 9,158
Salaries, withholdings and taxes payable	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>9,158</u>	<u>-</u>	<u>-</u>	<u>9,158</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - loans	-	90,583	43,356	31,846	165,785
Total deferred inflow of resources	<u>-</u>	<u>90,583</u>	<u>43,356</u>	<u>31,846</u>	<u>165,785</u>
FUND BALANCES					
<i>Nonspendable:</i>	-	-	-	-	-
<i>Restricted for:</i>					
System Development	-	-	-	184,003	184,003
CDBG/HUD	-	13,440	944,600	-	958,040
Tourism/Recreation/TRT Approved	216,958	-	-	-	216,958
<i>Committed to:</i>	-	-	-	-	-
<i>Assigned to:</i>	-	-	-	171,066	171,066
Total fund balances	<u>216,958</u>	<u>13,440</u>	<u>944,600</u>	<u>355,069</u>	<u>1,530,067</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 216,958</u>	<u>\$ 113,181</u>	<u>\$ 987,956</u>	<u>\$ 386,915</u>	<u>\$ 1,705,010</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, 2016

	SPECIAL REVENUE FUNDS				TOTAL
	TRANSIENT ROOM TAX FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	HOUSING & ECONOMIC DEVELOPMENT FUND	STORM WATER & OPEN SPACE FUND	
REVENUES:					
Taxes	\$ 1,419,998	\$ -	\$ -	\$ -	\$ 1,419,998
Intergovernmental	-	2,299	-	-	2,299
Charges for Services	-	-	-	123,674	123,674
Interest on Investments	1,460	4,161	7,938	4,833	18,392
Trust Receipts	-	-	-	250	250
Miscellaneous Revenues	-	14,502	4,508	-	19,010
Total Revenues	<u>1,421,458</u>	<u>20,962</u>	<u>12,446</u>	<u>128,757</u>	<u>1,583,623</u>
EXPENDITURES:					
Development	10,900	17,586	-	-	28,486
Capital Outlay	-	-	-	201,485	201,485
Total Expenditures	<u>10,900</u>	<u>17,586</u>	<u>-</u>	<u>201,485</u>	<u>229,971</u>
Excess of Revenues Over, (Under) Expenditures	<u>1,410,558</u>	<u>3,376</u>	<u>12,446</u>	<u>(72,728)</u>	<u>1,353,652</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	116,404	116,404
Transfers Out	<u>(1,193,600)</u>	<u>(195,497)</u>	<u>(5,000)</u>	<u>-</u>	<u>(1,394,097)</u>
Total Other Financing Sources (Uses)	<u>(1,193,600)</u>	<u>(195,497)</u>	<u>(5,000)</u>	<u>116,404</u>	<u>(1,277,693)</u>
Net Change in Fund Balance	216,958	(192,121)	7,446	43,676	75,959
Beginning Fund Balance	<u>-</u>	<u>205,561</u>	<u>937,154</u>	<u>311,393</u>	<u>1,454,108</u>
Ending Fund Balance	<u>\$ 216,958</u>	<u>\$ 13,440</u>	<u>\$ 944,600</u>	<u>\$ 355,069</u>	<u>\$ 1,530,067</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, 2016**

<u>TRANSIENT ROOM TAX FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
NON-MAJOR GOVERNMENTAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Taxes	\$ 1,254,500	\$ 1,254,500	\$ 1,419,998	\$ 165,498
Interest	-	-	1,460	1,460
Total Revenues	<u>1,254,500</u>	<u>1,254,500</u>	<u>1,421,458</u>	<u>166,958</u>
EXPENDITURES:				
Materials and Services	10,900	10,900 (1)	10,900	-
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	<u>60,900</u>	<u>60,900</u>	<u>10,900</u>	<u>50,000</u>
Excess of Revenues Over (Under) Expenditures	<u>1,193,600</u>	<u>1,193,600</u>	<u>1,410,558</u>	<u>216,958</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,193,600)	(1,193,600) (1)	(1,193,600)	-
Total Other Financing Sources (Uses)	<u>(1,193,600)</u>	<u>(1,193,600)</u>	<u>(1,193,600)</u>	<u>-</u>
Net Change in Fund Balance	-	-	216,958	216,958
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,958</u>	<u>\$ 216,958</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, 2016

COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 NON-MAJOR GOVERNMENTAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Interest on Investments	\$ 2,480	\$ 2,480	\$ 4,161	\$ 1,681
Intergovernmental Revenue	300,000	300,000	2,299	(297,701)
Miscellaneous	11,250	11,250	14,502	3,252
Total Revenues	<u>313,730</u>	<u>313,730</u>	<u>20,962</u>	<u>(292,768)</u>
EXPENDITURES:				
Materials and Services	310,000	310,000 (1)	17,586	292,414
Contingencies	4,448	4,448 (1)	-	4,448
Total Expenditures	<u>314,448</u>	<u>314,448</u>	<u>17,586</u>	<u>296,862</u>
Excess of Revenues Over (Under) Expenditures	<u>(718)</u>	<u>(718)</u>	<u>3,376</u>	<u>4,094</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(206,000)</u>	<u>(206,000) (1)</u>	<u>(195,497)</u>	<u>10,503</u>
Total Other Financing Sources (Uses)	<u>(206,000)</u>	<u>(206,000)</u>	<u>(195,497)</u>	<u>10,503</u>
Net Change in Fund Balance	(206,718)	(206,718)	(192,121)	14,597
Beginning Fund Balance	<u>206,718</u>	<u>206,718</u>	<u>205,561</u>	<u>(1,157)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,440</u>	<u>\$ 13,440</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, 2016

<u>HOUSING AND ECONOMIC DEVELOPMENT FUND</u>				VARIANCE
NON-MAJOR GOVERNMENTAL FUND				TO FINAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Interest on Investments	\$ 5,535	\$ 5,535	\$ 7,938	\$ 2,403
Industrial and Other Loan Payments	50,000	50,000	-	(50,000)
Miscellaneous Revenues	4,150	4,150	4,508	358
Total Revenues	<u>59,685</u>	<u>59,685</u>	<u>12,446</u>	<u>(47,239)</u>
EXPENDITURES:				
Materials and Services	350,000	350,000 (1)	-	350,000
Contingencies	635,284	635,284 (1)	-	635,284
Total Expenditures	<u>985,284</u>	<u>985,284</u>	<u>-</u>	<u>985,284</u>
Excess of Revenues Over (Under) Expenditures	<u>(925,599)</u>	<u>(925,599)</u>	<u>12,446</u>	<u>938,045</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	(930,599)	(930,599)	7,446	938,045
Beginning Fund Balance	<u>930,599</u>	<u>930,599</u>	<u>937,154</u>	<u>6,555</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 944,600</u>	<u>\$ 944,600</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, 2016

STORM WATER AND OPEN SPACE FUND
 NON-MAJOR GOVERNMENTAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Charges for Services	\$ 25,000	\$ 25,000	\$ 123,674	\$ 98,674
Interest on Investments	500	500	4,833	4,333
Trust Receipts	-	-	250	250
Total Revenues	<u>25,500</u>	<u>25,500</u>	<u>128,757</u>	<u>103,257</u>
EXPENDITURES:				
Capital Outlay	407,310	407,310 (1)	201,485	205,825
Total Expenditures	<u>407,310</u>	<u>407,310</u>	<u>201,485</u>	<u>205,825</u>
Excess of Revenues Over (Under) Expenditures	<u>(381,810)</u>	<u>(381,810)</u>	<u>(72,728)</u>	<u>309,082</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	120,000	120,000	116,404	(3,596)
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>120,000</u>	<u>116,404</u>	<u>(3,596)</u>
Net Change in Fund Balance	(261,810)	(261,810)	43,676	305,486
Beginning Fund Balance	<u>261,810</u>	<u>261,810</u>	<u>311,393</u>	<u>49,583</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,069</u>	<u>\$ 355,069</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, 2016

	<u>WATER FUND</u>		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET		
<u>ENTERPRISE FUND</u>				
REVENUES:				
Charges for Services	\$ 6,685,750	\$ 6,685,750	\$ 6,221,104	\$ (464,646)
System Development Charge Receipts	150,000	150,000	608,527	458,527
Interest on Investments	26,000	26,000	72,241	46,241
Trust Receipts	3,000	3,000	51,119	48,119
Miscellaneous Revenues	36,900	36,900	50,235	13,335
Total Revenues	<u>6,901,650</u>	<u>6,901,650</u>	<u>7,003,226</u>	<u>101,576</u>
EXPENDITURES:				
Treatment Services	1,698,880	1,698,880 (1)	1,594,821	104,059
Distribution Services	1,357,191	1,357,191 (1)	1,123,506	233,685
Customer Services	367,361	367,361 (1)	358,296	9,065
General Operations	376,935	376,935 (1)	324,309	52,626
Debt Service				
Principal	385,000	385,000 (1)	385,000	-
Interest	122,170	122,170 (1)	121,550	620
Capital Outlay	7,053,468	7,053,468 (1)	1,328,206	5,725,262
Contingency	1,150,503	1,150,503 (1)	-	1,150,503
Total Expenditures	<u>12,511,508</u>	<u>12,511,508</u>	<u>5,235,688</u>	<u>7,275,820</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,609,858)</u>	<u>(5,609,858)</u>	<u>1,767,538</u>	<u>7,377,396</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	-	-	1,521	1,521
Transfers In	3,413,000	3,413,000	3,413,000	-
Transfers Out	(3,413,000)	(3,413,000) (1)	(3,413,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,521</u>	<u>1,521</u>
Net Change in Fund Balance	(5,609,858)	(5,609,858)	1,769,059	7,378,917
Beginning Fund Balance	5,609,858	5,609,858	8,013,768	2,403,910
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,782,827</u>	<u>\$ 9,782,827</u>
Reconciliation to Net Position				
Capital Assets, net			56,402,389	
Net pension Asset (Liability)			(683,031)	
Net pension deferred outflows			154,875	
Net pension deferred inflows			(153,989)	
Compensated absences			(146,015)	
Other post employment benefits			(260,986)	
Bonds Payable			(3,784,438)	
Unearned Revenue			96,175	
Total Net Position			<u>\$ 61,407,807</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, 2016

	<u>SEWER FUND</u>			
	ENTERPRISE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Charges for Services	\$ 6,039,500	\$ 6,039,500	\$ 6,275,982	\$ 236,482
SDC Receipts	200,000	200,000	659,953	459,953
Intergovernmental	-	-	206,995	206,995
Interest on Investments	11,500	11,500	76,533	65,033
Miscellaneous	42,000	42,000	12,984	(29,016)
Total Revenues	<u>6,293,000</u>	<u>6,293,000</u>	<u>7,232,447</u>	<u>939,447</u>
EXPENDITURES:				
Treatment Services	2,308,712	2,308,712 (1)	2,120,468	188,244
Collection Services	797,981	797,981 (1)	678,958	119,023
Customer Services	418,989	418,989 (1)	389,612	29,377
General Operations	397,690	397,690 (1)	352,496	45,194
Debt service:				
Principal	790,000	790,000 (1)	790,000	-
Interest	143,713	143,713 (1)	141,485	2,228
Capital Outlay	6,098,896	6,098,896 (1)	1,655,490	4,443,406
Contingency	1,255,346	1,255,346 (1)	-	1,255,346
Total Expenditures	<u>12,211,327</u>	<u>12,211,327</u>	<u>6,128,509</u>	<u>6,082,818</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,918,327)</u>	<u>(5,918,327)</u>	<u>1,103,938</u>	<u>7,022,265</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,874,000	1,874,000	1,874,000	-
Sale of Assets	-	-	19,069	19,069
Transfers Out	(1,719,000)	(1,719,000) (1)	(1,719,000)	-
Total Other Financing Sources (Uses)	<u>155,000</u>	<u>155,000</u>	<u>174,069</u>	<u>19,069</u>
Net Change in Fund Balance	(5,763,327)	(5,763,327)	1,278,007	7,041,334
Beginning Fund Balance	<u>5,763,327</u>	<u>5,763,327</u>	<u>8,217,007</u>	<u>2,453,680</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,495,014</u>	<u>\$ 9,495,014</u>
Reconciliation to Net Position				
Capital Assets, net			39,936,950	
Net pension Asset (Liability)			(697,750)	
Net pension deferred outflows			158,213	
Net pension deferred inflows			(129,913)	
Compensated absences			(197,708)	
Other post employment benefits			(248,719)	
Unearned Revenue			91,969	
Full Faith & Credit Bonds Payable			<u>(3,071,178)</u>	
Total Net Position			<u>\$ 45,336,878</u>	

