

COMPETITIVE SALE— The 2026 Bonds will be sold pursuant to a competitive sale held at 9:00 a.m. (Pacific Time) on April 8, 2026, as further described in the Notice of Sale attached hereto.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 30, 2026

\$63,090,000⁽¹⁾
City of Grants Pass
Josephine County, Oregon
Water Revenue Bonds, Series 2026

DATED: April 22, 2026 (estimated "Date of Delivery")

DUE: April 1, as shown on the inside cover

PURPOSE— The \$63,090,000⁽¹⁾ Water Revenue Bonds, Series 2026 (the "2026 Bonds") are being issued by the City of Grants Pass (the "City"), located in Josephine County, Oregon. The 2026 Bonds are being issued to finance improvements to the City's water system, including replacing the City's Water Treatment Plant. See "Purpose and Use of Proceeds" herein.

S&P GLOBAL RATING— "A+". See "Rating" herein.

NOT BANK QUALIFIED— The City has NOT designated the 2026 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

BOOK-ENTRY ONLY SYSTEM— The 2026 Bonds will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the 2026 Bonds. Individual purchases of the 2026 Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the 2026 Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS— Interest on the 2026 Bonds will be paid on October 1, 2026 and semiannually thereafter on April 1 and October 1 of each year to the maturity or earlier redemption of the 2026 Bonds. Principal of and interest on the 2026 Bonds will be payable by the City's Paying Agent, initially U.S. Bank Trust Company, National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the 2026 Bonds at the address appearing upon the registration books on the 15th day of the month preceding a payment date (the "Record Date").

MATURITY SCHEDULE— See inside front cover.

REDEMPTION— The 2026 Bonds are subject to optional redemption prior to their stated maturities as further described herein.

SECURITY— The 2026 Bonds are payable solely from the Net Revenues of the City's Water System and other amounts deposited into the Debt Service Account as described in the Master Water System Revenue Bond Declaration (the "Master Declaration"). The 2026 Bonds are secured by a pledge of the Net Revenues on parity with the City's Existing Borrowings, as defined in the Master Declaration, and any additional borrowings the City may issue under the Master Declaration. Additionally, the City expects to pay a portion of the debt service on the 2026 Bonds from certain payments it receives from the Grants Pass Urban Renewal Agency; however, those amounts are not pledged to payment of the 2026 Bonds. The 2026 Bonds are not general obligations of the City, or a charge upon the tax revenues of the City, Josephine County, the State of Oregon, or any other municipal corporation or political subdivision thereof. The 2026 Bonds are not secured by a reserve account.

TAX MATTERS— *In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2026 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2026 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the 2026 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In the opinion of Bond Counsel, interest on the 2026 Bonds is exempt from State of Oregon personal income tax under existing law. See "Tax Matters" herein for a discussion of the opinion of Bond Counsel.*

DELIVERY— The 2026 Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the 2026 Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about the Date of Delivery.

⁽¹⁾ Preliminary, subject to change.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the 2026 Bonds, the City will complete and deliver a final Official Statement substantially in this form.

City of Grants Pass
Josephine County, Oregon
Water Revenue Bonds, Series 2026

DATED: Date of Delivery

DUE: April 1, as shown below

MATURITY SCHEDULE –

Due April 1	Amount ⁽¹⁾	Interest Rate	Yield	CUSIP®	Due April 1	Amount ⁽¹⁾	Interest Rate	Yield	CUSIP®
2029	\$ 890,000				2043	\$ 2,525,000			
2030	935,000				2044	2,655,000			
2031	985,000				2045	2,800,000			
2032	1,030,000				2046	2,940,000			
2033	1,085,000				2047	3,095,000			
2034	1,135,000				2048	2,420,000			
2035	1,155,000				2049	2,555,000			
2036	1,795,000				2050	2,695,000			
2037	1,885,000				2051	2,845,000			
2038	1,975,000				2052	3,000,000			
2039	2,075,000				2053	3,165,000			
2040	2,180,000				2054	3,340,000			
2041	2,290,000				2055	3,525,000			
2042	2,400,000				2056	3,715,000			

(1) Preliminary, subject to change.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the City nor the Purchase take any responsibility for the accuracy of such CUSIP numbers.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any information presented on any such website in determining whether to purchase the 2026 Bonds. Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

No dealer, broker, salesman or other person has been authorized by the City or Piper Sandler & Co. (the "Municipal Advisor") to give information or to make any representations with respect to the 2026 Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The 2026 Bonds have not been registered under the Securities Act of 1933, as amended, and the Master Declaration has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the 2026 Bonds in accordance with applicable provisions of securities laws of the States in which the 2026 Bonds have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these States nor any of their agencies have passed upon the merits of the 2026 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Preliminary Official Statement has been "deemed final" by the City, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said Rule 15c2-12.

City of Grants Pass
101 NW A Street
Grants Pass, Oregon 97526
(541) 450-6000

Mayor and City Council

Clint Scherf	Mayor
Rob Pell	Council President
Rick Riker	Council Vice President
Seth Benham	Councilor
Joel King	Councilor
Kathleen Krohn	Councilor
Victoria Marshall	Councilor
Indra Nicholas	Councilor
Erich Schloegl	Councilor

Key Administrators

Aaron Cubic	City Manager
J.C. Rowley	Finance Director
Jason Canady	Public Works Director

Bond Counsel

Hawkins Delafield & Wood LLP
Portland, Oregon
(503) 402-1320

Municipal Advisor

Piper Sandler & Co.
Portland, Oregon
(503) 275-8300

Paying Agent

U.S. Bank Trust Company, National Association
Portland, Oregon
(503) 464-3758

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Official Notice of Sale
\$63,090,000⁽¹⁾
City of Grants Pass, Josephine County, Oregon
Water Revenue Bonds, Series 2026

NOTICE IS HEREBY GIVEN that bids will be received on behalf of the City of Grants Pass (the “City”), located in Josephine County, Oregon for the purchase of the above-captioned Water Revenue Bonds, Series 2026 (the “Bonds”) on:

Bid Date:	Wednesday, April 8, 2026
Bid Time:	9:00 a.m., Prevailing Pacific Time
Electronic Bids:	PARITY Bidding System (“Parity”)

Security

Water Revenues. The 2026 Bonds are payable solely from the Net Revenues of the City’s Water System and other amounts deposited into the Debt Service Account as described in the Master Water System Revenue Bond Declaration (the “Master Declaration”). The 2026 Bonds are secured by a pledge of the Net Revenues on parity with the City’s Existing Borrowings, as defined in the Master Declaration, and any additional borrowings the City may issue under the Master Declaration. Additionally, the City expects to pay a portion of the debt service on the 2026 Bonds from certain payments it receives from the Grants Pass Urban Renewal Agency; however, those amounts are not pledged to payment of the 2026 Bonds. See “Urban Renewal Revenues” below. The 2026 Bonds are not general obligations of the City, or a charge upon the tax revenues of the City, Josephine County, the State of Oregon, or any other municipal corporation or political subdivision thereof. The 2026 Bonds are not secured by a reserve account.

The City has pledged Net Revenues of the System, as defined in the Master Declaration, to the payment of principal and interest on the 2026 Bonds. Pursuant to ORS 287A.310, the pledge made by the City is valid and binding from the issuance of the 2026 Bonds. The Net Revenues so pledged and received by the City are immediately subject to the lien of such pledge without any physical delivery or further act. The lien of the pledge on the Net Revenues is superior to all other claims and liens except liens and claims for payment of Operating Expenses.

Urban Renewal Revenues. The City expects to use certain tax increment revenue payments it receives from the City of Grants Pass Urban Renewal Agency (the “Agency”) under the terms of an intergovernmental agreement between the City and the Agency dated as of the Date of Delivery of the 2026 Bonds to pay up to \$10,080,000 of the principal amount of the 2026 Bonds, plus the associated interest (the “Urban Renewal Portion”).

Ratings

The City has received a rating on the 2026 Bonds of “A+” from S&P Global Rating and will pay the cost thereof. See “Rating” in the Preliminary Official Statement.

Interest Payments and Maturity

Interest on the 2026 Bonds is payable semiannually on April 1 and October 1 of each year until maturity, commencing October 1, 2026. The 2026 Bonds will be dated with their Date of Delivery, will be issued in the aggregate principal amount of \$63,090,000⁽¹⁾, and will mature on April 1 of the following dates in the following amounts, subject to adjustment as provided below:

(1) Preliminary, subject to change.

Due April 1		Due April 1		Due April 1	
	Amount ⁽¹⁾		Amount ⁽¹⁾		Amount ⁽¹⁾
2029	\$ 890,000	2039	\$ 2,075,000	2049	\$ 2,555,000
2030	935,000	2040	2,180,000	2050	2,695,000
2031	985,000	2041	2,290,000	2051	2,845,000
2032	1,030,000	2042	2,400,000	2052	3,000,000
2033	1,085,000	2043	2,525,000	2053	3,165,000
2034	1,135,000	2044	2,655,000	2054	3,340,000
2035	1,155,000	2045	2,800,000	2055	3,525,000
2036	1,795,000	2046	2,940,000	2056	3,715,000
2037	1,885,000	2047	3,095,000		
2038	1,975,000	2048	2,420,000		

(1) Preliminary, subject to change.

Adjustment of Par Amount and Maturities

The 2026 Bonds will be awarded based on the maturity schedule above. However, the City reserves the right to increase or decrease the total principal amount of the 2026 Bonds by an amount not to exceed ten percent (10%) of the total following the opening of the bids. Within the limitations of the last sentence, the City also reserves the right to increase or decrease the par amount of any maturity by the greater of fifteen percent (15%) of the par amount of that maturity or \$250,000 in order to properly size the issue and adjust debt service. Notice of any adjustment will be given to the winning bidder after bid opening. The underwriter's spread will be preserved at the same percentage as bid.

Optional Redemption

The 2026 Bonds maturing in years 2029 through 2036, inclusive, are not subject to optional redemption prior to maturity. The 2026 Bonds maturing on April 1, 2037 and on any date thereafter are subject to redemption at the option of the City prior to their stated maturity dates at any time on or after April 1, 2036, as a whole or in part, and if in part, with maturities to be selected by the City at a price of par, plus accrued interest, if any, to the date of redemption. See "Description of the 2026 Bonds-Redemption Provisions" in the Preliminary Official Statement for a summary of such terms.

Term Bonds

Bidders may designate two or more consecutive maturities of the 2026 Bonds, with identical interest rates, as Term Bonds. Each Term Bonds will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Bonds will be subject to mandatory redemption at par and in accordance with operational procedures then in effect for The Depository Trust Company ("DTC"), New York, New York, in the amounts and on the dates which would have been consecutive maturities. See "Description of the 2026 Bonds - Redemption Provisions" in the Preliminary Official Statement for a summary of such terms. If no Term Bonds are designated in the winning bid, the 2026 Bonds will mature serially as provided in this Official Notice of Sale.

Book-Entry Only

The 2026 Bonds will be issued in registered, book-entry only form through DTC. The 2026 Bonds will be available in denominations of \$5,000, or integral multiples. Unless the book-entry-only system is discontinued, Series 2026 Bond principal and interest payments will be made by the City to DTC through the City's Paying Agent. DTC will be responsible for making payments to beneficial owners of Bonds.

Authorization and Purpose

The City is authorized to issue revenue bonds pursuant to the terms and provisions of Oregon Revised Statutes ("ORS") ORS Section 287A.150 and other relevant provisions of ORS Chapter 287A, and pursuant to Ordinance 25-5940 enacted by the City Council (the "Council") on December 18, 2026 (the "Bond Ordinance"). The 2026 Bonds are also issued pursuant to the Master Declaration.

Bidding Constraints

All bids will be subject to the terms and conditions of this Official Notice of Sale. All bids for the 2026 Bonds must comply with the following conditions: (1) the interest rate must be a multiple of 1/8 or 1/20th of one percent; (2) the 2026 Bonds must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all 2026 Bonds maturing on the same date must bear the same rate of interest; (4) bids must be for an amount of not less than one hundred percent (100.00%) and not more than one hundred and fifteen percent (115.00%) of the principal amount of the 2026 Bonds; (5) no bid will be considered that does not offer to purchase all of the 2026 Bonds; and (6) each individual maturity of the 2026 Bonds must be reoffered at a yield that will produce a price of not less than ninety-one percent (91.00%) of the principal amount for that maturity.

Bids

Bids must be submitted via *PARITY*. Bids must be received by the *PARITY* system not later than the date and time indicated in the first paragraph of this Official Notice of Sale. To the extent any instructions or directions set forth in *PARITY* conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. Bidders electing to submit bids through *PARITY* must obtain access to the *PARITY* system and bear all risks associated with using that system, including errors and delays in receipt of bids.

For further information about submitting a bid using *PARITY*, potential bidders may contact *PARITY* at Telephone: (212) 849-5021.

Selection of Best Bid and Award of Sale

Unless all bids are rejected, the 2026 Bonds will be sold to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the City. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the 2026 Bonds to April 22, 2026 (the estimated closing date of the 2026 Bonds), and the price bid for the 2026 Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the City will pay on the 2026 Bonds if the bid is accepted.

Good Faith Deposit

The winning bidder will be required to provide a good faith deposit in the amount of \$631,000 in immediately available funds wired to the City not later than 2:00 p.m. (Prevailing Pacific Time) on April 8, 2026. The City or the City's Municipal Advisor will provide the wire information immediately upon the award of bids. If the good faith deposit is not provided in the manner and by the time indicated in this Notice, the City may award the sale to the next most favorable bidder or may cancel the sale.

The good faith deposit will be held by the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the City as liquidated damages if the bidder to whom the 2026 Bonds are awarded withdraws its bid or fails to complete its purchase of the 2026 Bonds in accordance with this Official Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the City, and will not be credited against the purchase price of the 2026 Bonds. The successful bidder shall pay the balance of the purchase price of the 2026 Bonds at closing, in funds immediately available to the City on the date and at the time of closing.

Right of Rejection

The City reserves the right to reject any or all bids for any reason, and to waive any irregularities.

Right to Cancel, Change Timing and Terms of Sale

The City reserves the right to change the date, timing or terms under which the 2026 Bonds are offered for sale, or to cancel the sale based on market conditions, as communicated through TM3, the Bond Buyer Wire, or the Bloomberg News Network.

Establishment of Issue Price

By submitting a bid, each bidder is certifying that it is an underwriter of municipal bonds who has an established industry reputation for underwriting new issuances of municipal bonds, and that its bid is a firm offer to purchase the 2026 Bonds and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the "issue price" of the 2026 Bonds pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirements"). Prior to the formal award of the sale, and promptly after bids for the 2026 Bonds are due, the winning bidder shall provide the Municipal Advisor with the reoffering prices and yields (the "Initial Reoffering Prices"). The Municipal Advisor will advise the winning bidder at that time if the Competitive Sale Requirements were met. Bids are not subject to cancellation in the event that the competitive sale requirements are not satisfied.

Hold-the-Offering-Price. If the Municipal Advisor has informed the winning bidder that the Competitive Sale Requirements are not met, the winning bidder:

- (a) will offer the 2026 Bonds to the public at the Initial Reoffering Prices and provide Bond Counsel with reasonable supporting documentation prior to the delivery of the 2026 Bonds, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,
- (b) will neither offer nor sell to any person any Bonds within any maturity for which less than ten percent (10%) of such maturity has been sold to the public at the Initial Reoffering Prices as of the date of award (the "Unsold Bonds") at a price that is higher, or a yield that is lower, than the Initial Reoffering Price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least 10 percent of the 2026 Bonds of such maturity at a price that is no higher, or a yield that is no lower, than the Initial Reoffering Price of such maturity or (ii) the close of business on the 5th business day after the date of the award of the 2026 Bonds, and
- (c) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement or any similar document (to which the winning bidder is a party) relating to the initial sale of the 2026 Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the 2026 Bonds as set forth in (a) and (b) above.

For purposes of this Notice, a "maturity" refers to Bonds that have the same interest rate, credit and payment terms.

For purposes of this Notice, the "public" does not include (i) the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the 2026 Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the 2026 Bonds to the public), or (ii) any entity that is a "related party" to an entity identified in (i).

Two entities are "related parties" if the entities are subject, directly or indirectly, to more than 50 percent common ownership of (i) the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Regardless of whether or not the Competitive Sale Requirements were met, each winning bidder shall submit to the City a certificate (the "Issue Price Certificate"), satisfactory to Bond Counsel and such winning bidder, prior to the delivery of the 2026 Bonds substantially in the form attached hereto as Appendix A to the Notice of Sale.

The City acknowledges that, in making any representations as set forth above regarding the Hold-the-Offering-Price rule, the winning bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the 2026 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2026 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price rule as applicable to the 2026 Bonds.

Legal Opinion

The approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, of Portland, Oregon, substantially in the form attached to the Preliminary Official Statement as Appendix A, will be delivered to the City at closing. A reliance letter will be provided at no cost to the purchaser.

Tax-Exempt Status

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2026 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2026 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series 2026 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the 2026 Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2026 Bonds from gross income under Section 103 of the Code. In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the 2026 Bonds is exempt from State of Oregon personal income tax.