(1) Appropriation Level

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
ASSETS					
Current assets:					
Cash and Investments	\$ 4,208,453	\$ 1,716,998	\$ 1,233,869	\$ 4,276,320	\$ 11,435,640
Prepaid Items	-	87,318	65,893	17,159	170,370
Receivables					
Accounts, net	-	5,690	7,237	12	12,939
Total current assets	<u>4,208,453</u>	<u>1,810,006</u>	<u>1,306,999</u>	<u>4,293,491</u>	<u>11,618,949</u>
Noncurrent assets:					
Net Pension Asset	-	-	-	-	-
Capital assets, net	2,392,950	643,468	41,228	-	3,077,646
Total noncurrent assets	<u>2,392,950</u>	<u>643,468</u>	<u>41,228</u>	<u>-</u>	<u>3,077,646</u>
Total assets	<u>6,601,403</u>	<u>2,453,474</u>	<u>1,348,227</u>	<u>4,293,491</u>	<u>14,696,595</u>
DEFERRED OUTFLOW OF RESOURCES					
Changes in employer proportion and differences between employer contribution and proportionate share of contributions					
	33,126	250,798	245,895	7,364	537,183
LIABILITIES					
Current Liabilities					
Accounts Payable	27,667	44,175	86,537	138,498	296,877
Salaries, withholdings and taxes payable	10,541	92,387	91,184	2,875	196,987
Compensated Absences	11,186	95,000	123,000	5,207	234,393
Pending Claims	-	-	-	52,196	52,196
Total Current Liabilities	<u>49,394</u>	<u>231,562</u>	<u>300,721</u>	<u>198,776</u>	<u>780,453</u>
Long-Term Liabilities					
Compensated Absences	-	23,133	25,523	-	48,656
Net Pension Liability	146,095	1,106,063	1,084,441	32,476	2,369,075
Other Post Employment Benefits	57,581	314,263	358,814	8,611	739,269
Total Long-Term Liabilities	<u>203,676</u>	<u>1,443,459</u>	<u>1,468,778</u>	<u>41,087</u>	<u>3,157,000</u>
Total Liabilities	<u>253,070</u>	<u>1,675,021</u>	<u>1,769,499</u>	<u>239,863</u>	<u>3,937,453</u>
DEFERRED INFLOW OF RESOURCES					
Differences between projected and actual investment earnings					
	50,066	199,280	289,270	7,998	546,614
NET POSITION					
Net invested in capital assets	2,392,950	643,468	41,228	-	3,077,646
Unrestricted	3,938,443	186,503	(505,875)	4,052,994	7,672,065
Total Net Position	<u>\$ 6,331,393</u>	<u>\$ 829,971</u>	<u>\$ (464,647)</u>	<u>\$ 4,052,994</u>	<u>\$ 10,749,711</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
OPERATING REVENUES:					
Charges for Services	\$ 1,281,849	\$ 3,463,697	\$ 3,164,099	\$ 1,053,175	\$ 8,962,820
Miscellaneous	36,541	64,965	3,692	23,614	128,812
Total Operating Revenues	<u>1,318,390</u>	<u>3,528,662</u>	<u>3,167,791</u>	<u>1,076,789</u>	<u>9,091,632</u>
OPERATING EXPENSES:					
Salaries, Wages, and Benefits	441,539	2,917,303	3,106,227	106,281	6,571,350
Operating Supplies	278,386	64,928	56,539	19,793	419,646
Repairs and Maintenance	27,301	35,528	13,190	-	76,019
Utilities	2,224	124,142	13,694	446	140,506
Professional Services	101,330	509,696	776,381	805,578	2,192,985
General, Administrative and Engineering	149,909	341,898	252,848	1,225	745,880
Depreciation	334,851	87,527	5,651	-	428,029
Total Operating Expenses	<u>1,335,540</u>	<u>4,081,022</u>	<u>4,224,530</u>	<u>933,323</u>	<u>10,574,415</u>
Total Operating Income (Loss)	(17,150)	(552,360)	(1,056,739)	143,466	(1,482,783)
NONOPERATING INCOME (LOSS)					
Gain (Loss) on the Sale of Assets	945	-	-	-	945
Gain (Loss) on Disposal of Assets	(1,443)	-	-	-	(1,443)
Intergovernmental	-	-	1,167	-	1,167
Interest Income	32,464	11,874	12,024	30,424	86,786
Total nonoperating income (expense)	<u>31,966</u>	<u>11,874</u>	<u>13,191</u>	<u>30,424</u>	<u>87,455</u>
Income, (Loss) Before Operating Transfers	14,816	(540,486)	(1,043,548)	173,890	(1,395,328)
TRANSFERS					
Transfers In	-	-	-	-	-
Transfers Out	(46,000)	(40,000)	(150,000)	-	(236,000)
Total Transfers	<u>(46,000)</u>	<u>(40,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>(236,000)</u>
Change in Net Position	(31,184)	(580,486)	(1,193,548)	173,890	(1,631,328)
Net Position-Beginning	6,362,577	1,410,457	728,901	3,879,104	12,381,039
Net Position-Ending	<u>\$ 6,331,393</u>	<u>\$ 829,971</u>	<u>\$ (464,647)</u>	<u>\$ 4,052,994</u>	<u>\$ 10,749,711</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	ADMINISTRATIVE SERVICES FUND	INSURANCE SERVICES FUND	TOTAL
Cash Flows From Operating Activities:					
Cash Received from Customers	\$ 1,318,390	\$ 3,526,416	\$ 3,169,542	\$ 1,083,514	\$ 9,097,862
Cash Paid to Suppliers	(557,568)	(1,089,710)	(1,120,600)	(851,552)	(3,619,430)
Cash Paid to Employees	(314,287)	(2,018,968)	(2,138,719)	(76,393)	(4,548,367)
Net cash provided (used) by operating activities	<u>446,535</u>	<u>417,738</u>	<u>(89,777)</u>	<u>155,569</u>	<u>930,065</u>
Cash Flows From Noncapital Financing Activities					
Intergovernmental Revenue	-	-	1,167	-	1,167
Gain (Loss) on the Sale of Assets	945	-	-	-	945
Transfers In	-	-	-	-	-
Transfers Out	(46,000)	(40,000)	(150,000)	-	(236,000)
Net cash provided (used) by noncapital financing activities	<u>(45,055)</u>	<u>(40,000)</u>	<u>(148,833)</u>	<u>-</u>	<u>(233,888)</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(578,307)	(84,742)	(35,160)	-	(698,209)
Net cash provided (used) by capital and related financing activities	<u>(578,307)</u>	<u>(84,742)</u>	<u>(35,160)</u>	<u>-</u>	<u>(698,209)</u>
Cash flows from investing activities					
Interest on Investments	32,464	11,874	12,024	30,424	86,786
Net increase (decrease) in cash and investments	(144,363)	304,870	(261,746)	185,993	84,754
Cash and investments, beginning of year	4,352,816	1,412,128	1,495,615	4,090,327	11,350,886
Cash and investments, end of year	<u>\$ 4,208,453</u>	<u>\$ 1,716,998</u>	<u>\$ 1,233,869</u>	<u>\$ 4,276,320</u>	<u>\$ 11,435,640</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ (17,150)	\$ (552,360)	\$ (1,056,739)	\$ 143,466	\$ (1,482,783)
Depreciation and Amortization	334,851	87,527	5,651	-	428,029
(Increase) Decrease in Receivables	-	(2,246)	1,751	6,725	6,230
Increase (Decrease) in Payables	1,582	(13,518)	(7,948)	(24,510)	(44,394)
Increase (Decrease) in Payroll Liabilities	127,252	898,335	967,508	29,888	2,022,983
Net Cash Provided by Operating Activities	<u>\$ 446,535</u>	<u>\$ 417,738</u>	<u>\$ (89,777)</u>	<u>\$ 155,569</u>	<u>\$ 930,065</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, 2016**

<u>FLEET OPERATIONS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 1,277,342	\$ 1,277,342	\$ 1,281,849	4,507
Interest on Investments	21,500	21,500	32,464	10,964
Miscellaneous	615,000	615,000	36,541	(578,459)
Total Revenues	<u>1,913,842</u>	<u>1,913,842</u>	<u>1,350,854</u>	<u>(562,988)</u>
EXPENDITURES:				
Garage Operations	1,011,073	1,011,073 (1)	827,663	183,410
Equipment Replacement Operations	1,454,200	1,454,200 (1)	622,987	831,213
Contingency	389,640	389,640 (1)	-	389,640
Total Expenditures	<u>2,854,913</u>	<u>2,854,913</u>	<u>1,450,650</u>	<u>1,404,263</u>
Excess of Revenues Over (Under) Expenditures	<u>(941,071)</u>	<u>(941,071)</u>	<u>(99,796)</u>	<u>841,275</u>
OTHER FINANCING SOURCES:				
Sale of Assets	10,000	10,000	945	(9,055)
Transfers Out	(600,000)	(600,000)	(46,000)	554,000
Total Other Financing Sources	<u>(590,000)</u>	<u>(590,000)</u>	<u>(45,055)</u>	<u>544,945</u>
Net Change in Fund Balance	(1,531,071)	(1,531,071)	(144,851)	1,386,220
Beginning Fund Balance	<u>3,617,154</u>	<u>3,617,154</u>	<u>4,315,096</u>	<u>697,942</u>
Ending Fund Balance	<u>\$ 2,086,083</u>	<u>\$ 2,086,083</u>	<u>\$ 4,170,245</u>	<u>\$ 2,084,162</u>
Reconciliation to Net Position				
Capital Assets, net			2,392,950	
Net pension Asset (Liability)			(146,095)	
Net pension deferred outflows			33,126	
Net pension deferred inflows			(50,066)	
Compensated absences			(11,186)	
Other post employment benefits			(57,581)	
Total Net Position			<u>\$ 6,331,393</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, 2016**

<u>SUPPORT SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 3,222,650	\$ 3,222,650	\$ 3,463,697	\$ 241,047
Interest on Investments	5,500	5,500	11,874	6,374
Miscellaneous Revenues	56,832	56,832	64,965	8,133
Total Revenues	<u>3,284,982</u>	<u>3,284,982</u>	<u>3,540,536</u>	<u>255,554</u>
EXPENDITURES:				
Property Management	729,670	729,670 (1)	611,845	117,825
Engineering Services	944,039	944,039 (1)	857,117	86,922
Community Development Management	1,041,786	1,041,786 (1)	951,561	90,225
Information Technology	828,835	828,835 (1)	772,026	56,809
Contingency	509,263	509,263 (1)	-	509,263
Total expenditures	<u>4,053,593</u>	<u>4,053,593</u>	<u>3,192,549</u>	<u>861,044</u>
Excess of Revenues Over (Under) Expenditures	<u>(768,611)</u>	<u>(768,611)</u>	<u>347,987</u>	<u>1,116,598</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(40,000)	(40,000) (1)	(40,000)	-
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net Change in Fund Balance	(808,611)	(808,611)	307,987	1,116,598
Beginning Fund Balance	<u>808,611</u>	<u>808,611</u>	<u>1,365,457</u>	<u>556,846</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,673,444</u>	<u>\$ 1,673,444</u>
Reconciliation to Net Position				
Capital Assets, net			643,468	
Net pension Asset (Liability)			(1,106,063)	
Net pension deferred outflows			250,798	
Net pension deferred inflows			(199,280)	
Compensated absences			(118,133)	
Other post employment benefits			(314,263)	
Total Net Position			<u>\$ 829,971</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, 2016**

<u>ADMINISTRATIVE SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,167	\$ 1,167
Charges for Services	3,524,417	3,524,417	3,164,099	(360,318)
Interest on Investments	8,000	8,000	12,024	4,024
Miscellaneous Revenues	3,000	3,000	3,692	692
Total Revenues	<u>3,535,417</u>	<u>3,535,417</u>	<u>3,180,982</u>	<u>(354,435)</u>
EXPENDITURES:				
Management Services	706,313	706,313 (1)	640,332	65,981
Legal Services	310,271	310,271 (1)	284,717	25,554
Finance Services	1,738,814	1,738,814 (1)	1,632,529	106,285
General Program Operations	377,964	377,964 (1)	279,663	98,301
Human Resources	505,104	505,104 (1)	460,176	44,928
Contingency	517,459	517,459 (1)	-	517,459
Total expenditures	<u>4,155,925</u>	<u>4,155,925</u>	<u>3,297,417</u>	<u>858,508</u>
Excess of Revenues Over (Under) Expenditures	<u>(620,508)</u>	<u>(620,508)</u>	<u>(116,435)</u>	<u>504,073</u>
OTHER FINANCING SOURCE (USES)				
Transfers Out	(150,000)	(150,000) (1)	(150,000)	-
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net Change in Fund Balance	(770,508)	(770,508)	(266,435)	504,073
Beginning Fund Balance	<u>770,508</u>	<u>770,508</u>	<u>1,395,713</u>	<u>625,205</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,129,278</u>	<u>\$ 1,129,278</u>
Reconciliation to Net Position				
Capital Assets, net			41,228	
Net pension Asset (Liability)			(1,084,441)	
Net pension deferred outflows			245,895	
Net pension deferred inflows			(289,270)	
Compensated absences			(148,523)	
Other post employment benefits			<u>(358,814)</u>	
Total Net Position			<u>\$ (464,647)</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, 2016

<u>INSURANCE SERVICES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 1,065,755	\$ 1,065,755	\$ 1,053,175	\$ (12,580)
Interest on Investments	23,200	23,200	30,424	7,224
Miscellaneous	-	-	23,614	23,614
Total Revenues	<u>1,088,955</u>	<u>1,088,955</u>	<u>1,107,213</u>	<u>18,258</u>
EXPENDITURES:				
General Insurance Services	609,538	609,538 (1)	505,373	104,165
Benefits Administration	45,997	45,997 (1)	20,534	25,463
Workers' Compensation Insurance	465,844	465,844 (1)	378,614	87,230
Contingency	812,406	812,406 (1)	-	812,406
Total expenditures	<u>1,933,785</u>	<u>1,933,785</u>	<u>904,521</u>	<u>1,029,264</u>
Excess of Revenues Over (Under) Expenditures	<u>(844,830)</u>	<u>(844,830)</u>	<u>202,692</u>	<u>1,047,522</u>
Net Change in Fund Balance	(844,830)	(844,830)	202,692	1,047,522
Beginning Fund Balance	<u>4,191,418</u>	<u>4,191,418</u>	<u>3,897,230</u>	<u>(294,188)</u>
Ending Fund Balance	<u>\$ 3,346,588</u>	<u>\$ 3,346,588</u>	<u>\$ 4,099,922</u>	<u>\$ 753,334</u>
Reconciliation to Net Position				
Net pension Asset (Liability)			(32,476)	
Net pension deferred outflows			7,364	
Net pension deferred inflows			(7,998)	
Compensated absences			(5,207)	
Other post employment benefits			<u>(8,611)</u>	
Total Net Position			<u>\$ 4,052,994</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, 2016

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2016</u>
Assets				
Cash and Investments	\$ 4,016,495	\$ 97,442	\$ 403,377	\$ 3,710,560
Total Assets	<u>\$ 4,016,495</u>	<u>\$ 97,442</u>	<u>\$ 403,377</u>	<u>\$ 3,710,560</u>
Liabilities				
Due to Others	<u>\$ 4,016,495</u>	<u>\$ 97,442</u>	<u>\$ 403,377</u>	<u>\$ 3,710,560</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, 2016

TAX YEAR	<u>GENERAL FUNDS</u>					BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16
	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/1/15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	
Current:						
2015-16	\$ 18,321,177	\$ 426,157	\$ -	\$ 9,491	\$ 17,255,494	\$ 649,017
Prior Years:						
2014-15	652,342	-	(36,449)	17,335	275,183	358,045
2013-14	373,093	-	(8,389)	21,562	158,853	227,413
2012-13	243,252	-	12,761	31,984	163,722	124,275
2011-12	136,366	-	(31,964)	11,669	49,569	66,502
2010-11	83,887	-	(1,953)	9,101	28,859	62,176
Prior	89,749	-	(1,713)	9,927	28,009	69,954
Total Prior	1,578,689	-	(67,707)	101,578	704,195	908,365
Total All Funds	<u>\$ 19,899,866</u>	<u>\$ 426,157</u>	<u>\$ (67,707)</u>	<u>\$ 111,069</u>	<u>\$ 17,959,689</u>	<u>\$ 1,557,382</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 17,959,689
Accrual of Receivables:	
June 30, 2015	(253,561)
June 30, 2016	<u>239,246</u>
Total Revenue	<u>\$ 17,945,374</u>



CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

STATISTICAL SECTION

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

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	100
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	105
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>	112
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>	120
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>	125

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

The schedules were restated due to the implementation of GASB 68 and GASB 71

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NET POSITION BY COMPONENT

For the last ten fiscal years
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investments in Capital Assets	\$ 109,719,868	\$ 129,195,607	\$ 133,844,008	\$ 138,145,695	\$ 146,190,808	\$ 148,515,608	\$ 150,437,183	\$ 151,474,062	\$ 157,463,974	\$ 164,871,200
Restricted for Capital/Other	-	3,706,534	1,524,619	482,870	5,392,281	10,317,156	8,378,801	9,892,811	6,292,018	6,461,707
Unrestricted	37,053,641	26,433,560	28,878,112	30,945,320	25,480,630	22,263,617	26,136,620	24,892,233	23,256,795	14,736,536
Total governmental activities net position	\$ 146,773,509	\$ 159,335,701	\$ 164,246,739	\$ 169,573,885	\$ 177,063,719	\$ 181,096,381	\$ 184,952,604	\$ 186,259,106	\$ 187,012,787	\$ 186,069,443
Business-Type Activities										
Net Investments in Capital Assets	\$ 76,870,093	\$ 82,828,074	\$ 84,254,981	\$ 86,290,233	\$ 87,379,784	\$ 86,784,900	\$ 82,628,764	\$ 86,203,124	\$ 86,692,880	\$ 89,483,723
Restricted	-	-	-	-	-	-	-	601,968	1,014,112	1,891,691
Unrestricted	13,009,932	11,255,966	11,529,197	10,670,206	11,352,071	12,147,027	16,364,958	15,624,066	18,729,771	19,190,928
Total business-type activities net assets	\$ 89,880,025	\$ 94,084,040	\$ 95,784,178	\$ 96,960,439	\$ 98,731,855	\$ 98,931,927	\$ 98,993,722	\$ 102,429,158	\$ 106,436,763	\$ 110,566,342
Primary government										
Net Investments in Capital Assets	\$ 186,589,961	\$ 212,023,742	\$ 218,098,989	\$ 224,435,928	\$ 233,570,592	\$ 235,300,508	\$ 233,065,947	\$ 237,677,186	\$ 244,156,854	\$ 254,354,923
Restricted for Capital Purposes	-	3,706,534	1,524,619	482,870	5,392,281	10,317,156	8,378,801	10,494,779	7,306,130	8,353,398
Unrestricted	50,063,573	37,689,465	40,407,309	41,615,526	36,832,701	34,410,644	42,501,578	40,516,299	41,986,566	33,927,464
Total primary government net position	\$ 236,653,534	\$ 253,419,741	\$ 260,030,917	\$ 266,534,324	\$ 275,795,574	\$ 280,028,308	\$ 283,946,326	\$ 288,688,264	\$ 293,449,550	\$ 296,635,785

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CHANGES IN NET POSITION

For the last ten fiscal years (unaudited)										
Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Public Safety	\$ 13,897,740	\$ 12,104,326	\$ 15,715,693	\$ 16,622,773	\$ 15,765,649	\$ 20,258,332	\$ 20,678,509	\$20,269,677	\$17,332,871	\$26,168,284
Transportation	1,662,747	1,430,601	1,720,308	1,668,081	1,587,847	1,890,095	1,764,757	1,912,307	2,028,726	3,329,800
Building	1,178,647	910,259	806,483	496,906	547,455	586,034	557,675	512,430	400,171	803,949
Parks	1,666,934	1,450,608	2,063,311	1,714,511	1,679,201	1,942,127	2,036,468	2,101,913	1,827,139	2,723,357
Development	2,099,393	3,278,657	2,789,112	1,534,263	1,611,616	2,299,728	1,944,782	1,706,233	1,603,819	2,461,645
General Government	226,893	218,905	228,948	1,039,310	252,392	753,414	878,725	1,670,490	1,577,197	2,342,794
Solid Waste	787,168	1,474,560	178,512	284,876	264,647	439,330	467,019	442,414	448,447	685,545
Interest	212,221	445,088	504,102	657,027	350,140	283,013	252,176	215,700	206,200	171,600
Total Governmental Activities Expenses	21,731,743	21,313,004	24,006,469	24,017,747	22,058,947	28,452,073	28,580,111	28,831,164	25,424,570	38,686,974
Business-Type Activities										
Water	3,795,099	3,019,237	4,171,634	3,837,597	3,945,483	4,095,785	4,909,084	4,415,108	4,187,763	5,694,622
Sewer	4,673,214	5,617,811	5,486,284	5,567,558	5,474,335	6,485,441	6,820,408	5,339,087	4,592,129	6,077,698
Total Business-Type Activities Expenses	8,468,313	8,637,048	9,657,918	9,405,155	9,419,818	10,581,226	11,729,492	9,754,195	8,779,892	11,772,320
Total Primary Government Expenses	\$ 30,200,056	\$ 29,950,052	\$ 33,664,387	\$ 33,422,902	\$ 31,478,765	\$ 39,033,299	\$ 40,309,603	\$ 38,585,359	\$ 34,204,462	\$ 50,459,294
Program Revenues										
Governmental Activities										
Charges for Service:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	23,214,300	3,541,708	2,532,870	1,679,342	1,576,637	1,570,789	1,590,660	1,982,665	1,187,975	2,177,575
General Government	5,281,710	1,161,947	506,123	360,782	1,769,217	1,854,686	579,607	334,439	3,091,838	5,331,862
Other	2,127,083	1,938,835	1,396,315	1,923,164	1,455,580	1,259,460	1,606,865	1,554,010	1,601,432	1,935,884
Operating Grants and Contributions	142,581	184,284	256,481	2,189,745	1,237,791	1,308,621	862,824	617,750	865,121	147,862
Capital Grants	398,285	-	339,749	2,600	-	273,191	437,683	144,912	1,423,965	-
Total Governmental Activities Revenues	31,163,959	6,826,774	5,031,538	6,155,633	6,039,225	6,266,747	5,077,639	4,633,776	8,170,331	9,593,183
Business-Type Activities										
Charges for Service:	-	-	-	-	-	-	-	-	-	-
Water	5,052,827	4,461,350	4,312,938	4,041,855	3,941,619	4,112,911	4,833,256	5,595,988	6,086,849	6,210,224
Sewer	6,281,328	5,940,872	5,332,252	5,360,977	5,437,415	5,693,126	5,940,026	5,924,522	6,013,066	6,195,710
Operating Grants and Contributions	2,873,646	1,010,140	909,274	240,729	955,442	335,558	23,864	846,620	61,780	1,587,822
Total Business-Type Activities Revenues	14,207,801	11,412,362	10,554,464	9,643,561	10,334,476	10,141,595	10,797,146	12,367,130	12,161,695	13,993,756
Total Primary Government Revenues	\$ 45,371,760	\$ 18,239,136	\$ 15,586,002	\$ 15,799,194	\$ 16,373,701	\$ 16,408,342	\$ 15,874,785	\$ 17,000,906	\$ 20,332,026	\$ 23,586,939
Net (Expense)/Revenue										
Governmental Activities	\$ 9,432,216	\$ (14,486,230)	\$ (18,974,931)	\$ (17,862,114)	\$ (16,019,722)	\$ (22,185,326)	\$ (23,502,472)	\$ (24,197,388)	\$ (17,254,239)	\$ (29,093,791)
Business-Type Activities	5,739,488	2,775,314	896,546	238,406	914,658	(439,631)	(932,346)	2,612,935	3,381,803	2,221,436
Total Primary Government Net Expense	\$ 15,171,704	\$ (11,710,916)	\$ (18,078,385)	\$ (17,623,708)	\$ (15,105,064)	\$ (22,624,957)	\$ (24,434,818)	\$ (21,584,453)	\$ (13,872,436)	\$ (26,872,355)