Not Bank Qualified

The City has not designated the 2026 Bonds as "qualified tax-exempt obligations" under Section 265(b)(3)(B) of the Code.

Delivery

It is expected that delivery of the 2026 Bonds will be made to the Paying Agent under DTC's Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the 2026 Bonds will be made on or about April 22, 2026.

CUSIP

The Municipal Advisor will apply for CUSIP numbers prior to the sale date. The charge of the CUSIP Service Bureau will be paid by the City.

CUSIP identification numbers will appear on the 2026 Bonds, but neither the failure to insert such numbers on the 2026 Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the 2026 Bonds in accordance with the terms of this Official Notice of Sale.

Continuing Disclosure

The City will undertake to provide continuing disclosure for the benefit of the Series 2026 Bond Owners in compliance with SEC Rule 15c2-12. The form of the undertaking is attached as Appendix D to the Preliminary Official Statement.

Compliance with SEC Rules

The City agrees to provide the successful bidder with one copy of the Final Official Statement in Adobe Portable Document Format (PDF), not later than the seventh business day following the date on which bids are due, to enable the successful bidder to satisfy its responsibilities under the SEC rules, at the expense of the City. The City will also provide paper copies of the Final Official Statement at the request and expense of the bidder. Bidders should expect that the Final Official Statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the City, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

Bidder's Option Insurance

Bids for the 2026 Bonds may not be conditioned upon obtaining insurance or any other credit enhancement. The City does not intend to qualify the 2026 Bonds for municipal bond insurance. If the successful bidder wishes to obtain municipal bond insurance for any of the 2026 Bonds, the City will cooperate with the bidder and the insurer to allow the insurance to be issued, but only if doing so does not increase the City's risks or expense. All costs related to municipal bond insurance for the 2026 Bonds must be paid by the successful bidder, and no difficulty with, or failure to obtain, any municipal bond insurance will excuse the successful bidder from its obligation to purchase the 2026 Bonds pursuant to its bid.

Closing Certificates

At the time of payment for the delivery of the 2026 Bonds, the City will furnish the successful bidder a certificate regarding the material accuracy of the Official Statement, as described in "Certificate with Respect to the Official Statement" in the Preliminary Official Statement.

Municipal Advisor

Requests for additional information about this sale should also be directed to Lauren MacMillan, Piper Sandler & Co. (the "Municipal Advisor") at (503) 275-8302.

Preliminary Official Statement and Additional Information

The Preliminary Official Statement for the 2026 Bonds (with this Official Notice of Sale) is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or contact the Municipal Advisor.

- End of Official Notice of Sale -

FORM OF ISSUE PRICE CERTIFICATE FOR THE 2026 BONDS

\$ _____

**City of Grants Pass, Josephine County, Oregon
Water Revenue Bonds, Series 2026**

_____, as the [lead] underwriter and winning bidder (the “Winning Bidder”) in connection with the competitive sale by City of Grants Pass, Josephine County, Oregon (the “City”) of its \$_____ aggregate principal amount Water Revenue Bonds, Series 2026 (the “2026 Bonds”) pursuant to the Notice of Sale published on [PUBLICATION DATE], hereby certifies as follows:

[the following (1)-(4) to be used if competitive sale requirements are met]

1. The Winning Bidder reasonably expected to reoffer the 2026 Bonds on [SALE DATE] to the Public at the prices or yields set forth in the City’s final Official Statement relating to the 2026 Bonds (the “Official Statement”).
2. ATTACHMENT I is a true and correct copy of the bid provided by the Winning Bidder to purchase the 2026 Bonds.
3. The Winning Bidder was not given the opportunity to review other bids prior to submitting its bid.
4. The bid submitted by the Winning Bidder constituted a firm offer to purchase the 2026 Bonds.

[the following (1)-(4) to be used if competitive sale requirements are not met]

1. As of [SALE DATE] (the “Sale Date”), all of the 2026 Bonds have been the subject of an offering to the Public at the prices or yields set forth in the City’s Official Statement relating to the 2026 Bonds (the “Official Statement”).
2. Attached hereto as ATTACHMENT I is a copy of the pricing wire for the 2026 Bonds or an equivalent communication showing that each Maturity of the 2026 Bonds was offered to the Public on the Sale Date at the price or yield set forth in the Official Statement (the “Initial Offering Price”).
3. As of the Sale Date, except for the [PLEASE IDENTIFY UN/UNDERSOLD MATURITIES] (the “Unsold Maturities”), the first price or yield at which at least 10 percent of each Maturity of the 2026 Bonds was sold by the Underwriters to the Public was the price or yield set forth in the Official Statement (the “Initial Offering Price”).
4. Following the Sale Date, with respect to each Unsold Maturity, the Underwriters, as defined below, in compliance with the applicable provisions of the Notice of Sale, have each agreed in writing not to, and have not, offered or sold the 2026 Bonds comprising any such Unsold Maturity to the Public at a price that is higher or yield that is lower than the Initial Offering Price during the period starting on the Sale Date and ending on the earlier of the following: (a) the close of the fifth business day after the Sale Date, or (b) the date on which at least 10 percent of the bonds of the Unsold Maturity has been sold to the Public.
5. For purposes of this certificate, the following definitions will apply:

“Public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a Related Party, as defined below, to an Underwriter.

“Underwriter” means (i) the Winning Bidder, (ii) any person that agrees pursuant to a written contract with the Winning Bidder to form an underwriting syndicate to participate in the initial sale of the 2026 Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person

described in clause (i) or (ii) of this paragraph to participate in the initial sale of the 2026 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2026 Bonds to the Public).

“Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to more than 50 percent common ownership of (i) the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

We understand that the representations contained herein may be relied upon by the City in making certain of the representations contained in the Tax Certificate, and we further understand that Hawkins Delafield & Wood LLP, as bond counsel to the City, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the 2026 Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers who may be considered Related Parties to the Winning Bidder and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Dated as of the ____ day of _____, 2026.

[Name of Winning Bidder]

By: _____
Authorized Officer

Name: _____

Title: _____

OFFICIAL STATEMENT
City of Grants Pass
Josephine County, Oregon

\$63,090,000⁽¹⁾

Water Revenue Bonds, Series 2026

The City of Grants Pass (the “City”), located in Josephine County, Oregon, a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon (the “State”) furnishes this Official Statement in connection with the offering of \$63,090,000⁽¹⁾ aggregate principal amount of Water Revenue Bonds, Series 2026 (the “2026 Bonds”), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, Notice of Sale, bid form and appendices, provides information concerning the City and the 2026 Bonds.

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as “estimated,” “projected,” “anticipate,” “expect,” “intend,” “plan,” “believe” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Master Water System Revenue Bond Declaration that will be dated as of the Date of Delivery (the “Master Declaration”), a form of which is attached hereto as Appendix E and incorporated by reference herein. Certain portions of the Master Declaration are summarized in this Official Statement, however the summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

Description of the 2026 Bonds

Authorization for Issuance

The City is authorized to issue water revenue bonds pursuant to Oregon Revised Statutes (“ORS”) Section 287A.150 and the other applicable provisions of ORS Chapter 287A, Ordinance No. 25-5940 (the “Ordinance”) enacted by the City Council (the “Council”) on December 18, 2025, and the charter of the City. The 2026 Bonds are also issued pursuant to the Master Declaration.

Principal Amount, Date, Interest Rates and Maturities

The 2026 Bonds will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The 2026 Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the 2026 Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2026, until the maturity or earlier redemption of the 2026 Bonds and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

(1) Preliminary, subject to change.

Paying Agent and Registration Features

Paying Agent. The principal of and interest on the 2026 Bonds will be payable by U.S. Bank Trust Company, National Association (the "Paying Agent") to The Depository Trust Company ("DTC"), which, in turn, is obligated to remit such principal and interest to its participants ("DTC Participants") for subsequent disbursement to the persons in whose names such Bonds are registered (the "Beneficial Owners") of the 2026 Bonds, as further described in Appendix C attached hereto.

Book-Entry System. The 2026 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for DTC. DTC will act as securities depository for the 2026 Bonds. Individual purchases and sales of the 2026 Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2026 Bonds. See "Appendix C - Book Entry Only System" for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. In the event that DTC determines not to continue to act as securities depository for the 2026 Bonds, or the City determines that DTC shall no longer so act, then the City will discontinue the book entry system with DTC. If the City fails to designate another qualified securities depository to replace DTC or elects to discontinue use of a book entry system, the 2026 Bonds shall no longer be a book entry issue but shall be registered in the registration books maintained by the Paying Agent in the name of the Owner as appearing on the bond register and thereafter in the name or names of the Owners of the 2026 Bonds transferring or exchanging 2026 Bonds. Thereafter the provisions related to the registration, authentication and transfer in the Master Declaration shall control and the Paying Agent shall mail each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Owner, as that name and address appear on the Bond register as of the Record Date, which is the fifteenth day of the month preceding the month in which each Interest Payment Date occurs, whether or not a Business Day.

Redemption Provisions

Optional Redemption. The 2026 Bonds maturing in years 2029 through 2036, inclusive, are not subject to optional redemption prior to maturity. The City reserves the right to redeem all or any portion of the 2026 Bonds maturing on or after April 1, 2037 at the option of the City on April 1, 2036 and on any date thereafter in whole or in part, in any order of maturity with maturities selected by the City, at a price of par, plus accrued interest to the date of redemption. [A Term Bond subject to optional redemption and redeemed in part will have the principal amount redeemed within the respective mandatory redemption dates selected by the City.]

For as long as the 2026 Bonds are in book-entry only form, if fewer than all of the 2026 Bonds of a maturity are called for redemption, the selection of 2026 Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the 2026 Bonds are no longer held in book-entry only form, then the Paying Agent would select Bonds for redemption by lot.

[Mandatory Redemption. If not previously redeemed under the provisions for optional redemption, the Term Bonds maturing on April 1 in the years ____ and ____ are subject to mandatory redemption (in such manner as the Paying Agent and DTC will determine or by lot by the Paying Agent) on April 1 of the following years in the following principal amounts, at a price of par plus interest to the date of redemption.]

[TO BE PROVIDED IN FINAL OFFICIAL STATEMENT]

Notice of Redemption (Book-Entry). So long as the 2026 Bonds are in book-entry only form and unless DTC consents to a shorter period, the Paying Agent shall notify DTC of any redemption not less than 20 days and not more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC. Unless waived by the Paying Agent, the City shall give written notice of the intended redemption of the 2026 Bonds to the Paying Agent not later than five business days before the date notice of redemption of the 2026 Bonds is required to be made. The City reserves the right to rescind any redemption notice.

Notice of Redemption (No Book-Entry). During any period in which the 2026 Bonds are not in book-entry only form, unless waived by any Owner of the 2026 Bonds to be redeemed, official notice of any redemption of 2026 Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption, to the Owners of the 2026 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the Paying Agent. Unless waived by the Paying Agent, the City shall give written notice of the intended redemption of the Series 2026 Bond to the Paying Agent not later than five business days before the date notice of redemption of the 2026 Bonds is required to be made. The City reserves the right to rescind any redemption notice.

Conditional Notice. Any notice of optional redemption to the Paying Agent or to the Owners may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2026 Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Owners of the 2026 Bonds as promptly as practicable.

Defeasance

The City may defease the 2026 Bonds by (i) irrevocably depositing money or Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient without reinvestment for the payment of 2026 Bonds which are to be defeased; (ii) filing with the escrow agent or trustee a certificate from an independent, certified public accountant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased 2026 Bonds when due; and (iii) filing with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause interest on the defeased 2026 Bonds to be includable in gross income under the Code.

Purpose and Use of Proceeds

Purpose

The proceeds from the sale of the 2026 Bonds will be used to finance improvements to the City's water system, including replacing the water treatment plant (collectively, the "Project").

Specifics of the Project are expected to include:

- Refurbishing the existing raw water intake structure, including modification of the sediment and fish screening systems;
- Installing approximately 1,800 lineal feet of 30" seismically resilient raw water pipeline between the existing intake structure and the new water treatment plant; and
- Constructing a new, seismically resilient, 22.5 million gallon per day ("mgd") water treatment plant utilizing membrane technology filtration systems. This will be augmented with conventional coagulation, flocculation and sedimentation before micro filtration to allow the membrane systems to treat water with turbidities in excess of 300 NTU.

Additional Funding

The current total cost of the Project is estimated at \$127 million which the City intends to fund from the 2026 Bonds, the Existing Borrowings (as defined in the Master Declaration), a Congressionally Directed Spending grant from the Environmental Protection Agency ("EPA"), cash on hand and future rate revenue. Construction of the Project has begun and is estimated to be complete by June 2028.

Sources and Uses of Funds

The proceeds of the 2026 Bonds are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds⁽¹⁾	
Par Amount of 2026 Bonds	\$ 63,090,000 ⁽²⁾
Original Issue Premium/(Discount)	
Total Sources of Funds	<u>\$</u>
Uses of Funds⁽¹⁾	
Available for the Project	\$
Underwriting, Credit Enhancement (if any) and Issuance Costs	
Total Uses of Funds	<u>\$</u>

(1) Amounts will be provided in the final Official Statement.

(2) Preliminary, subject to change.

Security for the 2026 Bonds

General

The 2026 Bonds are payable solely from the Net Revenues of the City's Water System and other amounts deposited into the Debt Service Account as described in the Master Water System Revenue Bond Declaration (the "Master Declaration"). The 2026 Bonds are secured by a pledge of the Net Revenues on parity with the City's Existing Borrowings, as defined in the Master Declaration, and any additional borrowings the City may issue under the Master Declaration. Additionally, the City expects to pay a portion of the debt service on the 2026 Bonds from certain payments it receives from the Grants Pass Urban Renewal Agency; however, those amounts are not pledged to payment of the 2026 Bonds. See "Urban Renewal Contribution" below. The Bonds, including the 2026 Bonds, are not general obligations of the City, or a charge upon the tax revenues of the City, Josephine County, the State of Oregon, or any other municipal corporation or political subdivision thereof. The 2026 Bonds are not secured by a reserve account.

The City has pledged the Net Revenues of the System, as defined in the Master Declaration, to the payment of principal and interest on the Bonds, including the 2026 Bonds. Pursuant to ORS 287A.310, the pledge securing the 2026 Bonds made by the City is valid and binding from the issuance of the 2026 Bonds. The Net Revenues so pledged and received by the City are immediately subject to the lien of such pledge without any physical delivery or further act. The lien of the pledge on the Net Revenues is superior to all other claims and liens except liens and claims for payment of Operating Expenses.

Pledge of Revenues

The City has pledged the Net Revenues of the Water System, to the payment of principal and interest on the 2026 Bonds.

The Water System includes all utility property now or hereafter used by the City to supply water within or without the corporate limits of the City, except as described in the following sentence. The Water System does not include any Separate Utility System or any joint ventures which the City may enter into after the date of the Master Declaration unless the City Official declares in writing in a publicly available document that such joint venture is included in the definition of the Water System.

Net Revenues are defined as the Gross Revenues less the Operating Expenses (see Section 4 and definitions in the Master Declaration).

Gross Revenues are defined in the Master Declaration to include all fees and charges and other revenues that are properly accrued under generally accepted accounting principles as revenues of the Water System, including System Development Charges, revenues from product sales and interest earnings on Gross Revenues in the Water Fund. Gross Revenues shall be increased by any withdrawals from the Rate Stabilization Account as provided in Section 5.5.B in the Master Declaration and shall be reduced by any deposits to the Rate Stabilization Account as provided in Section 5.5.A in the Master Declaration. However, the term “Gross Revenues” shall not include: (a) the interest income or other earnings derived from the investment of any escrow fund established for the defeasance or refunding of outstanding indebtedness of the City; (b) any gifts, grants, donations or other amounts received by the City from any State or Federal Agency or other person if such amounts are restricted by law or the grantor to uses inconsistent with the payment of Bonds; (c) the proceeds of any borrowing; (d) the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues); (e) the proceeds of any casualty insurance which the City intends to utilize for repair or replacement of the Water System; (f) the proceeds derived from the sales of assets pursuant to Section 10.9 of the Master Declaration; (g) any ad valorem or other taxes imposed by the City (except charges or payments for Water System services which become “taxes” within the meaning of Article XI, Section 11b of the Oregon Constitution only because they are imposed on property or property owners); (h) any income, fees, charges, receipts, profits or other amounts derived by the City from its ownership or operation of any Separate Utility System; (i) installment payments of City line and branch charges, connection fees, or local improvement district assessments that have been pledged as security for a borrowing other than a Bond; or (j) any federal interest subsidies the City receives for Interest Subsidy Bonds.

Operating Expenses are defined in the Master Declaration to include all costs which are properly treated as expenses of operating and maintaining the Water System under generally accepted accounting principles. However, Operating Expenses do not include: (a) any rebates or penalties paid from Gross Revenues under Section 148 of the Code; (b) payments of judgments against the City and payments for the settlement of litigation; (c) depreciation and amortization of property values or losses, and other non-cash expenses, including non-cash expenses related to pensions and postemployment benefits; (d) all amounts eligible to be treated for accounting purposes as payments for capital expenditures; (e) interest and other debt service payments, paying agent fees, broker-dealer fees and similar charges for the maintenance of borrowings; (f) the expenses of owning, operating or maintaining any Separate Utility System; (g) expenditures made from any liability insurance proceeds; (h) expenditures made from any casualty insurance proceeds used to pay for costs of repairing or replacing portions of the Water System; (i) expenditures made from grant funds, regardless of whether such grant funds are dedicated to a specific purpose or available for the general operation, maintenance and repair or replacement of the Water System; (j) extraordinary, non-recurring expenses of the Water System; or (k) expenditures allocable to any other funding source which does not constitute Gross Revenues of the Water System.

A form of the Master Declaration is attached hereto as Appendix E.

Urban Renewal Contribution

The City and the Agency will enter into an intergovernmental agreement (the “IGA”) dated as of the Date of Delivery of the 2026 Bonds, in which the Agency agrees to pay to the City up to \$10,080,000 of the principal amount of the 2026 Bonds, plus the associated interest (the “Urban Renewal Portion”) from tax increment revenues of the Grants Pass Urban Renewal Area (the “Area”). The City expects to use such payments to pay a portion of the debt service due on the 2026 Bonds. The Agency’s ability to pay the Urban Renewal Contribution is subject to the Agency’s receipt of sufficient tax increment revenues from the Area to support such contribution and these revenues are not pledged to repayment of the 2026 Bonds or any other Bonds issued under the Master Declaration.

See the Table entitled “Projected Debt Service Requirements” herein for a schedule of the expected Urban Renewal Contribution. See also “Grants Pass Urban Renewal Agency” herein for more information regarding the Agency and the Area.

Bond Funds and Accounts

So long as Bonds are Outstanding, the City shall maintain the Debt Service Account as a discrete account in the Water Fund.

Debt Service Account. The City shall hold the Debt Service Account. Until all Bonds are paid or defeased, amounts in the Debt Service Account shall be used only to pay Bonds. Amounts in the Debt Service Account shall be invested only in Permitted Investments that mature no later than the payment dates to which funds in the debt service account are attributable. Earnings on the Debt Service Account shall be credited to the Water Fund.

Bond Reserve Account. The Master Declaration creates a Bond Reserve Account and authorizes the City to create separate subaccounts in the Bond Reserve Account to secure Bonds. See Appendix E, Form of Master Declaration, Section 5.3. The City has not created any subaccounts in the Bond Reserve Account to secure the 2026 Bonds or any of the Existing Borrowings, and none of the 2026 Bonds or the Existing Borrowings are secured by any amounts in the Bond Reserve Account.

Subordinate Obligations Account. The City shall create and maintain the Subordinate Obligations Account in the Water Fund as long as Subordinate Obligations are Outstanding. The Subordinate Obligations Account may be divided into subaccounts, and the City may establish priorities for funding the subaccounts in the Subordinate Obligations Subaccount. Net Revenues shall be deposited into the Subordinate Obligations Account only as permitted by Section 4.1.E of the Master Declaration. Earnings on the Subordinate Obligations Account shall be credited as provided in the proceedings authorizing the Subordinate Obligations.

Rate Stabilization Account. The City may create a Rate Stabilization Account in the Water Fund and if created will maintain that account as long as Bonds are Outstanding. Net Revenues may be transferred to the Rate Stabilization Account at the option of the City as permitted by the Master Declaration. Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which the Gross Revenues may be used. Deposits to the Rate Stabilization Account decrease Gross Revenues in the Fiscal Year for which the deposit is made. Withdrawals from the Rate Stabilization Account increase Gross Revenues in the Fiscal Year for which the withdrawal is made. The City may adjust deposits to and withdrawals from the Rate Stabilization Account for a Fiscal Year up until 180 days after the end of that Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Water Fund.

Flow of Funds

All Gross Revenues shall be deposited to and maintained in the Water Fund, and shall be used only as described in Section 4 of the Master Declaration, as long as any Bonds remain Outstanding. The City shall apply Gross Revenues in the Water Fund on or before the following dates for the following purposes in the following order of priority:

- A. At any time to pay Operating Expenses which are then due;
- B. At least one Business Day prior to each Payment Date, to transfer Net Revenues to the Debt Service Account in an amount sufficient (considering amounts available in the Debt Service Account, including any other legally available revenues the City has elected to deposit in the Debt Service Account)) to pay in full all Bond principal, interest and premium, if any, which is due to be paid on that Payment Date;
- C. On the Closing date for a Series of Bonds and on the first day of each month following a Valuation Date for any subaccount in the Bond Reserve Account on which the balance in any subaccount of the Bond Reserve Account is determined to be less than the applicable Reserve Requirement, to transfer Net Revenues to the Bond Reserve Account in the amounts required by the provisions creating the subaccounts in the Bond Reserve Account until the balances in all subaccounts of the Bond Reserve Account are equal to their Reserve Requirement;
- D. On the day on which any rebates or penalties for Bonds are due to be paid to the United States pursuant to Section 148 of the Code, an amount of Net Revenues that is sufficient, with other available funds, to pay the amounts due to the United States;
- E. On the dates specified in any proceedings authorizing Subordinate Obligations, the City shall transfer to the Subordinate Obligations Account the Net Revenues required by those proceedings;
- F. On any date, the City may transfer Net Revenues to the Rate Stabilization Account or spend Net Revenues for any other lawful purpose relating to the Water System or to providing water, but only if all deposits and

payments that are required to be made on or before that date and that have a higher priority under this Section have been made.

Rate Covenant

The City covenants for the benefit of the Owners of all Bonds that it will establish and maintain rates and charges in connection with the operation of the Water System which are sufficient to permit the City to make all payments and transfers described in "Flow of Funds" above.

The City also covenants for the benefit of the Owners of all Bonds that it shall charge rates and fees in connection with the operation of the Water System which, when combined with other Gross Revenues, are adequate to generate (a) Coverage Revenues each Fiscal Year at least equal to one hundred fifteen percent (115%) of Annual Bond Debt Service due in that Fiscal Year; (b) Net Revenues in each Fiscal Year at least equal to one hundred twenty-five percent (125.00%) of Annual Bond Debt Service due in that Fiscal Year.

"Coverage Revenues" means the Net Revenues less the fees on development imposed by the City pursuant to ORS 223 or subsequent statutes and which are legally permitted to be used to pay the Bonds (the "System Development Charges").

Not later than six months after the end of each Fiscal Year, the City shall prepare a report that demonstrates whether the City has complied with the rate covenant described in the paragraph above during that Fiscal Year and shall file that report in the City records. If the report demonstrates that the City has not complied with the rate covenant during that Fiscal Year, it shall not constitute a default under the Master Declaration if, within thirty (30) days after the report is filed, the City files a certificate of a City Official that specifies the actions that the City has taken and will take within the next ninety (90) days to permit the City to comply with the rate covenant for the remainder of the Fiscal Year in which the report is filed, and for the succeeding Fiscal Year, and the City takes the actions specified by the City Official, or actions having a comparable effect.

The City's historical compliance with the rate covenant is illustrated in "Financial Factors - Historical Net Revenues and Debt Service Coverage."

Future Obligations

Parity Bonds. The City may issue Parity Bonds to provide funds for any purpose relating to the Water System or to providing water, if it meets the requirements of the Master Declaration. The Master Declaration requires that a) no Event of Default under the Master Declaration or any Supplemental Declaration has occurred and is continuing, and b) at the time of the issuance of the Parity Bonds there is no deficiency in the Debt Service Account, and all required deposits to all subaccounts in the Bond Reserve Account have been made.

The Master Declaration also requires there shall be filed with the City either:

- i) A certificate of the City Official stating that both Coverage Revenues (adjusted as provided in Section 7.2 of the Master Declaration) for the Base Period were not less than one hundred fifteen percent (115%) of Maximum Annual Bond Debt Service on all then Outstanding Bonds, calculated as of the date the Parity Bonds are issued and with the proposed Parity Bonds treated as Outstanding; and the Net Revenues (adjusted as provided in Section 7.2 of the Master Declaration) for the Base Period were not less than one hundred twenty-five percent (125.00%) of Maximum Annual Bond Debt Service on all then Outstanding Bonds, calculated as of the date the Parity Bonds are issued and with the proposed Parity Bonds treated as Outstanding; or
- ii) A certificate or opinion of a Qualified Consultant (a) Stating the amount of the Adjusted Coverage Revenues and the Adjusted Net Revenues for each of the five Fiscal Years after the last Fiscal Year for which interest on the Parity Bonds is, or is expected to be, capitalized, or, if interest will not be capitalized, for each of the five Fiscal Years after the proposed Parity Bonds are issued; and (b) concluding that the respective amounts of Adjusted Coverage Revenues in each of the first four Fiscal Years described in Section 7.1.C(ii)(a) of the Master Declaration are at least equal to one hundred fifteen percent (115%) of the Annual Bond Debt Service for each of those respective Fiscal Years on all

Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; and, (c) concluding that the respective amounts of Adjusted Net Revenues in each of the first four Fiscal Years described in Section 7.1.C(ii)(a) of the Master Declaration are at least equal to one hundred twenty-five percent(125%) of the Annual Bond Debt Service for each of those respective Fiscal Years on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; and, (d) concluding that the amount of Adjusted Coverage Revenues in the fifth Fiscal Year described in Section 7.1.C(ii)(a) of the Master Declaration is at least equal to one hundred fifteen percent (115%) of the Maximum Annual Bond Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; and, (e) concluding that the amount of Adjusted Net Revenues in the fifth Fiscal Year described in Section 7.1.C(ii)(a) of the Master Declaration is at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Bond Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding.

The City may also issue Parity Bonds to refund Outstanding Bonds without complying with the above requirements if the refunded Bonds are legally or economically defeased on the date of delivery of the refunding Parity Bonds and if the Annual Bond Debt Service on the refunding Parity Bonds does not exceed the Annual Bond Debt Service on the refunded Bonds in any Fiscal Year by more than \$5,000.

For the purposes of the paragraph above, legal defeasance refers to the defeasance described in "Description of the 2026 Bonds - Defeasance" here in and in Section 13 of the Master Declaration. Economic defeasance refers to the process described in Section 7.5 of the Master Declaration.

Subordinate Obligations. The City may issue Subordinate Obligations only if the Subordinate Obligations are payable solely from amounts permitted to be deposited in the Subordinate Obligations Account pursuant to the Master Declaration and the Subordinate Obligations state clearly that they are secured by a lien on or pledge of the Net Revenues which is subordinate to the lien on, and pledge of, the Net Revenues for the Bonds.

Separate Utility System

The City may declare property which the City owns and is part of the Water System (but has a value of less than five percent of the Water System at the time of the declaration), and property which the City has not yet acquired but would otherwise become part of the Water System, to be part of a Separate Utility System. The City may pay costs of acquiring, operating and maintaining Separate Utility Systems from Net Revenues, but only if there is no deficit in the Debt Service Account or the Bond Reserve Account. The City may issue obligations which are secured by the revenues produced by the Separate Utility System, and may pledge the Separate Utility System revenues to pay those obligations. In addition, the City may issue Subordinate Obligations to pay for costs of a Separate Utility System, and may pledge the revenues of the Separate Utility System to pay the Subordinate Obligations.

Events of Defaults and Remedies

Events of Defaults. An "Event of Default" includes both failure to pay Bonds when due and certain other events described within Section 11 of the Master Declaration, attached hereto as Appendix E.

Remedies. If an Event of Default occurs, any Owner may exercise any remedy available at law or in equity. However, the 2026 Bonds shall not be subject to acceleration.

Whenever any Event of Default exists, Owners representing 51 percent or more of the Outstanding Bonds may appoint a commercial bank with a reported capital and surplus in excess of \$50 million as trustee (the "Trustee") to represent the interests of the Owners.

Bonded Indebtedness

Outstanding Long-Term Debt

	Date of Issue	Date of Maturity	Amount Issued/ Authorized	Amount Outstanding ⁽¹⁾
Governmental Activities				
<i>Full Faith and Credit Obligations:</i>				
Series 2019 (Public Safety)	06/12/19	06/12/29	\$ 6,000,000	\$ 3,685,000
Business-type Activities				
<i>Water Borrowings:</i>				
Safe Drinking Water Revolving Loan S23004 ⁽²⁾⁽³⁾	01/10/23	12/01/34	\$ 4,400,000	\$ 4,004,135
Water Fund Water Project Loan Y23003 ⁽²⁾⁽³⁾	01/12/23	12/01/34	725,000	666,778
Safe Drinking Water Revolving Loan S25002 ⁽²⁾⁽⁴⁾	07/30/25	12/01/57	4,820,000	4,820,000
Water Fund Water Project Loan Y25002 ⁽²⁾⁽⁴⁾	07/30/25	12/01/57	2,250,000	2,250,000
Safe Drinking Water Revolving Loan S26003 ⁽²⁾⁽⁴⁾	09/25/25	12/01/57	7,000,000	7,000,000
2026 Bonds ⁽⁵⁾	04/22/26	04/01/56	63,090,000	63,090,000
Total Water Borrowings				81,830,913
<i>Wastewater Bonds:</i>				
Series 2017 Bonds	11/08/17	12/01/37	9,035,000	9,035,000
Series 2018 Bonds	01/03/18	12/01/29	7,985,000	3,435,000
Total Wastewater Bonds				12,470,000
Total Business-Type Activites Debt				\$ 94,300,913

(1) As of Date of Delivery.

(2) The Existing Borrowings under the Master Declaration. These loans also carry a full faith and credit pledge of the City, in addition to a pledge of Net Revenues.

(3) Loans have been fully drawn and repayment schedules have been fixed.

(4) The City is authorized to draw up to the authorized amount listed which is net of any forgivable loan amount outlined in the loan agreement. The amount outstanding assumes loans will be fully drawn, however, the City is still in the process of drawing down funds. A repayment schedule will be established after funds have been fully drawn. Maturity dates are estimated based on preliminary information in the loan agreements.

(5) This issue. Preliminary, subject to change.

Source: City of Grants Pass Audited Financial Reports for the Fiscal Year Ended June 30, 2025 and the City.

**Water Borrowings
Projected Debt Service Requirements**

Fiscal Year	Existing Borrowings ⁽¹⁾		Water Revenue Portion of 2026 Bonds ⁽²⁾⁽⁴⁾		Urban Renewal Contribution for 2026 Bonds ⁽²⁾⁽³⁾		Total Debt Service ⁽²⁾
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 454,087	\$ 87,350					\$ 541,437
2027	494,194	47,243		\$ 2,654,099		\$ 485,017	3,680,553
2028	499,192	42,245		2,818,513		515,063	3,875,012
2029	908,726	177,897	\$ 560,000	2,818,513	\$ 330,000	515,063	5,310,198
2030	917,871	168,752	590,000	2,790,513	345,000	498,563	5,310,698
2031	927,107	159,516	620,000	2,761,013	365,000	481,313	5,313,948
2032	936,436	150,187	650,000	2,730,013	380,000	463,063	5,309,698
2033	945,859	140,764	685,000	2,697,513	400,000	444,063	5,313,198
2034	955,377	131,246	715,000	2,663,263	420,000	424,063	5,308,948
2035	1,003,924	121,632	715,000	2,627,513	440,000	403,063	5,311,131
2036	433,664	111,522	1,330,000	2,591,763	465,000	381,063	5,313,011
2037	438,000	107,186	1,395,000	2,525,263	490,000	357,813	5,313,261
2038	442,380	102,806	1,465,000	2,455,513	510,000	333,313	5,309,011
2039	446,804	98,382	1,540,000	2,382,263	535,000	307,813	5,310,261
2040	451,272	93,914	1,615,000	2,305,263	565,000	281,063	5,311,511
2041	455,785	89,401	1,700,000	2,224,513	590,000	252,813	5,312,511
2042	460,343	84,843	1,780,000	2,139,513	620,000	223,313	5,308,011
2043	464,946	80,240	1,870,000	2,050,513	655,000	192,313	5,313,011
2044	469,596	75,590	1,970,000	1,952,338	685,000	157,925	5,310,448
2045	474,292	70,894	2,075,000	1,848,913	725,000	121,963	5,316,061
2046	479,035	66,151	2,180,000	1,739,975	760,000	83,900	5,309,061
2047	483,825	61,361	2,295,000	1,625,525	800,000	44,000	5,309,711
2048	488,663	56,523	2,420,000	1,499,300	-	-	4,464,486
2049	493,550	51,636	2,555,000	1,366,200	-	-	4,466,386
2050	498,485	46,701	2,695,000	1,225,675	-	-	4,465,861
2051	503,470	41,716	2,845,000	1,077,450	-	-	4,467,636
2052	508,505	36,681	3,000,000	920,975	-	-	4,466,161
2053	513,590	31,596	3,165,000	755,975	-	-	4,466,161
2054	518,726	26,460	3,340,000	581,900	-	-	4,467,086
2055	523,913	21,273	3,525,000	398,200	-	-	4,468,386
2056	529,152	16,034	3,715,000	204,325	-	-	4,464,511
2057	534,444	10,742	-	-	-	-	545,186
2058	539,788	5,398	-	-	-	-	545,186
	<u>\$ 19,195,000</u>	<u>\$ 2,613,882</u>	<u>\$ 53,010,000</u>	<u>\$ 58,432,299</u>	<u>\$ 10,080,000</u>	<u>\$ 6,966,555</u>	<u>\$ 150,297,736</u>

- (1) Existing Borrowings include Safe Drinking Water Revolving Loan S23004, Water Fund Water Project Loan Y23003, Safe Drinking Water Revolving Loan S25002, Water Fund Water Project Loan Y25002, Safe Drinking Water Revolving Loan S26003. The repayment schedules for Safe Drinking Water Revolving Loan S25002, Water Fund Water Project Loan Y25002, and Safe Drinking Water Revolving Loan S26003 are preliminary; a repayment schedule will be established after funds have been fully drawn. Maturity dates are estimated based on preliminary information in the loan agreements.
- (2) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.
- (3) Represents portion of 2026 Bond debt service expected to be paid from Net Revenues.
- (4) Represents portion of 2026 Bond debt service expected to be paid from amounts received by the City under its IGA with the Agency. See "Security for the 2026 Bonds - Urban Renewal Contribution" above.