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CHANGES IN NET POSITION (continued)

General Revenues and Other Changes in Net Assets	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Taxes	\$ 16,153,726	\$ 18,241,381	\$ 17,808,752	\$ 18,913,372	\$ 19,516,508	\$ 20,173,717	\$ 21,090,523	\$ 21,186,469	\$ 21,876,011	\$ 23,419,126
Intergovernmental	3,551,395	5,071,345	3,928,465	3,359,165	3,160,079	4,901,496	3,502,104	3,655,425	3,618,055	3,696,770
Interest	1,459,814	1,856,733	896,915	550,250	424,147	269,265	227,220	300,121	307,523	318,164
Trust Receipts	77,560	233,637	38,805	131,584	123,798	379,510	50,452	16,975	10,333	94,755
Industrial Payments	69,068	7,151	24,446	13,163	33,619	16,377	16,953	17,576	-	-
Miscellaneous	735,071	1,985,656	799,012	152,842	98,405	307,538	355,768	318,978	807,496	704,468
Transfers	122,447	(347,481)	389,574	68,884	153,000	170,085	(15,351)	8,346	(625,705)	(82,836)
Total Governmental Activities	\$ 22,169,081	\$ 27,048,422	\$ 23,885,969	\$ 23,189,260	\$ 23,509,556	\$ 26,217,988	\$ 25,227,669	\$ 25,503,890	\$ 25,993,713	\$ 28,150,447
Business-Type Activities										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	275,843	257,045	327,430	315,658	344,520	300,162	252,009	2,757	1,848	207,352
Interest	559,754	407,972	225,424	145,702	102,804	92,838	91,318	84,598	130,059	175,311
Trust Receipts	100,445	67,968	522,714	467,982	424,177	266,441	523,622	569,588	662,937	1,319,599
Miscellaneous	312,358	350,236	117,598	77,397	138,257	150,347	110,003	173,904	191,061	123,045
Transfers	(122,447)	347,481	(389,574)	(68,884)	(153,000)	(170,085)	15,351	(8,346)	625,705	82,836
Total Business-Type Activities	\$ 1,125,953	\$ 1,430,702	\$ 803,592	\$ 937,855	\$ 856,758	\$ 639,703	\$ 992,303	\$ 822,501	\$ 1,611,610	\$ 1,908,143
Total Primary Government	\$ 23,295,034	\$ 28,479,124	\$ 24,689,561	\$ 24,127,115	\$ 24,366,314	\$ 26,857,691	\$ 26,219,972	\$ 26,326,391	\$ 27,605,323	\$ 30,058,590
Change in Net Position										
Governmental Activities	\$ 31,601,297	\$ 12,562,192	\$ 4,911,038	\$ 5,327,146	\$ 7,489,834	\$ 4,032,662	\$ 1,725,197	\$ 1,306,502	\$ 8,739,474	\$ (943,344)
Business-Type Activities	6,865,441	4,206,016	1,700,138	1,176,261	1,771,416	200,072	59,957	3,435,436	4,993,413	4,129,579
Total Primary Government	\$ 38,466,738	\$ 16,768,208	\$ 6,611,176	\$ 6,503,407	\$ 9,261,250	\$ 4,232,734	\$ 1,785,154	\$ 4,741,938	\$ 13,732,887	\$ 3,186,235

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

PROGRAM REVENUE BY FUNCTION

For the last ten fiscal years
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental Activities										
Public Safety *	\$ 343,114	\$ 488,697	\$ 873,106	\$ 766,545	\$ 684,010	\$ 1,038,011	\$ 1,149,324	\$ 569,743	\$ 458,623	\$ 365,780
Transportation	23,224,198	3,541,968	2,532,870	3,503,448	2,477,196	2,184,970	2,234,538	2,505,236	1,974,130	2,280,127
Building	903,800	835,566	335,550	317,067	348,445	317,104	520,536	506,353	601,049	821,100
Parks	4,750	452,763	134,809	27,095	27,278	31,403	28,056	30,050	24,501	28,570
Development	1,061,950	20,758	312,071	357,221	406,799	494,050	229,247	336,079	1,608,865	295,891
General Government	5,281,710	1,161,947	506,123	898,500	1,769,217	1,854,686	579,607	334,439	3,091,838	5,331,862
Solid Waste	344,437	325,075	337,009	285,757	326,280	346,523	336,331	351,876	411,325	469,853
Subtotal Governmental activities	31,163,959	6,826,774	5,031,538	6,155,633	6,039,225	6,266,747	5,077,639	4,633,776	8,170,331	9,593,183
Business-Type Activities										
Water	7,029,744	5,204,874	4,736,238	4,186,369	4,307,259	4,364,930	4,844,261	5,971,075	6,093,546	7,396,515
Sewer	7,178,057	6,207,488	5,818,226	5,457,192	6,027,217	5,776,665	5,952,885	6,396,055	6,068,149	6,597,241
Subtotal Business-Type Activities	14,207,801	11,412,362	10,554,464	9,643,561	10,334,476	10,141,595	10,797,146	12,367,130	12,161,695	13,993,756
Total Primary Government	\$ 45,371,760	\$ 18,239,136	\$ 15,586,002	\$ 15,799,194	\$ 16,373,701	\$ 16,408,342	\$ 15,874,785	\$ 17,000,906	\$ 20,332,026	\$ 23,586,939

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

FUND BALANCES, GOVERNMENTAL FUNDS

For the last ten fiscal years
(Unaudited)

	2007	2008	2009	2010	2011*	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,125	\$ 294,528	\$ 220,896	\$ 148,264	\$ 76,945	\$ 38,223
Restricted	-	-	-	-	549,511	390,256	457,447	660,849	678,428	967,956
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	2,315,067	2,533,625	2,726,276	2,206,396	2,771,264	3,332,460
Unassigned	-	-	-	-	8,657,596	9,535,817	10,456,731	10,244,302	10,554,038	10,460,698
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	5,581,614	7,482,929	7,736,946	10,197,778	-	-	-	-	-	-
Total General Fund	5,581,614	7,482,929	7,736,946	10,197,778	11,523,299	12,754,226	13,861,350	13,259,811	14,080,675	14,799,337
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	-	-	250,000	\$ 250,000	\$ 25,943	\$ 73,467	\$ 31,590	\$ 28,644
Restricted	-	-	-	-	8,097,389	9,926,900	8,721,353	9,231,962	5,613,590	5,493,751
Committed	-	-	-	-	2,061,453	1,792,896	2,061,032	1,792,419	357,976	480,926
Assigned	-	-	-	-	7,039,518	6,132,898	5,778,144	5,924,144	7,532,933	7,061,742
Unassigned	-	-	-	-	(1,220,513)	(1,119,701)	(1,031,178)	(968,050)	(779,849)	(722,189)
Reserved	(1,500,626)	3,706,534	1,584,732	551,807	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	5,728,115	5,692,914	5,668,343	6,026,470	-	-	-	-	-	-
Capital Projects Funds	20,735,290	12,204,633	12,788,348	10,803,433	-	-	-	-	-	-
Debt Service Funds	-	(1,386,260)	(1,782,901)	(1,360,828)	-	-	-	-	-	-
Total All Governmental Funds	\$ 30,544,393	\$ 27,700,750	\$ 25,995,468	\$ 26,218,660	\$ 27,751,146	\$ 29,737,219	\$ 29,416,644	\$ 29,313,753	\$ 26,836,915	\$ 27,142,211

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

For the last ten fiscal years (Unaudited)										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 16,118,499	\$ 18,143,991	\$ 17,450,007	\$ 18,803,838	\$ 19,469,079	\$ 20,422,012	\$ 20,730,497	\$ 21,006,000	\$ 21,881,594	\$ 23,426,117
Licenses and Permits	711,524	492,375	286,445	274,049	276,619	258,616	389,943	376,233	404,322	649,613
Intergovernmental	4,045,054	5,225,029	4,312,300	5,733,089	4,322,842	6,401,775	4,785,875	4,411,827	5,902,947	3,843,822
Charges for Services	3,889,361	3,505,815	2,827,772	2,580,954	1,778,060	2,083,858	2,514,987	2,133,638	3,066,804	3,117,354
Fines and Forfeitures	233,887	253,766	237,776	300,528	306,097	301,478	260,283	223,924	162,808	204,658
Special Assessments	1,051,627	202,536	795,947	374,550	276,647	117,109	105,042	78,853	202,894	72,212
Interest	1,275,934	1,672,282	794,905	497,016	376,403	229,340	189,295	253,782	259,570	257,915
Other Revenues	277,830	1,299,891	229,240	330,241	187,278	792,004	331,703	292,842	739,810	844,060
Total Revenues	\$ 27,603,716	\$ 30,795,685	26,934,392	\$ 28,894,265	\$ 26,993,025	\$ 30,606,192	29,307,625	28,777,099	32,620,749	32,415,751
Expenditures										
General Governmental	\$ 190,691	\$ 237,401	549,079	\$ 1,953,637	\$ 243,351	\$ 365,668	2,335,742	1,403,700	1,522,294	1,579,775
Public Safety	11,826,804	12,596,250	14,008,746	14,737,717	15,074,699	15,888,900	16,562,958	17,028,926	16,771,635	17,619,029
Community Development	1,786,695	3,393,756	2,486,875	1,372,620	1,542,330	1,808,785	1,568,627	1,449,844	1,579,930	1,636,369
Debt Service										
Principal	714,972	1,328,521	1,466,960	1,110,305	1,035,000	694,528	746,020	800,000	865,000	930,000
Interest	225,289	467,588	462,106	674,031	372,640	295,985	268,656	238,200	206,200	171,600
Solid Waste	376,302	369,431	352,704	327,254	339,354	365,668	369,432	365,995	420,646	471,963
Capital Outlay	3,703,899	11,752,279	6,674,210	4,989,921	3,350,522	5,346,729	4,297,583	3,717,672	9,158,494	5,349,763
Transportation	1,405,089	1,529,698	1,526,810	1,545,768	1,527,138	1,528,315	1,477,610	1,685,510	2,106,951	2,134,827
Building	999,912	961,444	716,102	472,525	527,569	481,216	476,457	468,708	463,629	485,299
Parks	1,417,736	1,512,891	1,615,733	1,547,370	1,606,686	1,808,785	1,640,207	1,775,974	1,787,035	1,818,375
Total Expenditures	\$ 22,647,389	\$ 34,149,259	\$ 29,859,325	\$ 28,731,148	\$ 25,619,289	\$ 28,584,579	\$ 29,743,292	\$ 28,934,529	\$ 34,881,814	\$ 32,197,000