Debt Payment Record

The City has promptly met principal and interest payments on outstanding borrowings in the past ten years when due.

Future Financings

Long-term Borrowings. The City has no authorized but unissued borrowings, nor does it anticipate issuing additional long-term borrowings within the next twelve months.

Short-term Borrowings. The City does not anticipate issuing short-term borrowings within the next twelve months.

The City

General Description

The City, with an estimated population of 39,244, encompasses approximately 12 square miles and is located in Josephine County. The City was incorporated as a municipal corporation in 1887 and is the county seat. The City provides a full range of services, including police and fire protection, planning, engineering, economic development, parks and recreation. The City's Public Works Department is responsible for streets, storm drains, water, and sewer services. Internal services such as administration, fleet, and facilities management are also administered by the City.

Governance

The City operates under the provision of its own charter and applicable State law, with a Mayor-Council form of government. The Mayor and Council are part-time elected officials who exercise the legislative powers of the City and determine matters of policy. The Mayor serves for a term of four years. The Council is composed of eight members elected from the City at large, each for a term of four years.

The City Council is responsible for identifying needs and problems in the community and establishing policy to meet those needs. The Council enacts City laws and changes them as needed, and approves contracts, and agreements. Council members are also members of the Budget Committee and participate in annual fiscal planning and budgeting, and decide what resources are available, how much will be spent, and for what purposes.

The City Council meets bi-monthly on the first and third Wednesdays for regular Council meetings and weekly for Council workshops. These meetings are open to the public. Current members of the City Council are shown in the following table.

City Council

Name	Position	Occupation	Service Began	Term Expires
Clint Scherf	Mayor	Business Owner	Jan. 6, 2025	Dec. 31, 2028
Rob Pell	Council President	Business Owner	Jan. 4, 2021	Dec. 31, 2026
Rick Riker	Council Vice President	Business Owner	April 7, 2010	Dec. 31, 2026
Seth Benham	Councilor	Business Owner	March 3, 2025	Dec. 31, 2026
Joel King	Councilor	Retired	Jan. 2, 2019	Dec. 31, 2026
Kathleen Krohn	Councilor	Retired	Jan. 6, 2025	Dec. 31, 2028
Victoria Marshall	Councilor	Retired	Jan. 6, 2025	Dec. 31, 2028
Indra Nicholas	Councilor	Business Owner	Jan. 6, 2025	Dec. 31, 2028
Erich Schloegl	Councilor	Planner	Jan. 6, 2025	Dec. 31, 2028

Source: *The City.*

Key Administrative Officials

The day-to-day affairs of the City are managed by a professional administrative staff which includes the following principal officials:

Aaron Cubic, City Manager. Mr. Cubic joined the City in June 2012 after serving seven years as City Administrator for Myrtle Creek. He brings more than 20 years of public-sector experience, including roles as manager of the Lincoln County Solid Waste District and program manager with the Douglas County Public Works Department. An ICMA Credentialed Manager, he holds a Bachelor’s degree in Communications from Oregon State University and is currently pursuing a Master’s degree in Public Administration.

J.C. Rowley, Finance Director. Mr. Rowley holds a Bachelor’s degree in Business Administration with a concentration in Finance from the University of Oregon. He joined the City as Finance Director in 2022. He brings more than 17 years of municipal finance experience, having previously worked at Medford Water Commission, the City of Corvallis, and the City of Albany.

Jason Canady, Public Works Director. Mr. Canady has been with the City since 1995, beginning his career in an entry-level role supporting both the Wastewater and Water Treatment facilities. He went on to serve more than a decade as Water Plant Superintendent before being appointed Public Works Director in November 2015. He is active in the American Water Works Association, where he served as Chair of the Pacific Northwest Section from 2013 to 2014, and he is also a member of the American Public Works Association. Mr. Canady’s contributions to the City inspired the City Council to name the new water treatment plant in honorum.

Staff

As of February 17, 2026, the City had 231 full-time employees and 2 part-time employees. Of these, 185 are represented by bargaining units as shown in the table below:

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Grants Pass Police Association	79	December 31, 2027
Teamsters Local Union #223 ⁽¹⁾	43	December 31, 2025 ⁽²⁾
International Association of Firefighters, Local 3564	28	December 31, 2026
Grants Pass Employees Association (“GPEA”)	35	December 31, 2025 ⁽²⁾

- (1) Includes Water System personnel.
- (2) GPEA members voted to become a part of the Teamsters Local Union #223 and the process has delayed ratification of a new contract. Negotiations were recently opened and are expected to conclude by August 2026 due to the nature of merging two units and their respective contracts. Both units will operate under the existing contracts until a new contract is ratified.

Source: *City of Grants Pass.*

The Water System

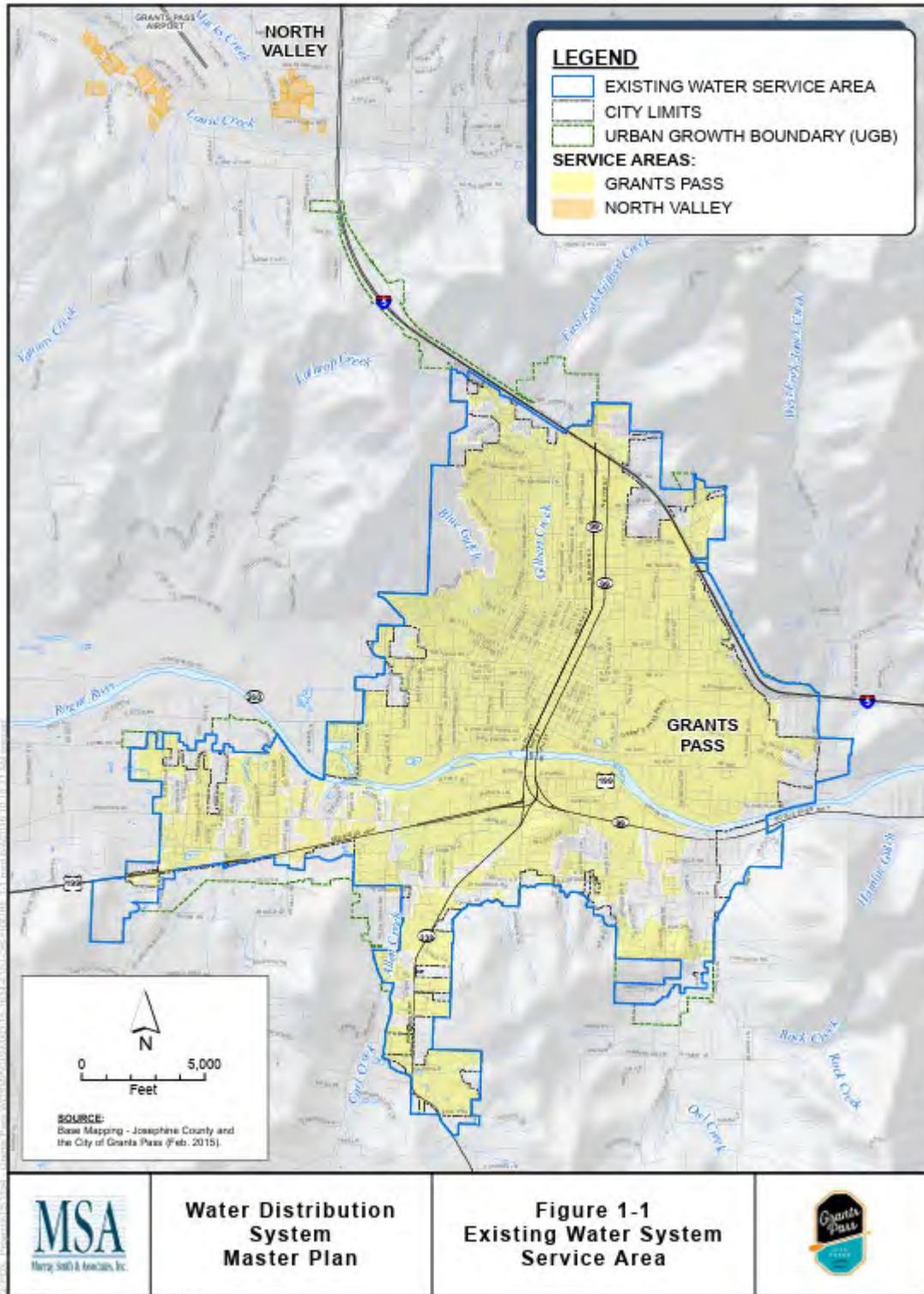
Overview

The City treats and distributes over 2 billion gallons of water annually to over 12,000 customers through a complex system of reservoirs, pump stations and 188 miles of piping. The Water System includes the: water treatment plant, reservoirs, booster pumping stations, distribution piping, and support service systems.

The City’s existing water service area includes all existing customers within the City limits and a small area of unincorporated Josephine County five miles north of the City between Merlin and Interstate 5 referred to as the North Valley. The City’s Water System provides fire suppression to specific areas of North Valley including North Valley Industrial Area (NVIA) and the Paradise Ranch development.

All properties located within the City limits or Urban Growth Boundary (“UGB”) are eligible for service from the Water System. Water service is provided through a connection to an existing water mainline along the property’s frontage or, if there is no existing mainline, by extending a mainline to the property from the City’s existing distribution system at the property owner’s expense. Residential developments of more than four lots and commercial developments within the UGB are required to extend public water mains and connect to the Water System. Smaller residential developments of four lots or less are required to extend mains and connect to

City water if they are within 100 feet of an existing City water main. New customers within the UGB are required to sign a Service and Annexation Agreement which outlines the property owner’s rights and obligations as a City service customer until the property is annexed by the City. Connection charges are assessed for all new connections to the Water System.



Supply Facilities

The Grants Pass Water Treatment Plant (the “WTP”) currently uses conventional filtration to treat surface water drawn from an adjacent intake on the Rogue River. The Rogue River and WTP is the sole source of potable water for the City; the City does not source any groundwater. Finished water is pumped by the high service pump station from the WTP clearwell into the City’s distribution system Pressure Zone 1. The plant typically operates between 8 and 24 hours per day, depending on system demands. During the peak demand months of July through September, the plant is operated for up to 24 hours per day to meet peak day demands. The WTP’s current hydraulic capacity is approximately 20 mgd.

The WTP was built in 1931 with a single sedimentation basin and three filters with a design capacity of approximately 3.5 mgd. The WTP has undergone several upgrades and expansions to serve a growing population and to meet more stringent treatment standards. Capacity upgrades were completed in 1950, 1961, and 1983, and the WTP has received numerous process and safety upgrades over the past three decades.

The City is in the process of replacing the WTP with proceeds of the 2026 Bonds and other funds. See “Purpose and Use of Proceeds” herein.

Storage Reservoirs. The City’s Water System nine reservoirs with a total combined storage capacity of approximately 20.53 million gallons. Reservoirs 3, 5 and 11 serving Zone 1 are supplied from the WTP. All other reservoirs are supplied by booster pump stations which monitor the reservoir water level. For multiple reservoirs in a pressure zone, each reservoir is equipped with an altitude valve to control accidental overflows.

Pump Stations. The City operates 13 booster pump stations in addition to the high service pumps at the WTP. The pump stations serve both open and closed zones. An open zone includes storage reservoirs which are filled by the pump station and serve customers by gravity. Pump stations serving closed zones supply constant pressure to customers without the benefit of gravity storage facilities. Several of the City’s constant pressure pump stations and the high service pumps at the WTP have variable frequency drives (“VFDs”). VFDs allow a pump to operate faster or slower in order to provide a wider range of flow rates to meet varying customer water demands. Many of the City’s constant pressure pump stations also have pressure tanks. A pressure tank is a small water storage vessel that uses compressed air to maintain a consistent pressure at the tank outlet. As water flows out of the tank to customers the pressure in the tank drops which signals pumps to refill the tank. Both VFDs and pressure tanks are used to maintain consistent service pressure to customers under low demand conditions while minimizing pump cycling on and off which reduces wear and equipment maintenance.

Control Valves. The City’s distribution system includes several pressure reducing valves (“PRVs”) that are used for one of two primary purposes: (i) To provide supply to customers in Zone 2A or 3B. PRVs are the only facilities providing service pressure to these zones. These PRVs generally have parallel valves, a smaller 2-inch diameter valve for lower demands and a larger 6 or 8 inch diameter valve to serve larger demands and fire flow; (ii) To provide backup supply from a higher elevation zone.

Customers and Consumption

The Water System provides water service to a total population of approximately 39,468. The total number of accounts was 12,281 at the end of Fiscal Year 2025, including customers within the City and unincorporated Josephine County. Average base water use is 5.76 million gallons, and peak water use is 12.69 million gallons.

**Customer Accounts by Classification
(Fiscal Years)**

Fiscal Year	Residential	Multi Family	Commercial	Public	Fire Service	Total
2025	9,334	1,235	1,323	201	188	12,281
2024	9,262	1,191	1,316	184	191	12,144
2023	9,242	1,055	1,237	188	192	11,914
2022	9,185	1,045	1,206	185	188	11,809
2021	9,152	1,022	1,122	188	179	11,663
2020	9,101	1,002	1,157	168	179	11,607

Note: Does not include a minimal number of accounts located outside the City limits.
Source: City Audited Financial Statements.

**Customer Water Consumption History
(100 Cubic Feet by Customer Class)**

Fiscal Year	Residential	Multi Family	Commercial	Public	Fire Service	Total
2025	1,250,624	370,075	593,184	324,121	959	2,538,963
2024	1,208,627	346,294	568,027	284,967	255	2,408,170
2023	1,226,816	355,807	572,990	276,403	362	2,432,378
2022	1,214,480	370,381	592,821	266,954	334	2,444,970
2021	1,363,773	397,028	433,205	326,605	811	2,521,422
2020	1,201,949	368,081	583,905	303,098	644	2,457,677

Source: City Audited Financial Statements.

The following table provides information on the City's ten largest customers by water revenue:

**Top Ten Water Consumers
(Fiscal Year 2025)**

Consumer	Description	Annual Consumption Units (100 HCF)	Annual Revenue	Percent of Total Revenue
City of Grants Pass ⁽¹⁾	Government	171,753	\$ 518,491	4.21%
School District 7	Government	71,589	313,757	2.55%
Three Rivers Hospital	Hospital	35,729	248,891	2.02%
Josephine County	Government	27,391	219,432	1.78%
Cascade Living Group	Senior Living	24,311	180,702	1.47%
Riverwood Apartments	Apartment Complex	23,678	161,382	1.31%
Volaire Health Care	Nursing Care Facilities	15,965	116,745	0.95%
Fred Meyer	Grocery	15,453	73,892	0.60%
Wal-Mart	Grocery	13,916	73,893	0.60%
Options for Southern Oregon	Mental Health Treatment	11,233	55,333	0.45%
Top 10 Consumers		411,018	\$ 1,962,518	15.93%
All Other Consumers			10,355,055	84.07%
Total			\$ 12,317,573	100.00%

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

(1) The City's high water usage is primarily driven by irrigation of parks.

Source: City Audited Financial Statements.

Historical Water Sales in Dollars

Fiscal Year	Industrial/Commercial	Percent of Total	Residential	Percent of Total	Total
2025	\$ 3,668,901	30.55%	\$ 8,340,125	69.45%	\$ 12,009,026
2024	3,402,570	30.32%	7,820,570	69.68%	11,223,140
2023	3,216,996	30.49%	7,332,636	69.51%	10,549,632
2022	3,278,894	33.75%	6,437,136	66.25%	9,716,030
2021	2,969,499	32.63%	6,130,029	67.37%	9,099,528

Note: Does not include bulk water sales which account for approximately three percent of total water sales.
 Source: The City.

Water Rates. Consistent with City Council policy, the City reviews its water rates annually, and new rates are established to sufficiently cover annual operation and maintenance, capital expenditures, and debt requirements. The City charges a monthly base rate and WTP replacement fee based on meter size, as well as a tiered volume rate. The most recent change in rates took effect January 1, 2026. Historical, current and projected rates are shown below.

Monthly Service Charges – Meter Base Rate

Meter Size	Historical				Current 2026	Projected	
	2022	2023	2024	2025		2027⁽¹⁾	2028⁽¹⁾
075 Meter Charge	\$ 22.33	\$ 24.12	\$ 25.26	\$ 26.02	\$ 26.99	\$ 27.26	\$ 27.53
1" Meter Charge	49.77	53.77	56.31	58.01	60.16	60.76	61.37
1.5" Meter Charge	93.91	101.45	106.25	109.46	113.52	114.66	115.81
2" Meter Charge	150.66	162.75	170.45	175.60	182.11	183.93	185.77
3" Meter Charge	290.58	313.91	328.76	338.69	351.26	354.77	358.32
4" Meter Charge	481.62	520.29	544.90	561.36	582.19	588.01	593.89
6" Meter Charge	914.77	988.23	1,034.97	1,066.23	1,105.79	1,116.85	1,128.02
8" Meter Charge	1,455.57	1,572.45	1,646.83	1,696.56	1,759.50	1,777.10	1,794.87
10" Meter Charge	2,254.73	2,435.78	2,550.99	2,628.03	2,725.53	2,752.79	2,780.32
Additional Unit Charge	8.37	9.04	9.47	9.76	10.12	10.22	10.32
% Increase	3.77%	8.03%	4.73%	3.02%	3.71%	1.00%	1.00%

Note: Rates are effective January 1 of each year.

(1) The City Council adopted Resolution 25-7622 to increase its rates an additional one percent above the Consumer Price Index-Urban (CPI-U) average of the annual November through October of the previous year. The projected rates above do not reflect an estimated CPI-U.

Source: The City.

Monthly Service Charges - Water Plant Replacement Fee

Meter Size	Historical				Current 2026	Projected	
	2022	2023	2024	2025		2027 ⁽¹⁾	2028 ⁽¹⁾
075 Meter Charge	\$ 10.80	\$ 13.50	\$ 13.50	\$ 13.50	\$ 14.30	\$ 15.20	\$ 16.00
1" Meter Charge	24.08	30.09	30.09	30.09	31.87	33.88	35.66
1.5" Meter Charge	45.42	56.76	56.76	56.76	60.12	63.91	67.27
2" Meter Charge	72.88	91.10	91.10	91.10	96.50	102.57	107.97
3" Meter Charge	140.57	175.71	175.71	175.71	186.12	197.84	208.25
4" Meter Charge	232.98	291.22	291.22	291.22	308.48	327.89	345.15
6" Meter Charge	442.52	553.15	553.15	553.15	585.93	622.81	655.59
8" Meter Charge	704.13	880.16	880.16	880.16	932.32	990.99	1,043.15
10" Meter Charge	1,090.68	1,365.35	1,365.35	1,365.35	1,446.26	1,537.28	1,618.19
% Increase	33.33%	25.00%	0.00%	0.00%	5.92%	6.30%	5.25%

Note: Rates are effective January 1 of each year.

(1) The City Council adopted Resolution 25-7622 to increase its rates by specific amounts.

Source: The City.

Tiered Volume Rate Per 100 Cubic Feet (approximately 748 Gallons)

	Historical				Current 2026	Projected	
	2022	2023	2024	2025		2027 ⁽¹⁾	2028 ⁽¹⁾
Residential							
1-5 Units	\$ 0.70	\$ 0.75	\$ 0.79	\$ 0.81	\$ 0.84	\$ 0.85	\$ 0.86
6-10 Units	1.38	1.50	1.57	1.62	1.68	1.70	1.72
11-25 Units	1.73	1.87	1.96	2.02	2.09	2.11	2.13
26+ Units	2.08	2.25	2.36	2.43	2.52	2.55	2.58
Multi-Family and PUD	1.17	1.27	1.33	1.37	1.42	1.43	1.44
Commercial/Public	1.38	1.50	1.57	1.62	1.68	1.70	1.72
Interruptible Irrigation	1.17	1.27	1.33	1.37	1.42	1.43	1.44
Standby - All Classes	2.01	2.17	2.27	2.34	2.43	2.45	2.47
Irrigation - All Classes	2.01	2.17	2.27	2.34	2.43	2.45	2.47
% Increase	3.77%	8.03%	4.73%	3.02%	3.71%	1.00%	1.00%

Note: Rates are effective January 1 of each year.

(1) The City Council adopted Resolution 25-7622 to increase its rates an additional one percent above the Consumer Price Index-Urban (CPI-U) average of the annual November through October of the previous year. The projected rates above do not reflect an estimated CPI-U.

Source: The City.

Shown below are comparative water rate charges of representative municipalities in Jackson and Josephine Counties:

**Residential Monthly Water Bill Comparison
(as of Fiscal Year 2025)**

Utility Name	8 CCF
City of Ashland	\$ 52.69
City of Grants Pass	49.53
City of Phoenix	45.65
City of Jacksonville	45.36
City of Talent	39.95
City of Central Point	37.75
City of Eagle Point	32.76
City of Medford	30.24

Source: Utility provider websites and rate publications.

System Development Charges

System development charges (“SDCs”) are collected from each new service connection to the Water System. SDCs are imposed at the time of development or when another permit is granted by the City for connection to water services or for increased use of such systems. Service lines may be installed by the developer or the City. They are designed so that new development pays its share of improvements to the Water System. SDC rates are set annually by City Council resolution.

Water System Development Charges

	2022		2023		2024		2025		2026	
Residential (<= 1,700 sqft)										
3/4"	\$	2,863	\$	3,091	\$	3,236	\$	3,334	\$	3,423
1"		7,159		7,729		8,095		8,337		8,559
1-1/2"		14,317		15,461		16,190		16,675		17,122
Residential (1,701-2,900 sqft), Multi-Family, and Commercial										
3/4"	\$	4,211	\$	4,548	\$	4,762	\$	4,905	\$	5,036
1"		10,527		11,369		11,905		12,262		12,589
1-1/2"		21,055		22,740		23,810		24,525		25,180
2"		33,688		36,384		38,096		39,240		40,288
3"		63,165		68,220		71,430		73,575		75,540
4"		105,275		113,700		119,054		122,625		125,900
6"		210,549		227,400		238,100		245,250		251,800
Residential (>2,900 sqft)										
3/4"	\$	5,769	\$	6,229	\$	6,522	\$	6,718	\$	6,898
1"		14,423		15,573		16,308		16,798		17,245
1-1/2"		28,845		31,152		32,619		33,599		34,495
% Increase		3.77%		8.03%		4.73%		3.02%		2.71%

Source: City Staff.

Historical Connection Applications

Fiscal Year	Domestic Residential	Domestic Commercial	Fire Protection (All Sizes)	Total
	(3/4" Meter)	(1" Meter & Up)		
2025	109	6	3	118
2024	77	12	6	95
2023	127	23	5	155
2022	121	17	6	144
2021	186	18	17	221
2020	146	12	6	164

Source: City Staff.

Billing and Collection

The City bills all its residential, public, and commercial customers monthly. Billing occurs over six distinct billing cycles for all water services. Payments are due 21 days from the bill date and are considered delinquent after 28 days, at which time a first delinquency notice is sent out to customers whose delinquent amount is \$200.00 or greater in the form of a letter. At 21 days a courtesy notice is delivered to those customers via interactive voice response system with a service charge of \$15.00 assessed to the account. At 28 days a service termination notice is generated and delivered to the customer service location and a \$25.00 service fee is assessed to the account. Service is discontinued. There is no charge for restoration of services, but customers are required to place a deposit on file per municipal code after their second and third credit offense. Service fees related to delinquencies are revenue to the water fund.

The City's bad debt rate has been less than one percent for each of the past five years. City water bills go to the property rather than the customer. Property owner's are held responsible for all water debt incurred at the property regardless of the customer notated on the account. Owner balances on accounts are only subject to collections if the property has sold. Total turnover to collections is less than one percent annually.

Capital Improvement Plan

The City has approved masterplans for the distribution system (prepared in 2016) and the WTP (prepared in 2014), both with Capital Project Lists identified. Additionally, through its standard budgeting process, the City adopts an annual Capital Budget and allocates funds to the highest priority capital projects. Currently, the main focus for the Water System is the Project (see "Purpose and Use of Proceeds" herein). In addition, the City continues to fund other high priority projects, as detailed below. Adopted capital plans are funded on a priority and cost basis, with priority going to projects that provide the highest benefit for the dollars available. The City also allocates fund balance to different projects to build up resources for future expenditure.

**Water Projects Capital Budget
(Fiscal Years)**

Resources	Adopted	Projected	Future Years	Total
	2026	2027		
Beginning Balance	\$ 29,414,565	\$ 23,113,551		
Federal Grants	2,000,000	-		
SDCs	383,700	383,700		
Interest	443,700	443,800		
Bond Proceeds	11,530,000	50,000,000		
Water Fund Transfers	<u>6,740,000</u>	<u>6,190,000</u>		
Total	50,511,965	80,131,051		
Requirements				
Reservoir and Pump Station Site Purchases	\$ 289,901	\$ -	\$ -	\$ 289,901
Meadow Wood Reservoir	688,349	-		
Water Treatment Plant Structural Repairs	348,723	50,000	-	398,723
Water System Security Projects	86,035	10,000	-	96,035
Pump Station Repairs	171,932	50,000	-	221,932
WTP Replacement (the Project) ⁽¹⁾	20,313,000	50,140,000	56,124,675	126,577,675
Portable Generator for Pump Stations	60,740	-	-	60,740
Freeze Protect ARVs on Pedestrian Bridge	50,196	-	-	50,196
Small Main Replacement Program	784,119	170,000	320,000	1,274,119
Redwood Highway Looping	3,711,508	-	-	3,711,508
WTP Equipment Improvement	50,000	50,000	-	100,000
General Engineering Services	124,067	70,000	-	194,067
ODOT Conflicting Utility Relcoation	129,844	25,000	-	154,844
Reservoir & Pump Station Communication Upgrade	500,000	414,385	-	914,385
Advanced Metering Infrastructure Feasibility & Implementation	<u>90,000</u>	<u>900,000</u>	-	<u>990,000</u>
Total	<u>27,398,414</u>	<u>51,879,385</u>	<u>56,444,675</u>	<u>135,722,474</u>
Fund Balance	<u>23,113,551</u>	<u>28,251,666</u>		
Total Requirements	50,511,965	80,131,051		

Note: Resources only provided for Fiscal Years 2026 and 2027.

(1) In the Capital Budget, the Project has a total budget of \$145,519,902, including prior costs in Fiscal Year 2025 and earlier. The Project is currently estimated to cost \$127 million, as outlined in "Purpose and Use of Proceeds" herein. The Capital Budget is inflated and still includes some prior estimates from before the design was updated and some related costs which are not considered within the scope of the Project.

Source: City of Grants Pass Adopted Capital Budget, Fiscal Year 2026.

Regulatory Matters

Water Rights

Under Oregon law, a certificated municipal water right is a completed water right where the water right owner has proved the beneficial usage of the water. This means the water right process has been completed and the right is secure. A permitted municipal water right is a water right that is issued by the State for future municipal development, and is granted a long timeline (often many decades) to achieve full beneficial use development. Municipal water rights in the State have additional protection and value in State law over other water rights such as irrigation or agricultural rights and in order of chronological appropriation.

The City holds developed water rights of 19.9 mgd with additional undeveloped rights of 36.7 mgd for a total of 56.6 mgd. The City's undeveloped rights are subject to persistence of fish requirements on the Rogue River. Under low flow conditions at certain times of the year, the City's rights are subject to curtailment as set forth in State issued Extensions of Time for development of these water rights.

Regulatory Environment and Compliance

The Water System maintained full compliance with all Safe Drinking Water Act and associated Oregon Health Authority requirements during 2025. Key highlights include:

- No health-based violations and successful completion of all monitoring requirements.
- Lead and Copper Rule compliance: No exceedances; inventory confirms zero lead service lines.
- PFAS monitoring: No detections above regulatory thresholds; system remains compliant with new EPA standards.
- Source water protection: Continued adherence to Oregon Health Authority assessments and active cross-connection program.
- Future readiness: Positioned to meet upcoming regulatory challenges, including stricter PFAS and lead requirements.
- No health-based violations; last non-health violation occurred in 2015 (Total Coliform Monitoring/Reporting)

Grants Pass Urban Renewal Agency

Area Description

The Grants Pass Urban Renewal Area (the “Area”), of the Agency, was established by the City pursuant to ORS Chapter 457, the Oregon Constitution, and all applicable laws in 2016. The Area contains approximately 1,372 acres, approximately 18 percent of the City. Plan objectives are to support economic development and employment, maintain public involvement, redevelop/develop to support an active downtown, fiscal stewardship in communication and working with impacted taxing jurisdictions, and assist in the development of workforce housing. The Agency’s board is comprised of the City Council members.

Tax Increment Revenues

In Oregon, urban renewal agencies may receive tax increment revenues in two ways: either through a division of taxes, whereby a portion of property taxes are diverted away from overlapping jurisdictions based on the consolidated billing tax rate and increase in value of property in the urban renewal area (“Divide the Taxes Revenues”); or through a special levy, whereby an agency may levy an additional tax, subject to certain limitations, against the tax base of the sponsoring jurisdiction. The Agency is only eligible to receive Divide the Taxes Revenues. Changes in the overlapping jurisdictions’ tax rates and in the assessed value of properties within the Area will affect the Agency’s Divide the Taxes Revenues.

ORS 457.470 requires successful urban renewal agencies to share tax increment back to the overlapping tax districts when certain thresholds are met. The thresholds and the amounts shared with overlapping taxing districts are tied to the area’s maximum indebtedness. The Agency has not triggered revenue sharing to date.

Oregon’s Property Tax System and Assessed Values

In Oregon, the assessor’s estimate of a property’s market value is called “Real Market Value” or “RMV.” In conformance with Measure 5, properties also are assigned a “Measure 5 Market Value,” which adjusts the Real Market Value to reflect the value of specially assessed properties, including farm and forestland and exempt property. A property’s maximum assessed value (“MAV”) is the taxable value limit established for each property. The first MAV for each property was set in the Fiscal Year 1998 tax year. For that year, the MAV was the property’s Fiscal Year 1996 RMV minus 10 percent. MAV can increase (1) to provide for the three percent annual increase allowed by Section 11, or (2) to assign value based on specific property events known as “Exceptions.” For tax years after Fiscal Year 1998, MAV is defined as the greater of the prior year’s MAV or the prior year’s Assessed Value increased by up to three percent. Properties are assessed at the “Assessed Value” or “AV.” Section 11 limits annual increases in Assessed Value, to the lesser of MAV or the estimated Real Market Value of the property for fiscal years after 1998.

The Assessed Value of property has a complex relationship to the Real Market Value of property under Oregon law. As describe above, if property is not subject to an “Exception,” its Assessed Value ordinarily cannot increase by more than three percent per year.

The county assessor determines both the Real Market Value and the Assessed Value of property. The Real Market Value is the assessor’s estimate of the fair market value of property. Real Market Values of many

properties have been increasing since Fiscal Year 1996, the year MAVs were established, at a rate that is greater than three percent.

“Exceptions” occur when a property has been substantially improved or has new construction, and when a property has been rezoned, subdivided, annexed, or ceases to qualify for a property tax exemption. If an Exception occurs, a portion of the increase in Real Market Value of the property may be added to the property’s Assessed Value. The portion that is added is determined based on the ratio of Assessed Value to Real Market Value for similar properties in the area. Because Assessed Values are usually lower than Real Market Values, the increase in Assessed Value that results from Exceptions is usually less than the increase in Real Market Value that results from Exceptions.

As long as its Real Market Value does not decline, the Assessed Value of a property will be equal to its initial Assessed Value, compounded at three percent since Fiscal Year 1996, plus the Assessed Value of any Exceptions, compounded at three percent since the Assessed Values of the Exceptions were added to the tax rolls. The Assessed Values of many Oregon properties are substantially lower than their Real Market Values. This is because (1) the initial Assessed Values were usually less than the Real Market Values, (2) the Assessed Values of Exceptions are usually less than their Real Market Values, and (3) Assessed Values have usually grown at a slower rate than Real Market Values. Article XI, Section 11 of the Oregon Constitution prevents the Assessed Value of a property from exceeding its Real Market Value. Because the Real Market Value is often substantially higher than the Assessed Value of a property, Assessed Value can often continue to grow at three percent per year, even though the property’s Real Market Value may be declining. However, if the Real Market Value of a property does fall below its Assessed Value, the Assessed Value will be reduced to the property’s Real Market Value.

If the Real Market Value of a property declines enough to reduce the Assessed Value of the property and the Real Market Value of the property subsequently increases, the Assessed Value of the property may increase more rapidly than three percent until the Assessed Value reaches the MAV for the property. The MAV is generally equal to the initial Assessed Value, compounded at three percent since Fiscal Year 1996, plus the Assessed Value of any Exceptions, compounded at three percent since the Assessed Value of the Exceptions was added to the tax rolls.