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)

For the last ten fiscal years (Unaudited)										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Loan Proceeds	\$ 9,998,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Assets	1,195	878,942	910,239	5,075	5,750	7,131	145,092	4,539	14,227	5,545
Operating Transfer In	3,331,276	2,760,935	8,302,583	4,152,451	3,532,156	3,306,449	4,413,993	4,019,467	4,135,874	4,996,641
Operating Transfers Out	(3,245,276)	(3,129,937)	(7,993,171)	(4,097,451)	(3,379,156)	(3,306,448)	(4,443,993)	(3,969,467)	(4,365,874)	(4,915,641)
Total Other Financing Sources (Uses)	\$ 10,085,226	\$ 509,940	\$ 1,219,651	\$ 60,075	\$ 158,750	\$ 7,132	\$ 115,092	\$ 54,539	\$ (215,773)	\$ 86,545
Net Change in Fund Balances	\$ 15,041,553	\$ (2,843,634)	\$ (1,705,282)	\$ 223,192	\$ 1,532,486	\$ 2,028,745	\$ (320,575)	\$ (102,891)	\$ (2,476,838)	\$ 305,296

Debt Service as a Percentage of Noncapital Expenditures

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Service	\$ 940,261	\$ 1,796,109	\$ 1,929,066	\$ 1,784,336	\$ 1,407,640	\$ 990,513	\$ 1,014,676	\$ 1,038,200	\$ 1,071,200	\$ 1,101,600
Total Expenditures	22,647,389	34,149,259	29,859,325	28,731,148	25,619,289	28,584,579	29,743,292	28,934,529	34,881,814	32,197,000
Capitalized Expenditures	2,225,095	13,735,442	6,358,055	5,932,483	4,783,410	1,666,863	2,300,448	1,290,736	5,539,982	3,311,076
	4.60%	8.80%	8.21%	7.83%	6.76%	3.68%	3.70%	3.76%	3.65%	3.81%

Source: Annual financial statements of the City of Grants Pass

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Property	Business	Franchise	Transient Room Tax	E911	Total
2007	\$ 12,450,442	\$ 305,103	\$ 2,351,245	\$ 1,046,936	\$ -	\$ 16,153,726
2008	14,411,920	320,413	2,484,617	1,024,431	-	18,241,381
2009	14,102,746	313,194	2,422,366	970,446	-	17,808,752
2010	15,198,417	299,697	2,364,958	940,765	-	18,803,837
2011	15,284,264	290,831	2,954,859	939,125	-	19,469,079
2012	15,764,689	289,609	3,247,038	951,487	169,189	20,422,012
2013	15,982,105	285,867	3,317,002	1,061,816	83,706	20,730,496
2014	16,085,891	279,291	3,529,911	1,110,907	-	21,006,000
2015	16,802,056	281,968	3,588,443	1,203,544	-	21,876,011
2016	17,959,690	293,333	3,753,097	1,419,998	-	23,426,118

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
			Percentage of Current Levy	Delinquent Taxes Collected		Percentage of Current Levy	Uncollected Delinquent Taxes	
2007	\$ 11,019,070	\$ 10,326,444	94%	\$ 239,558	\$ 10,566,002	96%	\$ 525,089	4.77%
2008	12,892,015	12,159,160	94%	270,092	12,429,252	96%	650,461	5.05%
2009	14,204,620	13,285,125	94%	321,578	13,606,703	96%	925,990	6.52%
2010	15,247,413	14,177,029	93%	467,737	14,644,766	96%	1,165,775	7.65%
2011	15,698,562	14,666,467	93%	611,622	15,278,089	97%	1,265,983	8.06%
2012	15,891,002	14,791,059	93%	471,031	15,262,090	96%	1,484,456	9.34%
2013	16,195,925	15,138,669	93%	792,995	15,931,664	98%	1,436,617	8.87%
2014	16,564,034	15,508,163	94%	578,146	16,086,309	97%	1,534,559	9.26%
2015	17,213,458	16,141,385	94%	666,297	16,807,682	98%	1,578,689	9.17%
2016	18,321,177	17,255,494	94%	704,195	17,959,689	98%	1,557,382	8.50%

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Total	General Fund	Debt Service Fund
2007	5.62	5.62	-
2008	6.13	5.62	0.51
2009	6.12	5.62	0.50
2010	6.32	5.92	0.40
2011	6.33	5.92	0.41
2012	6.32	5.91	0.41
2013	6.32	5.92	0.40
2014	6.31	5.92	0.39
2015	6.32	5.92	0.40
2016	6.31	5.92	0.39

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CONSOLIDATED TAX LEVIES

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Total	General Fund	Bond Debt/Service Fund	Parkway Redevelopment Fund
2007	\$ 12,824,629	\$ 11,019,070	\$ -	\$ 1,805,559
2008	14,851,145	11,767,092	1,124,923	1,959,130
2009	14,204,620	13,044,673	1,159,947	-
2010	15,247,413	14,285,977	961,436	-
2011	15,690,087	14,682,269	1,007,818	-
2012	15,877,288	14,860,497	1,016,791	-
2013	16,195,925	15,167,836	1,028,089	-
2014	16,561,255	15,548,816	1,012,439	-
2015	17,204,791	16,117,247	1,087,544	-
2016	18,318,534	17,186,954	1,131,580	-

Source: Josephine County

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For the last ten fiscal years (Unaudited)								
Fiscal Year Ended June 30,	Total Direct Tax Rate	Assessed Value					Real Market Value	Ratio AV/MV
		Real	Manufactured Structures	Personal	Utilities	Total		
2007	\$ 5.62	\$ 1,938,382,246	\$ 22,362,100	\$ 72,828,353	\$ 31,735,000	\$ 2,065,307,699	\$ 3,690,578,756	56%
2008	6.13	2,074,687,531	22,939,620	76,015,525	33,386,700	2,207,029,376	3,940,725,214	56%
2009	6.12	2,181,783,170	22,901,740	79,434,508	34,380,420	2,318,499,838	3,817,384,012	61%
2010	6.32	2,262,030,421	22,032,290	77,411,818	48,140,570	2,409,615,099	3,502,284,110	69%
2011	6.33	2,321,080,007	20,544,460	83,329,732	51,882,790	2,476,836,989	3,258,983,323	76%
2012	6.33	2,412,852,066	12,016,560	77,526,136	58,225,400	2,560,620,162	2,741,990,442	93%
2013	6.33	2,472,359,085	12,312,460	78,136,923	62,128,500	2,624,936,968	2,758,118,702	95%
2014	6.31	2,561,781,242	12,156,420	78,456,456	68,504,839	2,720,898,957	2,938,536,968	93%
2015	6.32	2,728,449,185	14,515,406	82,862,228	75,658,900	2,901,485,719	3,088,085,942	94%
2016	6.31	2,837,917,831	14,770,150	80,243,984	75,403,600	3,008,335,565	3,410,027,587	88%

Source: Josephine County

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	General Fund	Debt Service Fund	Total (4)	Josephine County	School District No.7	Rogue Community College	Education Service District	4H Extension	Total	Measure 5 Total (2)
2007	\$ 5.62	\$ -	\$ 5.62	\$ 0.81	\$ 6.48 (3)	\$ 0.51	\$ 0.35	\$ 0.05	\$ 13.82 (2)	\$ 11.64
2008	5.62	0.51	6.13	0.80	6.41 (3)	0.51	0.35	0.05	14.25 (2)	11.64
2009	5.62	0.50	6.12	0.79	6.21 (3)	0.51	0.35	0.05	14.03 (2)	11.65
2010	5.92	0.40	6.32	0.77	6.43 (3)	0.51	0.35	0.05	14.43 (2)	11.94
2011	5.92	0.41	6.33	0.76	5.92 (3)	0.51	0.35	0.05	13.92 (2)	11.94
2012	5.92	0.41	6.33	0.75	5.97 (3)	0.51	0.35	0.05	13.96 (2)	11.95
2013	5.92	0.40	6.33	0.75	5.90 (3)	0.51	0.35	0.05	13.88 (2)	11.94
2014	5.92	0.39	6.31	0.75	4.52 (3)	0.51	0.35	0.05	12.49 (2)	11.95
2015	5.92	0.40	6.32	0.82	4.52 (3)	0.51	0.35	0.05	12.58 (2)	12.03
2016	5.92	0.39	6.31	0.81	4.52 (3)	0.51	0.35	0.05	12.56 (2)	12.02

(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
2007*	\$ 1,872,966	\$ 11,692	\$ 963,791	\$ -	\$ 920,867	104.7%
2008	920,867	1,260,672	162,020	(2,895)	2,016,624	8.0%
2009	2,016,624	43,362	818,310	(11,500)	1,230,176	66.5%
2010	1,230,176	-	374,550	-	855,626	43.8%
2011	855,626	119,805	218,468	-	756,963	28.9%
2012	756,963	-	66,178	-	690,785	9.6%
2013	690,785	-	58,868	-	631,917	9.3%
2014	631,917	-	34,769	-	597,148	5.8%
2015	597,148	-	167,596	-	429,552	39.0%
2016	429,552	-	29,983	-	399,569	7.5%

Source: Internal accounting reports of the City of Grants Pass

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

RATIO OF OUTSTANDING DEBT BY TYPE

For the last ten fiscal years
(Unaudited)

Fiscal year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Urban Renewal Bonds	Notes Payable	General Obligation Bonds	Solid Waste Agency Loan	Water Bonds	2013 FFC Water Bonds	2009 Refunding Bonds	SRF Loans			
2007	\$ 885,000	\$ 157,500	\$ 9,820,000	\$ 864,991	\$ 2,185,363	\$ -	\$ -	\$ 10,428,215	\$ 24,341,069	2.98%	774
2008	455,000	135,000	9,190,000	601,705	1,867,802	-	-	9,796,518	22,046,025	2.48%	679
2009	-	112,500	8,490,000	359,737	1,530,242	-	-	9,201,369	19,693,848	2.10%	610
2010	-	90,000	7,930,000	-	-	-	8,553,004	-	16,573,004	1.71%	499
2011	-	67,500	6,895,000	-	-	-	7,426,516	-	14,389,016	1.43%	416
2012	-	45,000	6,210,000	-	-	-	6,282,577	-	12,537,577	1.23%	362
2013	-	22,500	5,470,000	-	-	-	5,914,347	-	11,406,847	1.08%	* 328
2014	-	-	4,670,000	-	-	4,250,000	4,475,000	-	13,395,000	1.22%	* 384
2015	-	-	3,805,000	-	-	3,875,000	3,700,000	-	11,380,000	1.02%	325
2016	-	-	2,875,000	-	-	3,490,000	2,910,000	-	9,275,000	0.76%	254

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

Source: Internal accounting reports of the City of Grants Pass

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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

For the last ten fiscal years (Unaudited)										
Year Ended June 30,	Population	Assessed Value (In \$1,000)	Gross General Bonded Debt	Full Faith & Credit Debt to be paid From Enterprise Revenue (1)	Less Debt Payable from Nonenterprise Revenue (3)	Bonded Debt Payable from Property Tax Levy Revenue	Less Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt per Assessed Value	Net Bonded Debt Per Capita
2007	31,740	\$ 2,065,308	\$ 10,705,000	\$ -	\$ 885,000	\$ 9,820,000	\$ -	\$ 9,820,000	0.47%	309
2008	32,290	2,207,029	9,645,000	-	455,000	9,190,000	-	9,190,000	0.42%	285
2009	33,225	2,318,500	8,490,000	-	-	8,490,000	60,113	8,429,887	0.36%	254
2010	33,225	2,409,615	16,483,004	8,553,004	-	7,930,000	68,937	16,414,067	0.68%	494
2011	34,555	2,476,837	14,321,516	7,426,516	-	6,895,000	92,265	14,229,251	0.57%	412
2012	34,660	2,560,620	12,492,577	6,282,577	-	6,210,000	106,004	12,386,573	0.48%	357
2013	34,740	2,624,937	11,384,347	5,914,347	-	5,470,000	112,921	11,271,426	0.43%	324
2014	34,855	2,720,899	13,395,000	8,725,000	-	4,670,000	62,495	13,332,505	0.49%	383
2015	35,060	2,901,486	11,380,000	7,575,000	-	3,805,000	56,894	11,323,106	0.39%	323
2016	36,465	3,008,336	9,275,000	6,400,000	-	2,875,000	69,537	9,205,463	0.31%	252

(1) These amounts are full faith and credit bonds but are being repaid by Enterprise revenue

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

Source: Internal accounting reports of the City of Grants Pass

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

LEGAL DEBT MARGIN INFORMATION

As of June 30, 2016

For the last ten fiscal years
(Unaudited)

Legal Debt Margin Calculation

Total Real Market Value (as defined in ORS 308.207) as of June 30, 2016	\$ 3,410,027,587
Less Non-Profit Housing	(2,092,850)
	<u>\$ 3,407,934,737</u>

Debt limit, 3% of total real market value - ORS 287A \$ 102,238,042

Amount of debt applicable to debt limit

Total bonded debt, including special assessment bonds
and public safety general obligation bonds \$ 9,275,000

Less other deductions allowed by law

Special assessment and revenue bonds 6,400,000

Total deductions 6,400,000

Total amount of debt applicable to debt limit 2,875,000

Legal debt margin \$ 99,363,042

Fiscal Year

	2007	2008	2009	2,010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 110,642,556	\$ 114,449,016	\$ 114,449,016	97,696,996	\$ 97,703,644	\$ 93,957,097	\$ 82,685,254	\$ 88,096,053	\$ 92,581,621	\$ 102,238,042
Total net debt applicable to limit	10,705,000	9,645,000	8,490,000	7,930,000	6,895,000	5,470,000	5,470,000	4,670,000	3,805,000	2,875,000
Legal debt margin	<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>	<u>\$ 88,487,097</u>	<u>\$ 77,215,254</u>	<u>\$ 83,426,053</u>	<u>\$ 88,776,621</u>	<u>\$ 99,363,042</u>
Total net debt applicable to the limit as a percentage of debt limit	9.68%	8.43%	7.42%	8.12%	7.06%	5.82%	6.62%	5.30%	4.11%	2.81%

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, 2016

<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	\$ 10,665,437	40.91%	\$ 4,363,230
School Districts:			
Three Rivers School District	34,965,636	7.44%	2,601,443
Grants Pass School District #7	4,500,000	80.26%	3,611,700
Community Colleges:			
Rogue Community College	17,080,000	11.19%	1,911,252
		<i>Sub-total Overlapping Debt</i>	12,487,625
Direct:			
City of Grants Pass Property Tax Backed Bonded Debt			2,875,000
Total			\$ 15,362,625

Sources: Oregon State Treasury, Debt Management Information System

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Grants Pass.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values.

The Oregon State Treasury, acting on behalf of the Municipal Debt Advisory Commission maintains debt information to assist municipalities in debt related matters. The overlapping debt is based on information obtained from sources believed to be reliable, however, per Oregon State Treasury Debt Management Information System, its accuracy cannot be guaranteed.

Gross Property-tax Backed Debt includes all General Obligation (GO) bonds and Limited-tax GO bonds. Full faith and credit obligations, revenue bonds and special assessment bonds are not included in the Debt Outstanding and direct debt.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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

For the last ten fiscal years
(Unaudited)

Year of Maturity	Principal	Interest	Total Debt Service	Total General Expenditures	Debt Service as a Percentage of General Expenditures
2007	\$ -	\$ -	\$ -	\$ 22,647,389	N/A
2008	630,000	390,445	1,020,445	34,149,259	0
2009	700,000	387,000	1,087,000	29,859,325	0
2010	560,000	359,000	919,000	28,731,148	0
2011	1,035,000	367,952	1,402,952	25,619,289	0
2012	685,000	295,200	980,200	28,584,579	0
2013	740,000	267,800	1,007,800	29,743,292	0
2014	800,000	238,200	1,038,200	28,934,529	0
2015	865,000	206,200	1,071,200	34,881,814	0
2016	930,000	171,600	1,101,600	32,197,000	0

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, 2016	Gross Revenue (1)	Direct Operation Expenditures (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007 (3)	\$ 5,412,155	\$ 3,777,173	\$ 1,634,982	\$ 305,000	\$ 111,430	\$ 416,430	3.93
2008 (3)	4,948,172	3,080,175	1,867,997	320,000	96,989	416,989	4.48
2009 (3)	4,760,706	4,160,585	600,121	340,000	82,836	422,836	1.42
2010 (4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2011 (4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2012 (4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2013 (4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2014 (4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2015 (4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2016 (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, 2016

	Bond Transactions					Outstanding June 30, 2016
	Outstanding June 30, 2015	Issued	Called	Matured	Paid	
2013 Full Faith & Credit Water Bonds	\$ 3,875,000	\$ -	\$ -	\$ 385,000	\$ 385,000	\$ 3,490,000
Amount Issued	\$ 4,620,000					
Interest Rates	1.28-4.0%					
Date of Issue	03/27/13					
2009 Full Faith & Credit Refunding	3,700,000	-	-	790,000	790,000	2,910,000
Amount Issued	\$ 8,815,000					
Interest Rates	2.0-4.0%					
Date of Issue	12/22/09					
Supported Bonds						
2007 Public Safety	3,805,000	-	-	930,000	930,000	2,875,000
Amount Issued	\$ 9,820,000					
Interest Rates	4%					
Date of Issue	06/20/07					
Total Bonds	<u>\$ 11,380,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,105,000</u>	<u>\$ 2,105,000</u>	<u>\$ 9,275,000</u>

	Interest Coupons			
	Outstanding June 30, 2015	Matured	Paid	Outstanding June 30, 2016
2007 Public Safety-Issued 06/20/07				
Interest Rates	\$ -	\$ 171,600	\$ 171,600	\$ -
2009 Public Works Debt Refunding-Issued 12/22/09				
Interest Rates	-	141,485	141,485	-
Series of 2013 Water Infrastructure-Issued 03/27/13				
Interest Rates	-	121,550	121,550	-
Total Bonds	<u>\$ -</u>	<u>\$ 434,635</u>	<u>\$ 434,635</u>	<u>\$ -</u>

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF FUTURE DEBT SERVICE

For the Year Ended June 30, 2016

Maturity	Governmental Activities		Proprietary Activities			
	General Obligation Bond		General Obligation Bonds			
	Public Safety Facilities		2009 Refunding		2013 FFC	
	General Fund		Wastewater Fund		Water Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-2017	\$ 1,010,000	\$ 125,100	\$ 375,000	\$ 116,063	\$ 390,000	\$ 114,420
2017-2018	1,095,000	74,600	385,000	101,063	400,000	106,520
2018-2019	770,000	30,800	400,000	85,663	410,000	96,360
2019-2020			415,000	69,663	425,000	81,700
2020-2021			430,000	53,400	440,000	65,100
2021-2022			445,000	36,200	455,000	47,900
2022-2023			460,000	18,400	475,000	29,300
2023-2024					495,000	9,900
2024-2025						
2025-2026						
2026-2027						
2027-2028						
2028-2030						
	<u>\$ 2,875,000</u>	<u>\$ 230,500</u>	<u>\$ 2,910,000</u>	<u>\$ 480,452</u>	<u>\$ 3,490,000</u>	<u>\$ 551,200</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
2007	32	\$ 18,799,032	278	\$ 40,407,617	\$ 1,179,020	(4)	(4)	(4)
2008	17	9,751,549	185	27,184,422	1,120,845	(4)	(4)	(4)
2009	11	2,181,625	74	13,029,218	1,196,459	(4)	(4)	(4)
2010	11	3,987,404	49	9,496,138	1,210,261	(4)	(4)	(4)
2011	10	14,161,168	33	4,591,193	1,165,441	(4)	(4)	(4)
2012	9	10,559,340	21	4,423,141	1,126,689	(4)	(4)	(4)
2013	13	21,633,479	71	14,349,745	1,106,874	(4)	(4)	(4)
2014	6	2,516,675	66	13,918,655	1,146,744	(4)	(4)	(4)
2015	4	10,917,788	89	17,148,800	1,202,270	(4)	(4)	(4)
2016	19	26,707,077	134	32,107,443	1,263,342	(4)	(4)	(4)

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

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

DEMOGRAPHIC STATISTICS

For the last ten fiscal years
(Unaudited)

Year Ended June 30,	Population (1)	Personal Income (<i>thousands of dollars</i>) (2)	Per Capita Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2007	30,930	\$ 815,964,330	\$ 26,381	43.5	5,655	6.7%
2008	31,740	890,433,960	28,054	44.6	5,647	7.3%
2009	32,260	937,798,200	29,070	44.6	5,486	14.7%
2010	33,225	968,475,525	29,149	44.6	5,801	14.3%
2011	34,555	1,005,861,495	29,109	47.3 **	5,825	12.8%
2012	34,660	1,018,900,020	29,397	47.3 **	5,838	11.7%
2013	34,740	1,055,957,040	30,396	47.3 **	5,817	10.5%
2014	34,855	1,095,109,245	31,419	47.3 **	5,924	9.6%
2015	35,060	1,117,607,620	31,877	47.3 **	6,090	7.9%
2016	36,465	1,224,385,305	33,577	47.3 **	6,044	6.9%

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

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

**From 2010 Census

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

INSURANCE AND SURETY BONDS IN FORCE

June 30, 2016
(Unaudited)

<u>Company</u>	<u>Policy Number</u>	<u>Amount</u>	<u>Coverage</u>	<u>Policy Term</u>	<u>Premium</u>
City - County Insurance Svcs.	15LGSP	\$ 2,000,000	Comprehensive Gen. Liability	7/01/2015- 6/30/2016	\$ 255,494
City - County Insurance Svcs.	15APDGSP	Various	Auto Physical Damage	7/01/2015- 6/30/2016	29,945
City - County Insurance Svcs.	15PGSP	5,000,000	Property Insurance	7/01/2015- 6/30/2016	89,878
QEB Insurance Corporation	ORGRAN11	50,000	Volunteer Accident	7/01/2015- 6/30/2016	650
Chartis Specialty Insurance Co.	PLS1957953	10,000,000	Pollution Legal Liability	12/31/2011 - 12/31/2021	177,271
Chartis Specialty Insurance Co.	EPP1957147	13,000,000	Solid Waste-Closure/Post	7/01/2001 - 7/01/2031	6,756,809
City - County Insurance Svcs.	15LGSP	1,500,000	Auto Liability Coverage	7/01/2015- 6/30/2016	31,618
City - County Insurance Svcs.	15CGSP	200,000	Excess Crime	7/01/2015- 6/30/2016	1,115
City - County Insurance Svcs.	15EQGSP	5,000,000	Excess Earthquake	7/01/2015- 6/30/2016	13,500
City - County Insurance Svcs.	15ECLGSP	250,000	Excess Cyber Liability	7/01/2015- 6/30/2016	1,794

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

JOSEPHINE COUNTY PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago
(Unaudited)

Employer	Type of Business	2016			2007		
		Approximate Employment	Rank	Percentage of Total County Employment	Approximate Employment	Rank	Percentage of Total County Employment
Three Rivers Community Hospital	* Health Care	968	1	3.83%	700	1	2.09%
Grants Pass School District No. 7	* Education	864	2	3.42%	700	1	2.09%
Three Rivers School District	Education	602	3	2.38%	603	3	1.80%
Rogue Community College	Education	576	4	2.28%	350	7	1.04%
Wal-Mart	* Department Store	451	5	1.79%	500	5	1.49%
Master Brand Cabinets	* Wood Products Manufacturing	450	6	1.78%	625	2	1.87%
Fire Mountain Gems	* Catalog Sales	382	7	1.51%	560	4	1.67%
Rogue Valley Door	* Wood Products Manufacturing	340	8	1.35%			
Josephine County	* Government	326	9	1.29%	400	6	1.19%
First Call Resolution	* Call Center	294	10	1.16%			
Diversified Collection/Performant Recovery	* Collections Agency	--		--	225	9	0.67%
ESAM	Electronics	--		--	225	8	0.67%
SPARC Inc. Recycling	Health Care	--		--	220	10	0.66%
Total employees		5,253		20.80%	5,108		15.25%
Total Employment		25,260			33,499		

* Indicates businesses within the Grants Pass city limits.