The Divide the Taxes Revenues are calculated by multiplying the Incremental Assessed Value of an urban renewal area by the applicable consolidated billing tax rate. The “Incremental Assessed Value” means the difference between the Assessed Value of property in the Area for a Fiscal Year and the Assessed Value of property in the Area which is specified in the certified statement for the Area that is filed with the assessor pursuant to ORS 457.430 (the “Frozen Base”).

**Grants Pass Urban Renewal Area
Historical Values**

Fiscal Year	M5 Real Market Value	% Change in RMV	Assessed Value			
			Frozen Base	Incremental Value	Total Assessed Value	% Change in Incremental Value
2026	\$ 1,059,325,222	7.20%	\$ 525,151,486	\$ 290,676,924	\$ 815,828,410	15.71%
2025	988,170,973	11.76%	525,151,486	251,219,334	776,370,820	21.89%
2024	884,192,632	5.50%	525,151,486	206,104,344	731,255,830	7.81%
2023	838,127,471	12.94%	525,151,486	191,176,404	716,327,890	42.57%
2022	742,120,718	4.79%	525,151,486	134,092,134	659,243,620	25.78%
2021	708,203,126		525,151,486	106,606,434	631,757,920	

Source: Josphine County Department of Assessment and Taxation.

**Grants Pass Urban Renewal Area
Value by Property Type and Number of Accounts**

Property Type	Accounts	M5 Real Market Values	Total Assessed Value	% of Total AV
Manufactured Homes	40	\$ 1,183,880	\$ 552,870	0.07%
Business Personal Property	1,111	58,092,552	58,090,770	7.12%
Real Property	1,382	943,261,809	700,704,400	85.89%
State Assessed Utilities	37	56,786,981	56,480,370	6.92%
Total		\$ 1,059,325,222	\$ 815,828,410	

Source: City of Grants Pass.

**Grants Pass Urban Renewal Area
Top Ten Property Owners**

Company Name		Fiscal Year 2026 Assessed Value	% of Assessed Value
Masterbrand Cabinets Inc	Industrial	\$ 39,158,170	4.80%
Hunter Communications Inc	Fiber-Optic Internet	31,790,140	3.90%
S-H Forty-Nine Propco-Grants Pass Cottages	Commercial	27,043,830	3.31%
Johnson Trust, Carl D	Developer	25,972,610	3.18%
TP Grants Pass LLC	Industrial	21,786,500	2.67%
Cascade Self Storage Grants Pass LLC	Commercial	14,094,410	1.73%
Allcare Development LLC	Commercial	13,565,010	1.66%
Evergreen Fed Savings & Loan Assoc	Commercial	13,528,880	1.66%
NGP VI Grants Pass OR LLC	Commercial	12,833,650	1.57%
Club Oregon LLC	Commercial	8,610,900	1.06%
Subtotal of Top 10 Owners		<u>208,384,100</u>	<u>25.54%</u>
Total Assessed Value for Area		<u>\$ 815,828,410</u>	<u>100.00%</u>

Source: City of Grants Pass.

Divide the Taxes Revenue Collection. The Divide the Taxes Revenues are collected across the shared Assessed Value of the overlapping taxing bodies, which includes all property within the City. The Divide the Taxes Revenues are calculated by multiplying the Incremental Assessed Value of the Area by the consolidated billing tax rate, which is the sum of the permanent tax rates of taxing districts that overlap the Area. The Divide the Taxes Revenues may be reduced as a result of declines in Assessed Value of property in the Area due to market or other factors. The Divide the Taxes Revenues also could be reduced as a result of declines in property tax rates. The Divide the Taxes Revenues are subject to compression by Article XI, Section 11b of the Oregon Constitution, which may reduce actual collections of Divide the Taxes Revenues.

**Grants Pass Urban Renewal Area
Historical Revenues**

Fiscal Year	Divide the Taxes Revenues	% Change
2026 ⁽¹⁾	\$2,958,900	17.2%
2025	2,523,714	21.3%
2024	2,079,833	7.7%
2023	1,931,490	41.9%
2022	1,361,537	24.1%
2021	1,097,506	---

(1) Estimated.

Source: Grants Pass Urban Renewal Agency Annual Report.

Outstanding Borrowings. Other than the intergovernmental agreement that the Agency expects to enter into with the City on the Date of Delivery of the 2026 Bonds (see “Security for the 2026 Bonds – Urban Renewal Contribution” herein), the Agency does not have any other borrowings outstanding that are payable from or secured by Divide the Tax Revenues of the Area.

Financial Factors

Financial Reporting and Accounting Policies

The City’s basic financial statements were prepared using modified accrual accounting in conformity with generally accepted accounting principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

Additional information on the City’s accounting methods is available in the City’s audited financial statements. A copy of the City’s audited financial report for Fiscal Year 2025 is attached hereto as Appendix B.

Auditing

Each Oregon political subdivision must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Political subdivisions having annual expenditures of less than \$150,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing political subdivisions. Municipal Audit Law, ORS 297.405 to 297.555 and ORS 297.990, requires Oregon local governments to submit annual financial reports to the Secretary of State within six months of the end of the fiscal year.

The City’s audits for the Fiscal Years 2021 through 2025 (“City Audited Financial Statements”) were performed by Moss Adams, CPAs, Medford, Oregon. In June 2025, Moss Adams, CPAs, Medford Oregon merged with Baker Tilly US, and will continue under the name of Baker Tilly US, LLP, CPAs, Medford, Oregon (the “Auditor”) going forward. The audit report for Fiscal Year 2025 indicates the financial statements, in all material respects, fairly present the City’s financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2025 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access (“EMMA”) system, a centralized repository operated by the Municipal Securities Rulemaking Board (“MSRB”), currently located at: www.emma.msrb.org.

Summaries of the City's Net Position and Changes in Net Position follow:

Water Fund Statement of Net Position
(Fiscal Years)

Assets	2021	2022	2023	2024	2025
Current Assets:					
Cash and investments	\$ 14,662,971	\$ 19,583,530	\$ 22,821,184	\$ 29,750,088	\$ 32,036,955
Prepaid items	44,457	40,000	45,159	47,919	-
Accounts receivables	1,252,648	1,117,987	1,388,649	1,566,626	1,697,580
Notes receivable	18,233	17,815	17,815	14,494	13,322
Grants receivable	23,296	-	-	-	230,207
Assessment liens	748	748	748	747	747
Restricted Assets:					
Cash and investments	1,055,242	1,145,350	1,113,825	1,138,473	375,009
Accrued interest on Account Receivable	3,756	2,803	2,803	(545)	-
Notes	14,180	7,553	7,495	7,252	4,358
Noncurrent Assets:					
Net OPEB asset	16,074	46,836	33,491	41,939	62,920
Lease receivable	-	53,555	44,750	35,554	25,953
Capital assets, net	61,951,946	63,904,906	65,504,755	72,306,790	84,306,787
Total Assets	<u>79,043,551</u>	<u>85,921,083</u>	<u>90,980,674</u>	<u>104,909,337</u>	<u>118,753,838</u>
Deferred Outflows of Resources					
Deferred Outflow - OPEB Items	50,376	44,261	41,209	39,916	68,960
Deferred Outflow - Pension Items	606,106	675,866	735,826	666,958	823,334
Total Deferred Outflows of Resources	<u>656,482</u>	<u>720,127</u>	<u>777,035</u>	<u>706,874</u>	<u>892,294</u>
Liabilities					
Current Liabilities:					
Accounts Payable	585,861	272,421	232,968	2,592,884	3,946,120
Salaries, Withholdings and Taxes Payable	43,589	57,013	56,111	64,398	78,757
Compensated Absences	105,000	95,479	81,752	105,000	109,000
OPEB Liability	-	-	-	8,173	9,065
Accrued Interest Payable	4,592	4,592	3,061	1,466	1,466
Loans Payable Within One Year	455,000	475,000	495,000	-	454,087
Customer Deposits Payable	115,725	138,211	153,529	175,098	187,991
Contractor Retainage Payable	31,780	-	3,705	66,386	417,540
Long-Term Liabilities:					
Compensated Absences	4,982	-	-	7,376	27,613
OPEB Liability	432,340	427,557	351,618	400,453	444,179
Net Pension Liability	1,737,092	1,096,788	1,409,122	1,608,629	1,808,831
Bonds Payable	-	-	-	17,320	-
Loans Payable	1,091,239	581,600	51,960	3,932,361	4,670,913
Total Liabilities	<u>4,607,200</u>	<u>3,148,661</u>	<u>2,838,826</u>	<u>8,979,544</u>	<u>12,155,562</u>
Deferred Inflows of Resources					
Deferred Inflow - OPEB Items	145,403	140,324	151,195	143,355	167,953
Deferred Inflow - Pension Items	82,979	870,828	427,749	176,328	209,555
Deferred Inflow - Lease Items	-	52,475	42,935	33,395	23,855
Total Deferred Inflow of Resources	<u>228,382</u>	<u>1,063,627</u>	<u>621,879</u>	<u>353,078</u>	<u>401,363</u>
Net Position					
Net investment in capital assets	59,864,285	62,745,519	64,889,436	65,811,388	75,048,986
Restricted net position for system development	1,189,184	1,701,460	1,534,838	1,230,870	385,093
Restricted net position for Net OPEB asset	-	-	-	41,939	62,920
Unrestricted	13,810,982	17,981,943	21,872,730	29,199,392	31,592,208
Total Net Position	<u>\$ 74,864,451</u>	<u>\$ 82,428,922</u>	<u>\$ 88,297,004</u>	<u>\$ 96,283,589</u>	<u>\$ 107,089,207</u>

Source: City Audited Financial Statements.

Water Fund Statement of Revenue, Expenses and Changes in Net Position
(Fiscal Years)

	2021	2022	2023	2024	2025
Operating Revenues:					
Charges for services	\$ 9,417,516	\$ 9,986,246	\$ 10,960,348	\$ 11,445,525	\$ 12,313,508
Trust receipts	4,217	11,612	3,777	5,926	8,720
Miscellaneous	45,186	32,911	32,482	59,488	121,830
Total Operating Revenue	<u>9,466,919</u>	<u>10,030,769</u>	<u>10,996,607</u>	<u>11,510,939</u>	<u>12,444,058</u>
Operating Expenses:					
Salaries, Wages, and Benefits	1,930,728	1,629,547	1,447,263	1,823,956	2,057,521
Operating Supplies	619,564	695,312	909,863	844,539	894,557
Repairs and Maintenance	203,031	185,941	88,289	198,292	361,389
Utilities	434,079	417,861	435,565	449,147	673,490
Professional Services	1,528,157	935,395	1,421,132	1,023,968	1,121,125
General, Administrative and Engineering	273,141	839,750	640,871	1,272,473	1,189,246
Depreciation and Amortization	1,689,049	1,176,551	1,154,924	1,155,498	1,179,346
Total Operating Expenses	<u>6,677,749</u>	<u>5,880,357</u>	<u>6,097,907</u>	<u>6,767,873</u>	<u>7,476,674</u>
Total Operating Income	<u>2,789,170</u>	<u>4,150,412</u>	<u>4,898,700</u>	<u>4,743,066</u>	<u>4,967,384</u>
Nonoperating Income (Expense):					
Gain / Loss on sale of capital assets	(68,844)	(74,348)	(10,664)	186,666	-
System Development Charge Receipts	916,677	736,217	393,769	624,771	479,899
Intergovernmental	23,296	76,191	6,505	-	1,456,982
Interest Income	136,256	24,106	476,541	1,335,165	1,664,421
Interest Expense	(63,795)	(47,900)	(27,769)	(8,305)	-
Total Nonoperating Income	<u>943,590</u>	<u>714,266</u>	<u>838,382</u>	<u>2,138,297</u>	<u>3,601,302</u>
Income Before Transfers	<u>3,732,760</u>	<u>4,864,678</u>	<u>5,737,082</u>	<u>6,881,363</u>	<u>8,568,686</u>
Transfers:					
Transfers In	3,540,000	7,714,073	4,922,500	6,186,927	8,938,299
Transfers Out	(3,682,453)	(5,395,000)	(5,092,500)	(5,356,000)	(8,294,690)
Capital Contribution	253,080	380,720	301,000	274,295	1,593,323
Total Transfers	<u>110,627</u>	<u>2,699,793</u>	<u>131,000</u>	<u>1,105,222</u>	<u>2,236,932</u>
Change in Net Position	3,843,387	7,564,471	5,868,082	7,986,585	10,805,618
Net Position-Beginning	71,021,064	74,864,451	82,428,922	88,297,004	96,283,589
Net Position-Ending	<u>\$ 74,864,451</u>	<u>\$ 82,428,922</u>	<u>\$ 88,297,004</u>	<u>\$ 96,283,589</u>	<u>\$ 107,089,207</u>

Source: City Audited Financial Statements.

A five-year summary of the City's Water Fund Statement of Revenues, Expenditures and Changes in Fund Balance follows.

**Water Fund Statement of Revenues, Expenditures and
Changes in Fund Balance
(Fiscal Years - Budgetary Basis)**

Revenues	2021	2022	2023	2024	2025
Charges for Services	\$ 9,400,091	\$ 10,011,116	\$ 10,960,348	\$ 11,449,089	\$ 12,317,573
SDC Receipts	916,677	736,217	393,769	624,771	479,899
Intergovernmental	23,296	24,106	6,505	-	1,664,421
Interest on Investments	136,256	76,191	476,541	1,335,165	1,456,982
Trust Receipts	4,217	11,612	3,777	5,926	8,720
Miscellaneous	45,186	32,911	32,482	59,488	121,830
Total Revenues	<u>10,525,723</u>	<u>10,892,153</u>	<u>11,873,422</u>	<u>13,474,439</u>	<u>16,049,425</u>
Expenditures					
Water Treatment	1,747,832	1,849,053	2,057,679	2,086,505	2,507,389
Water Distribution	1,533,848	1,627,350	1,813,098	1,936,181	2,080,466
Customer Services	429,502	418,906	482,922	-	-
General Operations	520,348	527,147	726,024	1,269,143	1,419,533
Water Capital Construction	7,519,252	3,111,435	2,628,475	7,762,511	13,147,738
Debt Service - Principal ⁽¹⁾	440,000	455,000	475,000	495,000	-
Debt Service - Interest ⁽¹⁾	63,795	47,900	27,769	8,305	-
Total Expenditures	<u>12,254,577</u>	<u>8,036,791</u>	<u>8,210,967</u>	<u>13,557,645</u>	<u>19,155,126</u>
Excess (deficiency) of revenues over expenditures	<u>(1,728,854)</u>	<u>2,855,362</u>	<u>3,662,455</u>	<u>(83,206)</u>	<u>(3,105,701)</u>
Other Financing Sources (Uses)					
Loan Proceeds	-	-	-	3,932,361	2,567,639
Proceeds from Sale of Assets	-	-	12,300	-	-
Transfers In ⁽²⁾	3,540,000	7,714,073	4,922,500	6,186,927	8,499,999
Special Payment In ⁽³⁾	-	-	-	-	438,300
Transfers Out ⁽²⁾	<u>(3,682,453)</u>	<u>(5,395,000)</u>	<u>(5,092,500)</u>	<u>(5,356,000)</u>	<u>(8,294,690)</u>
Total Other Financing Sources (Uses)	<u>(142,453)</u>	<u>2,319,073</u>	<u>(157,700)</u>	<u>4,763,288</u>	<u>3,211,248</u>
Change in fund balance	<u>(1,871,307)</u>	<u>5,174,435</u>	<u>3,504,755</u>	<u>4,680,082</u>	<u>105,547</u>
Beginning Fund Balance	<u>18,114,406</u>	<u>16,243,099</u>	<u>21,417,534</u>	<u>24,922,289</u>	<u>29,602,371</u>
Ending fund balance	<u>\$ 16,243,099</u>	<u>\$ 21,417,534</u>	<u>\$ 24,922,289</u>	<u>\$ 29,602,371</u>	<u>\$ 29,707,918</u>

- (1) Debt service due on the City's Full Faith and Credit Bonds, Series 2013 which were issued for water projects. Water System revenues were not pledged to repay the issue, therefore there was no coverage requirement.
- (2) Transfers In and Out are predominantly internal fund transfers from System Development Charges and Operations to Capital Construction. There are occasional other transfers recognized for various joint projects. The large increase in Fiscal Year 2025 is due to the ramping up for the Project.
- (3) The City pre-emptively began transferring Agency funds into the Water Fund to support the Project. However, the transfer was subsequently reversed in Fiscal Year 2026 to better align the payments with the allocable portion of the 2026 Bonds.

Source: City Audited Financial Statements.

Fiscal Year 2026 Operating Results. There have been no material changes to the Water System's financial condition or results of operations since the issuance of the Fiscal Year 2025 audited financial statements. The City does anticipate spending down fund balance in support of the Project, as detailed in "Purpose and Use of Proceeds" herein. The City budgeted for a spenddown of approximately \$6 million, however, staff currently estimates that the actual spenddown will be less.

Projected Operating Results

The City has projected operating results for Fiscal Years 2026 through 2030 based on a range of assumptions that the City believes to be reasonable. The City hired FCS Group to prepare a comprehensive financial model of the Water System to ensure rates are set at sufficient levels to support operations and the Project (the "Utility Rate Study").

The water sales projections below assume a one percent increase to growth of the system, plus an additional two percent cost-of-living increase included in municipal code, as well as the recent additional increases to rates approved by the City Council. Other revenues are considered low averages as they are attributed to more volatility than water sales. Expenditure projections include a general cost inflation of three- and one-half percent respective to recent history. Additional inflationary increases for personnel costs are included due to historical trends seen in benefits associated with insurance, retirement, and contractual negotiations.

Because of the nature of projections, including variability in assumptions, economic conditions and changes in the regulations to the water and wastewater industry, the City cannot guarantee those results. Potential investors of the 2026 Bonds should not rely on the projections as statements of fact. Such projections are subject to change and will change, from time to time. The City has not committed to providing investors with updated forecasts or projections.

Net Revenues and Debt Service Coverage (Fiscal Years)

	Actual 2025	2026	2027	Projected		
				2028	2029	2030
Gross Revenues:						
Water Sales	\$ 12,009,026	\$12,310,890	\$12,891,345	\$13,461,552	\$13,926,049	\$14,280,582
Water Service Connection Fees	241,679	274,500	274,500	274,500	274,500	274,500
Service Charges on Past Due Account	66,868	54,500	54,500	54,500	54,500	54,500
Interest Earnings	1,615,483	106,520	415,013	127,422	116,822	128,907
SDC Revenues	528,833	383,000	383,000	383,000	383,000	383,000
Miscellaneous	30,534	43,450	43,450	43,450	43,450	43,450
Total Gross Revenues	14,492,423	13,172,860	14,061,808	14,344,424	14,798,321	15,164,939
Operating Expenses:						
Water Treatment	2,507,389	2,747,713	2,921,054	2,994,659	3,113,173	3,232,606
Water Distribution	2,080,466	2,216,318	2,276,797	2,385,148	2,488,444	2,590,685
General Program Operations	-	165,501	173,146	181,893	190,248	198,426
Administrative Services	1,419,533	1,409,352	1,437,650	1,460,268	1,511,377	1,564,275
Total Operating Expenses	6,007,388	6,538,884	6,808,647	7,021,968	7,303,242	7,585,992
Net Revenues	8,485,035	6,633,976	7,253,161	7,322,456	7,495,079	7,578,947
Debt Service & Coverage:						
Total Water Secured Debt Service	-	541,437	3,680,553	3,875,012	5,310,198	5,310,698
Coverage with Net Revenues (1.25x)	---	12.25	1.97	1.89	1.41	1.43
Coverage with Coverage Revenues (1.15x)	---	11.55	1.87	1.79	1.34	1.35
Urban Renewal Contribution	\$ -	\$ -	\$ 485,017	\$ 515,063	\$ 845,063	\$ 843,563
Total Coverage including Tax Increment Revenues	---	12.25	2.10	2.02	1.57	1.59

Source: Utility Rate Model and the City.

Budgetary Process

The City prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The City's administrative staff evaluates the budget requests of the various departments of the City to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to

the input received from the citizens, the City Council adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.471.

Water Fund Adopted Budget (Fiscal Years)

Resources	2025	2026
Beginning Balance	\$ 3,349,558	\$ 2,240,206
Other Revenue	41,250	43,250
Sale of Water	12,008,000	12,829,200
Interest	40,000	100,000
Transportation	250,000	-
Special Payments in URA ⁽¹⁾	438,300	438,300
Water Projects		
Beginning Balance	20,513,458	29,414,565
Federal Grants ⁽²⁾	30,104,000	2,000,000
SDCs	499,140	383,700
Interest	423,500	443,700
Bond Proceeds	9,050,000	11,530,000
Miscellaneous	2,401	-
Transfers In ⁽³⁾	8,250,000	6,740,000
Total Resources	<u>\$ 84,969,607</u>	<u>\$ 66,162,921</u>
Requirements		
Water Treatment	\$ 2,505,951	\$ 2,747,713
Water Distribution	2,103,137	2,216,318
Water Operations	1,522,436	1,564,853
Debt Service	-	541,438
Transfers Out ⁽³⁾	8,250,000	6,750,000
Contingency	1,745,584	1,830,634
Water Projects		
Capital Outlay ⁽²⁾	62,988,531	27,398,414
Transfers Out	50,000	-
Appropriated Fund Balance	5,803,968	23,113,551
Total Requirements	<u>\$ 84,969,607</u>	<u>\$ 66,162,921</u>

- (1) The City pre-emptively began transferring Agency funds into the Water Fund to support the Project. However, the transfer was subsequently reversed in Fiscal Year 2026 to better align the payments with the allocable portion of the 2026 Bonds.
- (2) The Building Resilient Infrastructure and Communities (BRIC) grant was awarded to the City for \$50 million. Shortly before finalization the BRIC program was closed those expected revenues were not received. As such, the City removed those revenues from the budget. The remaining \$2 million is from a separate congressional appropriation.
- (3) Transfers In and Out are predominantly internal fund transfers from System Development Charges and Operations to Capital Construction. There are occasional other transfers recognized for various joint projects. The large increase in Fiscal Year 2025 is due to the ramping up for the Project.

Source: City Adopted Fiscal Year 2026 Budget.

Fiscal Year 2027 Budget Timeline. The City's Fiscal Year 2027 Proposed Budget is expected to be presented to the budget committee on April 21, 2026. The budget committee will review and prepare an Approved Budget which is scheduled to be presented to the City Council on June 3, 2026. The budget is scheduled to be adopted by the City Council on June 17, 2026. Dates are preliminary and subject to change.

Investments

ORS 294.035 authorizes Oregon political subdivisions to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon political subdivisions to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent. The City has its own investment policy which is available upon request.

Political subdivisions are also authorized to invest approximately \$63.387 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx).

Pension System

General. The City participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all City employees are required to participate in PERS. Employer contribution rates are calculated as a percentage of covered payroll. Employees are required to contribute six percent of their annual salary as well; however, employers are allowed to pay the employees' contribution in addition to the required employers' contribution. See "Employer Contribution Rates" herein.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" or "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Between January 1, 2004 and June 30, 2020, six percent of each employee's salary was contributed to fund individual retirement accounts under a separate defined contribution program known as the Individual Account Program (the "IAP"). Effective July 1, 2020, the six percent contribution for employees who earn in excess of \$2,500 per month (indexed annually for inflation) was split in two, with two-and-one-half percent of the employee's salary deposited in the "Employee Pension Stability Account" ("EPSA") and 3.50 percent of salary sent to the IAP. The threshold amount was raised in June 2021 to \$3,333 per month (indexed annually for inflation). Effective January 1, 2026, the monthly threshold for this contribution is \$3,890 per month. This policy will apply until the funded status reaches 90 percent.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP. As stated above, effective July 1, 2020, the six percent contribution for employees that earn in excess of \$2,500 per month (indexed annually for inflation) was split in two, with 0.75 percent of the employee's salary deposited in the EPSA and 5.25 percent of salary sent to the IAP. Effective January 1, 2026, the monthly threshold for this contribution split is \$3,890 per month. This policy will apply until the funded status reaches 90 percent.

RHIA/RHIPA. The Oregon PERS Health Insurance Program offers optional medical, dental, and long-term care insurance plans to eligible T1/T2 retirees, their spouses, and dependents. See "Other Postemployment Benefits, Retirement Health Insurance Account" herein.

Actuarial Valuation. Actuarial valuations are performed annually as of December 31 of each year and are designed to measure the liabilities, assets and funded status of the System for each employer, as well as determine employer contribution rates. The valuations are based on complex models which utilize assumptions on rates of return, payroll growth rates and demographic trends. The valuations as of December 31 of odd-number years are used by the Oregon Public Employees Retirement System Board (the “PERB”) to set employer contribution rates; valuations as of even-numbered years are used for advisory purposes only. Should the assumptions used in the actuarial model prove inaccurate, liabilities of the System may be higher or lower than estimated. Any increases or decreases in liabilities will be absorbed into future contribution rates assessed against employer payrolls. An employer’s unfunded actuarial liability (“UAL”) is equal to the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing assets available to pay those benefits. PERS’ current actuary is Milliman, Inc. (“Milliman,” or the “Actuary”).

Actuarial valuations are performed for the entire System (the “System Valuation”), and for most participating employers, including the City (the “City Valuation”). Valuations are released nine to eleven months after the valuation date. Current payroll rates are based on the System’s actuarial valuation report as of December 31, 2023 (the “2023 System Valuation”), and those rates will extend through June 30, 2027, including the rates for the City. The System’s actuarial valuation report as of December 31, 2024 (the “2024 System Valuation”), which was released on December 17, 2025 provides projections of contribution rates for the 2027-2029 biennium. See “Actuarial Assumptions” and “Employer Contribution Rates” herein. Actual contribution rates for the 2027-2029 biennium will be set by the System’s actuarial valuation report as of December 31, 2025, which is expected to be released late in calendar year 2026.

Valuation Date	Release Date	Rates Effective
December 31, 2021	October 2022	July 1, 2023 – June 30, 2025
December 31, 2022	December 2023	Advisory only for July 1, 2025 – June 30, 2027
December 31, 2023	October 2024	Current Rates: July 1, 2025 – June 30, 2027
December 31, 2024	December 2025	Advisory only for July 1, 2027 – June 30, 2029

System Actuarial Organization. An employer participates in PERS either on an independent basis, or through an actuarial pool, as follows:

T1/T2 Pension Programs

- *Independents:* An Independent Employer is one for whom its T1/T2 Pension Programs assets and liabilities are based on an actuarial analysis performed on its employee base. The City is not an independent employer.
- *School District Pool:* All kindergarten through grade 12 public school district and education service district public employers are pooled for actuarial purposes for the T1/T2 pension programs (the “School District Pool”). Each School District Pool member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the School District Pool’s pooled payroll, which share may shift in the future due to relative growth in payroll. Further, a school district’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. The City is not a member of the School District Pool.
- *State and Local Government Rate Pool:* For the T1/T2 Pension Programs, all State agencies, certain Oregon local governments and all community college public employers are pooled (the “State and Local Government Rate Pool” or “SLGRP”). Each SLGRP member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the SLGRP’s pooled payroll which share may shift in the future due to relative growth in payroll. Further, the City’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. **The City is a member of the SLGRP.**

OPSRP

- OPSRP's assets and liabilities are pooled on a System-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City's allocated share of OPSRP's assets and liabilities is based on the City's proportionate share of OPSRP's pooled payroll.

Actuarial Assumptions. Actuarial assumptions are set each biennium and are applied to the System's valuations. Significant actuarial assumptions and methods used since the 2020 System Valuation included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the "Assumed Rate") on the investment of present and future assets of 6.90 percent, (d) payroll growth rate of 3.40 percent, (e) consumer price inflation of 2.40 percent per year, (f) UAL amortization method of a level percentage of payroll, with the 2019 UAL attributable to the Tier 1 and Tier 2 pension programs amortized over a 22-year period, and all subsequent UALs attributable to Tier 1 and Tier 2 amortized over a 20-year period. Any UAL attributable to OPSRP is amortized over 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized, (g) a rate collar to limit increases or decreases in employer contribution rates from biennium to biennium (the "Rate Collar") (see "Rate Collar" herein), and (h) a portion of the IAP is redirected to the EPSA resulting in a direct offset and reduction of Employer contribution.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the Oregon Public Employees Retirement Fund ("OPERF"), including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute six percent of their annual salary to the IAP and, if applicable, the EPSA. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The City has elected to make the employee contribution.

Rate Collar. The PERB uses a rate collar (the "Rate Collar") to limit increases (or decreases) in employer contribution rates from biennium to biennium in order to smooth the impact of significant increases or decreases from one valuation to the next.

Beginning with the 2023-25 biennium, for employers participating in either the School District pool or the SLGRP, the collar will be applied as a fixed percentage of payroll, with a limit of three percent of pay for the Tier 1/Tier 2 UAL rate and one percent of pay for OPSRP rate. Further, reductions in the UAL rate would not be allowed unless a funded level threshold of at least 88 percent is reached, at which point a portion of the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, when the full reduction would be permitted. A wider rate collar was adopted for independent employers who do not participate in either the School District pool or the SLGRP.

System Funded Status & UAL. According to the 2024 System Valuation, the UAL for the System as of December 31, 2024 was \$29.2 billion, and the funded status, excluding Side Accounts for the System, was approximately 73 percent. This maintains approximately the same UAL and funded status as in the 2023 Valuation, which estimated that the UAL for the System was \$29.4 billion and the funded status was approximately 72 percent, excluding side accounts.

The funded status of PERS and related contribution rates of the City will change over time depending on a variety of factors, including the market performance of the investments in which the OPERF is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, legislative or judicial actions, and other actions taken by the PERB. The annual rate of return on the OPERF in 2024 was 5.71 percent, which was lower than the assumed earnings rate of 6.90 percent. Year to date return in 2025 through December was 9.68 percent. Total returns in 2026 and thereafter, along with the factors mentioned above, may affect the System-wide and City UALs and related contribution rates in future valuations. Under current PERS policies, modification to contribution rates based upon investment performance in 2026 and 2027 will occur during the 2027-29 biennium.

The table below includes the UAL and funded status for the System and the pool in which the City participates from the five most recent actuarial valuations.

Unfunded Actuarial Liability and Funded Status⁽¹⁾
(\$ in millions)

Valuation Date	System ⁽²⁾		SLGRP	
	UAL	Funded Status	UAL	Funded Status
12/31/24	\$ 29,187.0	73.1%	\$ 14,612.1	70.1%
12/31/23	29,381.3	72.4%	14,681.8	69.9%
12/31/22	28,032.9	72.8%	14,126.9	75.9%
12/31/21	20,038.2	79.6%	10,839.3	77.0%
12/31/20	28,043.8	70.6%	14,497.3	68.7%

(1) Does not take into account offsets for deposits made by individual employers from pension bond proceeds or cash on hand in side accounts (see “Side Accounts and Pension Bonds” herein).

(2) System UAL includes total of SLGRP, School District Pool, Independent Employers, and OPSRP.

Source: System Valuations and PERS.

Net Unfunded Actuarial Liability. The City’s net unfunded pension UAL is the total of the City Allocated T1/T2 UAL and City Allocated OPSRP UAL. The City’s net unfunded pension UAL as reported in the City’s actuarial valuation reports as of December 31, 2021 (the “2021 City Valuation”), December 31, 2022 (the “2022 City Valuation”) December 31, 2023 (the “2023 City Valuation”) and as of December 31, 2024 (the “2024 City Valuation”) is shown in the following table.

City of Grants Pass
Net Unfunded Pension Liability

	2021 Valuation	2022 Valuation	2023 Valuation	2024 Valuation
Allocated pooled T1/T2 UAL	\$ 23,663,456	\$31,960,292	\$31,534,678	\$ 30,280,354
Allocated pre-SLGRP pooled liability/(surplus)	-	-	-	-
Transition liability/(surplus)	(1,624,489)	(1,525,323)	(1,397,551)	(1,251,140)
Allocated pooled OPSRP UAL	1,995,716	4,587,453	5,173,768	5,364,351
City Side Account	-	-	(2,500,029)	(2,430,384)
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ 24,034,683</u>	<u>\$ 35,022,422</u>	<u>\$ 32,810,866</u>	<u>\$ 31,963,181</u>

Note: The pre-SLGRP pooled liability/(surplus) is the liability or surplus that existed when the State/Community College pool and the LGRP were discontinued and the SLGRP was formed. These are pooled liabilities/surpluses. The transition liability/(surplus) is the liability or surplus that was created when the individual employer joined the SLGRP and is solely the individual employer’s.

Source: City Valuations.

Side Accounts. The City used cash resources to make a lump sum payment to PERS as detailed in the table below. This lump sum payment was deposited into a “side account” (the “Side Accounts”) that is amortize over a fixed period and reduce the contribution rates.

Date	Original Deposit	Value of Side Account as of 2024 Valuation	Source of Funds	Projected End Date of Rate Credits
3/17/2023	\$ 2,000,000	---	Cash	12/31/41
3/17/2023	500,000	---	State Match	12/31/41
	<u>\$ 2,500,000</u>	<u>\$ 2,430,384</u>		

City Contribution Rates. The City’s prior contribution rates for the 2023-25 biennium under the 2021 City Valuation, current rates for the 2025-27 biennium under the 2023 City Valuation, and the projected rates for the 2027-29 biennium under the 2024 City Valuation are provided in the following table.