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

Source: City of Grants Pass Finance Department

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

**TEN LARGEST TAXPAYERS
WITHIN CITY LIMITS**

Name	Type of Business	Current Year and Ten Years Ago (Unaudited)				2007		
		2016		Percentage of Total City Assessed Value	2007		Percentage of Total City Assessed Value	
		City Assessed Value	Rank		City Assessed Value	Rank		
S-H Forty-Nine Properties	Commercial	\$ 25,269,540	1	0.84%	\$ -			
Charter Communications	Utility	24,180,700	2	0.80%				
Masterbrand Cabinets Inc	Industrial	22,957,860	3	0.76%	8,538,210	7	0.41%	
Auerbach Grants Pass LLC & Freeman Grants Pass	Commercial	19,857,050	4	0.66%	11,846,370	3	0.57%	
Avista Corp. dba Avista Utilities	Utility	16,945,000	5	0.56%	6,933,100	10	0.34%	
Fred Meyer Stores Inc	Commercial	15,052,590	6	0.50%				
Pacificcorp (PP&L)	Utility	14,679,000	7	0.49%				
Johnson Trust, Carl D	Commercial	14,320,730	8	0.48%				
Home Depot	Commercial	13,707,572	9	0.46%				
Lynn-Ann Development LLC	Developer	13,558,743	10	0.45%	11,950,810	2	0.58%	
QWEST Corporation	Utility				15,485,500	1	0.75%	
Albertson's Inc.	Commercial				10,880,578	6	0.53%	
SPM - Grants LLC	Commercial				10,916,500	5	0.53%	
Wal-Mart Stores Inc.	Commercial				10,930,042	4	0.53%	
Hillebrand Children Riverwood Apts	Rental				8,266,131	8	0.40%	
Jensen, Robert A & Shirley Y	Commercial				7,961,021	9	0.39%	
Total of top-ten taxpayers		<u>180,528,785</u>		<u>6.00%</u>	<u>103,708,262</u>		<u>5.03%</u>	
Other Taxpayers		<u>2,829,999,870</u>		<u>94.00%</u>	<u>1,961,599,437</u>		<u>94.97%</u>	
Source: Joesphine County Assessor		<u>\$ 3,010,528,655</u>		<u>100.00%</u>	<u>\$ 2,065,307,699</u>		<u>100.00%</u>	

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CAPITAL ASSETS STATISTICS BY FUNCTION

	For the last ten years (Unaudited)										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Public Safety											
Police stations	(1)	1	1	3	4	4	4	4	4	4	5
Sub-stations	(1)	1	1	0	0 #	0 #	0 #	0 #	0	1	1
Marked Patrol Units	(1)	11	11	11	11	11	11	11	13	16	16
Un-marked Patrol Units	(1)	11	11	11	11	11	11	11	12	13	13
K-9 units	(1)	2	2	2	2	2	2	2	2	2	2
Motorcycles	(1)	3	3	3	3	3	3	3	3	3	3
Specialty Vehicles	(1)	7	7	7	7	7	7	7	7	7	7
T3	(1)	1	1	2	2	2	2	2	2	2	2
Equipment Trailers	(1)	5	5	5	5	5	5	5	6	6	6
Fire stations	(1)	2	2	3	3	3	3	3	3	3	3
Pumpers	(1)	3	3	6	6	6	6	6	6	6	6
Ladder Trucks	(1)	1	1	1	1	1	1	1	1	1	1
Wildland Engine	(1)	1	1	1	1	1	1	1	1	1	1
Transportation											
Streets (miles)	(4)	131	145	162	166	167	167	167	167	168	172
Streetlights	(4)	1,537	1,550	1,788	1,790	1,795	1,796	1,800	1,810	1,820	1,835
City Owned	(4)	125	133	183	183	183	183	183	183	184	184
PP&L Owned	(4)	1,412	1,417	1,605	1,607	1,607	1,613	1,617	1,627	1,636	1,651
Traffic signals	(4)	8	9	9	9	9	12	12	12	12	12
Parks											
Number of parks-developed	(5)	15	21	17	24	24	24	24	24	24	24
Number of parks-undeveloped	(5)	n/a	n/a	15	8	8	8	8	8	8	8
Acreage of parks-developed	(5)	134	445	152	195	195	195	195	195	195	195
Acreage of parks-undeveloped	(5)	n/a	n/a	355	313	313	313	313	313	313	313
Swimming pools	(5)	1	1	1	1	1	1	1	1	1	1
Playgrounds	(5)	9	11	11	11	13	13	13	13	13	13
Baseball/softball fields	(5)	12	12	12	12	12	12	12	12	12	12
Soccer fields	(5)	6	5	5	5	5	5	5	5	5	5
Tennis courts	(5)	14	14	15	14	14	14	14	14	14	14
Water											
Water mains (miles)	(4)	180	184	186	187	187	187	187	187	193	193
Fire hydrants	(4)	1,489	1,569	1,602	1,608	1,620	1,623	1,623	1,623	1,634	1,634
Storage capacity (millions of gallons)	(4)	19	19	19	19	19	19	15.5**	21	21	21
Reservoirs	(4)	8	8	8	8	8	8	7**	8	8	8
Wastewater											
Sanitary sewers (miles)	(4)	168	170	170	170	170	170	170	170	180	180
Storm drains (miles)	(4)	104	105	105	105	105	105	105	105	105	107
Lift stations	(4)	2	2	2	2	2	2	2	2	2	2
Pumping Station (includes RSSSD)	(4)	3	3	3	3	3	3	3	3	3	3
Treatment capacity (millions of gallons)	(4)	6.4*	6.4*	6.4*	6.4*	6.4*	6.4*	6.4*	6.4*	6.4*	6.4*

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

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

Sources:

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

WORKERS COMPENSATION FUND BALANCE & RESERVES

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended 30-Jun-16	Fund Balance	Loss Reserve	Total Fund Balance & Loss Reserve
2007	\$ 632,567	\$ 116,841	\$ 749,408
2008	775,676	79,755	855,431
2009	848,040	75,823	923,863
2010	987,599	39,480	1,027,079
2011	973,130	26,886	1,000,016
2012	905,850	95,020	1,000,870
2013	888,383	114,687	1,003,070
2014	816,364	102,929	919,293
2015	388,447	99,264	487,711
2016	301,470	52,196	353,666

* The City of Grants Pass is no longer self-insured for workers' compensation effective July 1, 2015, and accordingly reduced the reserve balances in the workers compensation insurance fund effective June 30, 2015.

Source: Internal accounting reports of the City of Grants Pass

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

MISCELLANEOUS STATISTICS

June 30, 2016
(Unaudited)

Date of Incorporation -1887

Form of government - Council/Manager

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Area (in Acres)	(2)	7,026	7,026	7,026	7,026	7,026	7,026	7,026	7,026	7,412	7,475
Police and officers	(1)	44	44	41	46	46	46	50	48	49	53
Firefighters and officers	(1)	17	19	27	27	27	27	28	30	28	27
Employees (Permanent)											
Classified service	(1)	188	217	194	180	180	181	184	178	169	183
Exempt	(1)	9	10	10	27*	31	30	31	27	32	31

Sources:

(1) City Personnel Records

(2) City Community Development Department

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

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

STAFF ALLOCATION BY ACTIVITY*

Department/Activity	As of June 30th (Unaudited)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Administration</i>										
Management	5.90	6.90	6.70	5.75	5.61	5.55	4.45	4.95	3.95	5.10
Legal	0.75	0.75	1.34	1.34	0.05	0.05	0.05	0.05	0.05	0.05
Information Technology	2.65	4.45	3.95	3.95	4.88	4.73	5.93	5.70	5.70	5.70
Risk Insurance	0.30	0.30	0.41	0.41	0.32	0.55	-	-	-	-
General Insurance	-	-	-	-	-	-	0.20	0.20	0.20	0.35
Economic Development	-	1.00	1.00	1.00	1.00	1.00	1.00	-	1.00	1.00
Tourism Development	2.00	1.85	1.85	1.85	1.85	1.80	1.95	0.06	0.08	0.08
Downtown	1.00	1.45	1.45	1.45	1.55	1.50	1.53	1.68	2.08	2.08
Property Management	0.90	1.25	1.30	1.30	2.06	1.86	2.05	1.40	2.00	2.00
	13.50	17.95	18.00	17.05	17.32	17.04	17.16	14.04	15.06	16.35
<i>Finance</i>										
Finance	15.00	16.00	15.00	13.00	13.00	13.50	16.10	13.67	12.55	13.50
Garage Operations	0.40	3.30	3.05	3.05	2.13	2.84	2.97	2.92	2.45	3.00
Equipment Repair	0.55	0.60	0.70	0.70	0.47	0.61	0.72	0.72	-	-
	15.95	19.90	18.75	16.75	15.60	16.95	19.79	17.31	15.00	16.50
<i>Human Resources</i>										
Human Resources	-	2.00	2.50	2.50	2.38	2.86	3.08	3.03	3.26	2.99
Worker's Compensation	-	-	-	-	-	-	0.37	0.52	0.40	0.61
	-	2.00	2.50	2.50	2.38	2.86	3.45	3.55	3.66	3.60
<i>Parks & Community Development</i>										
Management	7.00	8.00	4.80	5.00	9.00	9.00	9.00	8.65	8.73	8.70
Engineering	9.00	10.00	8.50	6.50	4.50	4.50	3.50	3.50	5.50	5.50
Planning	8.00	11.00	5.00	4.00	3.00	3.00	2.90	3.90	4.00	3.00
Building & Safety	6.00	7.00	2.00	2.00	2.00	2.00	2.10	2.10	2.00	2.00
Park Maintenance	6.45	8.00	6.65	6.85	6.64	6.24	7.60	6.55	5.55	6.55
Aquatics	0.30	0.30	0.30	0.10	0.40	0.40	0.40	0.35	0.35	0.35
Recreation	0.05	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
	36.80	44.45	27.40	24.60	25.69	25.29	25.65	25.20	26.28	26.25
<i>Public Works</i>										
Water Treatment	4.39	5.94	6.46	6.46	6.46	6.46	5.46	5.46	6.46	6.46
Water Distribution	8.98	8.93	8.30	8.30	8.80	8.80	8.80	7.80	8.80	7.80
Wastewater Collection	5.98	5.94	5.16	5.16	5.66	5.66	5.66	5.66	5.66	6.66
Wastewater Treatment	8.73	8.88	7.41	9.91	9.41	7.71	7.71	8.46	7.46	8.46
JO-GRO™	3.91	4.05	4.11	2.61	3.11	3.81	1.81	-	-	-
Capital Projects	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Solid Waste	0.01	-	0.10	0.10	0.10	0.10	0.10	0.16	0.16	0.16
Storm Water	-	0.15	-	-	-	-	-	-	-	-
Street Maintenance	6.70	6.76	7.56	7.56	7.56	6.56	6.46	6.56	5.56	6.56
	39.70	41.65	40.10	41.10	42.10	40.10	37.00	35.10	35.10	37.10
<i>Public Safety</i>										
Fire/Rescue Operations**	-	-	-	-	-	-	-	31.70	29.80	29.10
Police Operations**	60.00	68.00	67.75	73.50	76.50	77.75	82.25	50.75	51.50	59.15
Support Operations	26.00	31.00	25.60	29.10	29.00	27.00	27.00	20.90	21.20	22.50
Code Enforcement	3.05	2.05	1.00	-	-	-	-	-	-	-
	89.05	101.05	94.35	102.60	105.50	104.75	109.25	103.35	102.50	110.75
Total	195.00	227.00	201.10	204.60	208.59	206.99	212.30	198.55	197.60	210.55

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

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

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

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

**WATER UTILITY
TEN LARGEST REVENUE SOURCES**

Customer (classification)	Current Year and Ten Years Ago (Unaudited)				2007			
	2016		Rank	Percent of Total Revenue	2007		Rank	Percent of Total Revenue
	Annual Consumption Units (100 hcf)	Annual Revenue*			Annual Consumption Units (100 hcf)	Annual Revenue*		
City of Grants Pass (public)	145,240	\$ 259,795	1	4.26%	323,776	\$ 122,740	1	3.10%
School District 7 (public)	130,755	172,438	2	2.83%	145,243	115,499	2	2.92%
Three Rivers Hospital (commercial)	31,042	95,330	3	1.56%				
Timber Products (commercial)	32,302	54,556	4	0.89%	66,625	44,045	6	1.11%
Emeritus @ Spring Pointe/Village (retirement)	22,450	49,996	5	0.82%	36,573	36,728	7	0.93%
Josephine County (public)	30,945	48,595	6	0.80%	74,476	90,821	3	2.30%
Countryside Partners (commercial)	72,579	32,542	7	0.53%				
Countryside Village (retirement)	39,229	22,785	8	0.37%				
Wal-Mart (commercial)	33,920	16,221	9	0.27%	30,097	51,205	5	1.29%
Highland House Nuring Home (commercial)	7,478	12,149	10	0.20%				
Riverwood Apts (multi-family)					44,243	66,166	4	1.67%
Grants Pass Shopping Center (commercial)					6,424	22,208	8	0.56%
Grants Pass Hardwoods (commercial)					27,618	22,185	9	0.56%
Jack's Landing & RV Resort					11,349	12,748	10	0.32%
Sub-total	545,940	764,407		12.53%	766,424	584,345		14.78%
All other sources		5,338,108		87.47%		3,369,732		85.22%
Total Water Revenues		\$ 6,102,515		100.00%		3,954,077		100.00%

hcf = hundred cubic feet

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

UTILITY STATISTICS

WATER USAGE CUSTOMER ANALYSIS

For the last ten fiscal years
(Unaudited)

Number of Accounts

Fiscal Year Ended June 30,	Residential	Multi-Family	Commercial	Public	Fire Protection	Outside City Surcharge	Total
2007	7,708	948	1,134	181	135	207	10,313
2008	7,966	977	1,175	188	135	166	10,607
2009	8,042	1,002	1,194	186	141	100	10,665
2010	7,957	1,007	1,176	118	140	94	10,492
2011	7,957	1,016	1,173	160	140	90	10,536
2012	7,913	1,012	1,188	145	145	92	10,495
2013	7,978	989	1,207	153	151	136	10,614
2014	8,152	1,007	1,213	154	150	*	10,676
2015	8,170	1,001	1,195	157	151	81	10,755
2016	8,458	1,013	1,215	185	157	*	11,028

Water Consumption (hcf)

Fiscal Year Ended June 30,	Residential	Multi-Family	Commercial	Public	Fire Protection	Outside City Surcharge	Total
2007	1,761,357	440,405	783,055	278,658	1,639	35,471	3,300,585
2008	1,637,651	350,760	581,247	223,662	470	35,153	2,828,943
2009	1,315,314	366,406	574,795	235,366	443	23,051	2,515,375
2010	1,172,178	356,442	547,589	217,613	564	33,370	2,327,756
2011	1,587,239	457,629	728,032	236,237	1,548	97,860	3,108,545
2012	1,517,165	415,083	645,085	225,095	1,007	90,169	2,893,604
2013	1,219,436	391,318	584,197	232,502	950	42,409	2,470,812
2014	1,214,156	408,049	681,937	237,270	227	*	2,541,639
2015	1,187,035	385,527	571,168	345,223	181	25,513	2,514,647
2016	1,276,118	395,737	617,515	334,529	338	*	2,624,237

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

Water and Sewer Rates

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

Water Rates as of January 1, 2007

Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 8.58	\$ 3.21
1"	19.13	3.21
1.5"	36.10	3.21
2"	57.92	3.21
3"	111.70	3.21
4"	103.00	3.21
6"	351.66	3.21
8"	560	3.21
10"	867	3.21

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

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

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

Sewer Rates as of January 1, 2007

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

*awwc: average winter water consumption

**awc: actual water consumption

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

Water and Sewer Rates

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

Water Rates as of January 1, 2008

Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 8.80	\$ 3.29
1"	19.62	3.29
1.5"	37.02	3.29
2"	59.39	3.29
3"	114.54	3.29
4"	103.00	3.29
6"	360.59	3.29
8"	574	3.29
10"	889	3.29

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

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

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

Sewer Rates as of January 1, 2008

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

*awwc: average winter water consumption

**awc: actual water consumption

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

Water and Sewer Rates

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 4.45% for 2009.

Water Rates as of January 1, 2009

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 9.19	\$ 3.44
1"	20.49	3.44
1.5"	38.67	3.44
2"	62.03	3.44
3"	119.64	3.44
4"	198.29	3.44
6"	377	3.44
8"	599	3.44
10"	928	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"	190	3.29
6"	361	3.29
8"	574	3.29
10"	889	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"	361	3.29
8"	574	3.29
10"	889	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"	367	3.35
8"	584	3.35
10"	904	3.35

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

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

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

Sewer Rates as of January 1, 2011

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

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

**awwc: average winter water consumption

***awc: actual water consumption

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

Water and Sewer Rates

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

Water Rates as of July 1, 2011

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 8.95	\$ 3.35
1"	19.95	3.35
1.5"	37.65	3.35
2"	60.40	3.35
3"	116.49	3.35
4"	193.07	3.35
6"	367	3.35
8"	584	3.35
10"	904	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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

Water and Sewer Rates

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

Water Rates as of January 1, 2012

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 9.21	\$ 3.35
1"	20.52	3.35
1.5"	38.72	3.35
2"	62.12	3.35
3"	119.81	3.35
4"	198.57	3.35
6"	377	3.35
8"	600	3.35
10"	930	3.35

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

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

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

Sewer Rates as of January 1, 2012

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

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

**awwc: average winter water consumption

***awc: actual water consumption

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

Water and Sewer Rates

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 2.33% for

Water Rates as of January 1, 2013

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 13.02	\$ 4.88
1"	29.02	4.88
1.5"	54.75	4.88
2"	87.85	4.88
3"	169.43	4.88
4"	280.82	4.88
6"	533	4.88
8"	849	4.88
10"	1,315	4.88

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

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

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

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

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

*Customer service charge does not include any water used. Water usage costs are based upon the following tables. Each Unit of water is 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 1.53% for

Water Rates as of January 1, 2014

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 16.82	\$ 6.30
1"	37.48	6.30
1.5"	70.72	6.30
2"	113.47	6.30
3"	218.85	6.30
4"	362.74	6.30
6"	688.98	6.30
8"	1,096	6.30
10"	1,698	6.30

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

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

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

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

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

*Customer service charge does not include any water used. Water usage costs are based upon the following tables. Each Unit of water is 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 1.68% for

Water Rates as of January 1, 2015

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4 " or less	\$ 17.10	\$ 6.30
1"	38.11	6.30
1.5"	71.91	6.30
2"	115.38	6.30
3"	222.53	6.30
4"	368.83	6.30
6"	700.56	6.30
8"	1,115	6.30
10"	1,727	6.30

Single Family Residential		
0-10	11-25 unit	>26 units
\$0.90	\$1.15	\$1.36

Customer Class	
Multi-Family & PUD	\$ 0.90
Commercial/Public	1.07
Interruptible Irrigation for Public Parks & Schools	0.90
Irrigation-All Classes	1.54
Standby-All Classes	1.54

Service Level Charge	
Service Level	Per Unit Chrg
1	0
2	\$0.0994
3	\$0.2321
4	\$0.3315
5	\$0.4309

**Sewer Rates as of January 1, 2015
(1st 2 units included in base charge)**

Class	Per Month
Residential	
Monthly Service Charge	\$ 13.62
Volume Charge x awwc**	2.78
Multi-Family	
Monthly Service Charge	\$ 13.62
Volume Charge x awwc**	2.78
Commercial Normal Strength	
Monthly Service Charge	\$ 13.62
Volume Charge x awc***	2.78
Commercial High Strength	
Monthly Service Charge	\$ 13.62
Volume Charge x awc***	3.91
Public	
Monthly Service Charge	\$ 13.62
Volume Charge x awc***	2.78

*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 1.68% for

Water Rates as of January 1, 2016

Customer Service Charge*		
Meter Size	Monthly Base	Add'l Unit Chrg
3/4 " or less	\$ \$ 17.13	\$ 6.30
1"	\$ 38.18	6.30
1.5"	\$ 72.05	6.30
2"	\$ 115.60	6.30
3"	\$ 222.95	6.30
4"	\$ 369.53	6.30
6"	\$ 701.89	6.30
8"	\$ 1,116.83	6.30
10"	\$ 1,729.95	6.30

Single Family Residential		
0-10	11-25 unit	>26 units
\$0.90	\$1.15	\$1.36

Customer Class	
Multi-Family & PUD	\$ 0.90
Commercial/Public	1.07
Interruptible Irrigation for Public Parks & Schools	0.90
Irrigation-All Classes	1.54
Standby-All Classes	1.54

Service Level Charge	
Service Level	Per Unit Chrg
1	0
2	\$0.0996
3	\$0.2325
4	\$0.3321
5	\$0.4317

**Sewer Rates as of January 1, 2016
(1st 2 units included in base charge)**

Class	Per Month
Residential	
Monthly Service Charge	\$ 13.65
Volume Charge x awwc**	2.79
Multi-Family	
Monthly Service Charge	\$ 13.65
Volume Charge x awwc**	2.79
Commercial Normal Strength	
Monthly Service Charge	\$ 13.65
Volume Charge x awc***	2.79
Commercial High Strength	
Monthly Service Charge	\$ 13.65
Volume Charge x awc***	3.92
Public	
Monthly Service Charge	\$ 13.65
Volume Charge x awc***	2.79

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

**awwc: average winter water consumption

***awc: actual water consumption

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

2015-2016 AUDITORS' COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of City of Grants Pass (the City) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 14, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is intended solely for the information and use of the Honorable Mayor and Members of the City Council and management of the City of Grants Pass and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



For Eide Bailly, LLP
Boise, Idaho
December 14, 2016



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Grants Pass (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Boise, Idaho
December 14, 2016