**City of Grants Pass
Pension Contribution Rates (Percent of Covered Payroll)**

	2021 Valuation			2023 Valuation			2024 Valuation		
	2023-25 Biennium			2025-27 Biennium			Advisory Only 2027-29 Biennium		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	18.77	9.89	14.68	18.50	10.47	15.74	18.50	10.35	15.74
T1/T2 UAL rate	12.61	12.61	12.61	12.52	12.52	12.52	12.52	12.52	12.52
OPSRP UAL rate	1.69	1.69	1.69	2.69	2.69	2.69	2.92	2.92	2.92
Transition liability/(surplus) rate	(1.19)	(1.19)	(1.19)	(0.84)	(0.84)	(0.84)	(0.83)	(0.83)	(0.83)
Pre-SLGRP pooled liability rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Side account rate relief	0.00	0.00	0.00	(0.96)	(0.96)	(0.96)	(0.92)	(0.92)	(0.92)
Member redirect offset ⁽¹⁾	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)
Retiree Healthcare rate (RHIA) ⁽²⁾	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total net contribution rate (%)	29.48	22.35	27.14	29.51	23.23	28.50	29.79	23.39	28.78

- (1) Redirected member contributions (2.50 percent of payroll for Tier 1/Tier 2 and 0.75 percent of payroll for OPSRP) will be used to offset employer contribution rates. The redirect of the IAP does not apply to members with monthly pay below a certain threshold. The values shown in the table incorporate an estimate of the effect of this limitation. (See “Pension System herein).
- (2) Contribution rates to fund RHIA benefits are included in the total City employer contribution rate, but are not a cost related to pensions. See “Other Postemployment Benefits - Retirement Health Insurance Account” below.

Source: 2021 City Valuation, 2023 City Valuation, 2024 City Valuation.

City Contributions. The City’s historical and projected annual contributions to PERS are provided in the following table.

**City of Grants Pass
Pension Contributions**

Fiscal Year	City Contribution ⁽¹⁾
2026 ⁽²⁾	\$ 6,680,219
2025	4,862,722
2024	4,620,503
2023	4,867,794
2022	4,041,780
2021	3,928,604

- (1) City’s contribution to PERS which does not include the employee contribution paid by the City.
- (2) Budgeted. Note, budgeted amount has historically been higher than actual due to vacancies, and turnovers.

Source: The City and City Audited Financial Statements.

GASB 67 and GASB 68. GASB Statements No. 67 and No. 68 modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 (“GASB 67”), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 (“GASB 68”), Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements for governments that provide their employees with pensions. The PERS System is subject to GASB 67; each participating employer, including the City is subject to GASB 68. PERS contracted with Milliman to provide information for local governments to use in their financial statements.

The City's proportionate share of the System's net pension liability and pension expense under GASB 68 follows.

**City of Grants Pass
Pension Amounts under GASB 68**

Measurement Date	City's Share of Net Pension Liability	District's Proportionate Share	Pension Expense
6/30/2024	0.15%	\$ 34,165,515	\$ 5,678,851
6/30/2023	0.17%	31,185,045	5,473,905
6/30/2022	0.17%	26,739,527	3,641,212
6/30/2021	0.17%	20,885,233	3,061,973
6/30/2020	0.17%	36,717,287	7,933,640

Source: Oregon Public Employees Retirement System- GASB 68 Exhibits prepared by Milliman.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2024 Valuation, this program had a surplus of approximately \$434 million as of December 31, 2024. The City's allocated share of the RHIA program's assets and liabilities is based on the City's proportionate share of the program's pooled payroll. According to the 2024 City Valuation, the City's allocated share of the RHIA program's surplus was \$535,511.

Medical Benefits - Implicit Subsidy. Under ORS 243.303 the City is required to offer the same healthcare benefits for current City employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB Statement No. 75 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. The benefits under this program are entirely paid by the retired employees.

The City's projections of total OPEB Liability under GASB 75 follows:

Projection of Total OPEB Liability - Implicit Rate Subsidy

	2021	2022	2023	2024	2025
Total Liability Beginning of Fiscal Year	\$ 4,848,984	\$ 4,622,077	\$ 4,645,867	\$ 4,056,172	\$ 4,045,650
Changes for the year:					
Service cost	\$ 236,706	\$ 247,490	\$ 255,006	\$ 166,282	\$ 169,131
Interest on total OPEB liability	173,947	103,839	102,255	144,397	148,917
Effect of changes to benefit terms	-	-	-	-	-
Effect of economics/demographic gains or losses	(287,983)	-	(646,597)	-	26,986
Effect of assumptions changes or inputs	(116,019)	16,283	35,089	(31,780)	(296,146)
Benefit payments	(233,558)	(343,822)	(335,448)	(289,421)	(272,191)
Balance end of Fiscal Year	<u>\$ 4,622,077</u>	<u>\$ 4,645,867</u>	<u>\$ 4,056,172</u>	<u>\$ 4,045,650</u>	<u>\$ 3,822,347</u>

Source: City Audited Financial Statements.

See Note 11 "Other Postemployment Benefits" of the City's audited financial statements for Fiscal Year 2025 for more information on the City's liability under GASB 75.

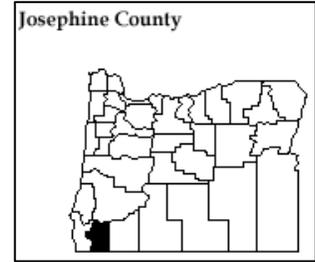
Risk Management

The City is exposed to various risks of loss. A description of the risks is provided in the City's audited financial statements. The audited financial statement for Fiscal Year 2025 is attached hereto as Appendix B. See also "Certain Investment Considerations" herein.

Demographic Information

General

The City is located in Southern Oregon within the Rogue Valley in Josephine County, roughly 250 miles south of Portland, Oregon and roughly 400 miles north of San Francisco, California. The City currently occupies a land area of approximately 12 square miles and has a population of over 40,000 people according to recent Portland State University estimates. The City is the county seat of Josephine County (the “County”) and serves as the major business and commercial center for a population of more than 89,000 in the County.



Historical data have been collected from generally accepted standard sources, usually from public bodies. This section includes information on the City, and the County.

Population

The following table shows the historical population for the State, the County and the City:

Population			
July 1⁽¹⁾	State of Oregon	Josephine County	City of Grants Pass
2025	4,300,464	89,686	40,380
2024	4,286,443	89,331	40,184
2023	4,269,152	88,982	39,922
2022	4,255,112	88,611	39,741
2021	4,234,736	88,485	39,390
April 1⁽²⁾			
2020	4,237,256	88,090	39,189
2010	3,831,074	82,713	34,533
2000	3,421,399	75,726	23,003

(1) Source: Center for Population Research and Census, Portland State University; revised estimates as of July 1, 2025.

(2) Source: U.S. Census Count on April 1.

Economic Overview

The County’s principal industries are healthcare, tourism, forest products and agriculture. The City is the departure point for most Rogue River scenic waterway guided fishing and boat trips, one of the destinations being Hellgate canyon. The Illinois River, one of the Rogue’s tributaries, has also been designated a scenic waterway. Tourism is also supported by several community theatres that offer plays to the community year-round. The County shares the Rogue Valley and Applegate Valley wine appellations with neighboring Jackson County. Private education and health services is the largest sector of non-farm employment (24.9%), followed by retail trade, transportation and utilities (19%), government (12.8%), leisure and hospitality (12.4%), and manufacturing (10.2%).

Major employers in the County include Three Rivers Community Hospital, Grants Pass School District No. 7, Rogue Community College, Three Rivers School District, Options for Southern Oregon, Wal-Mart, and Master Brand Cabinets. Major agricultural commodities produced in the region include pears, cattle, grapes, hay, squash and pumpkins.

Income. Historical personal income and per capita income levels for the County and the State are shown below:

**Josephine County and State of Oregon
Total Personal and Per Capita Income**

Year	Josephine County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2025 ⁽¹⁾	N/A	N/A	N/A	N/A	\$ 316,789,099	\$ 64,698,630	\$ 74,082	\$ 15,130
2024	\$ 5,049,946	\$ 939,632	\$ 57,206	\$ 10,644	302,582,300	63,384,200	70,823	14,836
2023	4,721,963	877,153	53,658	9,968	286,979,900	59,918,200	67,467	14,086
2022	4,498,276	783,855	51,241	8,929	270,427,900	52,771,400	63,669	12,424
2021	4,671,288	714,229	52,724	8,061	266,544,600	50,392,900	62,653	11,845
2020	4,242,291	679,561	48,083	7,702	240,450,400	44,192,400	56,660	10,413

Note: Dollar estimates are in current dollars (not adjusted for inflation).

(1) As of third quarter; preliminary and subject to change. Data released January 23, 2026.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; data as of February 5, 2026.

Employment. Non-farm employment within the County is described in the following tables:

**Josephine County
Labor Force Summary ⁽¹⁾
(by place of residence)**

						<u>2025 Change from</u>				
	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024
Civilian Labor Force	36,724	36,322	35,732	35,140	35,129	35,129	-1,595	-1,193	-603	-11
Unemployment	2,259	1,911	1,809	2,024	2,447	2,447	188	536	638	423
Percent of Labor Force	6.2%	5.3%	5.1%	5.8%	7.0%	---	---	---	---	---
Total Employment	34,465	34,411	33,923	33,116	32,682	32,682	-1,783	-1,729	-1,241	-434

Non-Agricultural Wage & Salary Employment ⁽²⁾

						<u>2025 Change from</u>				
	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024
Total Nonfarm Payroll Employment	26,690	27,120	27,100	27,120	26,960	26,960	270	-160	-140	-160
Total Private	23,450	23,800	23,730	23,640	23,570	23,570	120	-230	-160	-70
Mining, logging and construction	1,320	1,300	1,310	1,260	1,270	1,270	-50	-30	-40	10
Manufacturing	2,940	3,010	2,960	2,830	2,750	2,750	-190	-260	-210	-80
Trade, transportation, and utilities	5,580	5,590	5,390	5,250	5,110	5,110	-470	-480	-280	-140
Information	270	250	250	250	240	240	-30	-10	-10	-10
Financial activities	1,640	1,690	1,610	1,590	1,440	1,440	-200	-250	-170	-150
Professional and business services	2,070	1,900	1,880	1,810	1,730	1,730	-340	-170	-150	-80
Private education and health services	5,470	5,510	5,860	6,330	6,710	6,710	1,240	1,200	850	380
Leisure and hospitality	3,300	3,610	3,470	3,350	3,330	3,330	30	-280	-140	-20
Other services	860	930	1,000	980	1,000	1,000	140	70	0	20
Government	3,240	3,320	3,370	3,480	3,390	3,390	150	70	20	-90

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department.

Major Employers in the City

Company	Service	No. Employees
Three Rivers Community Hospital	Health Care	1,244
Grants Pass School District No. 7	Education	950
Rogue Community College	Education	746
Three Rivers School District	Education	633
Options for Southern Oregon	Medical-Mental Health	509
Josephine County	Government	439
Master Brand Cabinets	Wood Products Manufacturing	375
Wal-Mart	Department Store	372
Rogue Valley Door	Wood Products Manufacturing	320
Allcare Health	Insurance Agency/Brokerages	300

Note: Total number of employees may include full, part-time, temporary and seasonal employment.

Source: City of Grants Pass Fiscal Year 2025 Annual Comprehensive Financial Report.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the City of are listed below:

City of Grants Pass Residential Building Permits

Year	New Single Family		New Multi Family			Total
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost
2025 ⁽¹⁾	53	\$ 16,847,507	19	137	\$ 24,300,780	\$ 41,148,287
2024	66	19,207,624	11	28	4,426,042	23,633,666
2023	66	22,169,628	10	37	7,595,383	29,765,011
2022	85	22,458,115	23	92	10,495,214	32,953,329
2021	94	22,915,259	31	68	8,266,391	31,181,650
2020	124	29,471,613	25	50	7,160,510	36,632,123

(1) As of October.

Source: U.S. Census Bureau.

Higher Education. Rogue Community College, a two-year college with campuses in Josephine and Jackson Counties, provides general education courses, occupational and technical preparatory training, lower division college transfer courses, skills upgrading and employee technical training. Additional higher education opportunities are available through Southern Oregon University (“SOU”). SOU is a four-year public liberal arts and sciences university located in Ashland (located 42 miles southeast of the City), with a branch campus in Medford. The university offers bachelor and master degrees in more than 35 majors and more than 100 academic programs.

Transportation. The City is located along Interstate 5 between Portland and San Francisco. Community air transportation is available at the Grants Pass Airport. Commercial air transportation is available at Rogue Valley International-Medford Airport, which services 8 hubs; four air carriers service the airport with approximately 56 arriving and departing flights daily.

Healthcare. Healthcare services are available at multiple locations including the Three Rivers Community Hospital in the City, a 125-bed general acute care hospital.

Certain Investment Considerations

In addition to factors set forth elsewhere in this Official Statement, this section describes certain factors and considerations that purchasers of the 2026 Bonds should carefully consider in connection with an investment in the 2026 Bonds. The following is not meant to present an exhaustive list of the risks and considerations associated with the purchase of any Bonds (and other considerations that may be relevant to particular investors) and the order in which the information is presented does not necessarily reflect the relative importance of the various factors. Prospective investors are advised to consider the following factors, along with all other information contained or incorporated by reference in this Official Statement, in evaluating whether to purchase the 2026 Bonds. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the 2026 Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

General

Economic Considerations. Global and national economic conditions may have had, and may in the future have, significant effects on the finances and operations of the City and its revenues. No assurance can be given that future changes in economic conditions will not have an effect on the City and its finances and operations, nor can there be any assurances the changes in economic conditions will not have an impact on the ratepayers of the City. It is difficult for the City to predict the occurrence of such economic changes or the potential effect on the finances and operations of the City and its revenues until the extent and duration of such changes are known.

Public Health Considerations. The financial and operating condition of the City may be materially affected by a national or localized outbreak of an infectious disease, such as the outbreak of avian influenza, measles, COVID-19, or other highly contagious or epidemic disease (an "Outbreak"). There can be no assurances that an Outbreak, including COVID-19 in the State, nationally and globally, will not materially affect the City, state and national economies and accordingly, materially adversely affect the operations and financial condition of the City. The City cannot predict the effects of such events.

Cybersecurity

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. The City and its departments routinely face cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets and/or information or to cause operational disruption and damage. The City has not had a material Cybersecurity incident in the past five years.

To reduce and mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the City has invested in multiple forms of cybersecurity and operational safeguards. No assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat and attack.

The results of any attack on the computer and information technology systems could have a material adverse impact on the operations of the City and damage the digital networks and systems. The City cannot predict the outcome of any such attack, nor its effect on the operations and finances of the City.

Environmental Considerations

The City, like all communities in the State, may be subject to unpredictable natural or man-made disasters, such as seismic events, seasonal storms, excessive/high winds, flood, fire, toxic dumping or acts of terrorism, any of which could adversely affect the City and the collection and receipt of revenues. In the event of such calamities, there may be significant damage to both property and infrastructure, including the water system. The occurrence of a severe natural disaster could have negative effects on the economic, financial and operational status of both the City and its citizens, which could have an adverse impact on the City's ability to make payments of principal of and interest on the 2026 Bonds.

Seismic and Tsunami Risks. The City is located in an area of seismic activity, with frequent small earthquakes and occasional moderate to larger earthquakes on the coast. The scientific consensus is that the Pacific Northwest region is subject to periodic great earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. Historically, the Pacific Northwest has experienced 8.7 to 9.1 magnitude earthquakes every 300 to 400 years, and such seismic event has not occurred since at least 1700. Such an earthquake would cause widespread damage to structures and infrastructure in affected portions of the State, and potentially catastrophic damage in coastal areas inundated by a possible accompanying tsunami. The City cannot predict how such seismic activity could impact its revenue sources including applicable fees and charges. This kind of regional disaster could result in a significant, and perhaps permanent, loss of population and business as well as significant damage to both property and infrastructure.

Wildfire Risks. In recent years, portions of the State have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures, including areas in the Rogue Valley. The City and the Water System are located in the Rogue River watershed, which is an area with significant wildfire risk. Within the last five years, the City has not experienced material wildfire damage within its boundaries. However, future wildfires could result in a significant decrease in the assessed value of property of the City or affect the City's water sources or Water System generally. It is not possible for the City to make any representation or prediction regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the City or the extent to which wildfires may affect the value of taxable property within the City or the finances or operations of the Water System.

Drought. Areas of the State have experienced varying levels of drought conditions in recent years, and may experience extended drought conditions in the future. The Governor declared a drought emergency in Josephine County in 2020 and 2021. As of February 5, 2026, the U.S. Drought Monitor reports that areas within the City and County are currently experiencing abnormally dry drought conditions. Extended drought conditions may affect Net Revenues, development of undeveloped properties and the value of properties within the boundaries of the City, which may negatively affect the financial condition and operations of the City and the Water System.

No Acceleration; Limitation of Remedies

The 2026 Bonds are not subject to acceleration. The rights of holders are limited by the terms of the Master Declaration attached hereto as Appendix E.

Change in Law

State legislation is introduced before the Oregon Legislative Assembly and as described below, initiatives and referenda are placed on the ballot from time to time that could affect the finances or operations of the City. The City cannot predict whether any such legislation, initiative or referenda will be introduced, enacted or approved in the future, nor can it predict the potential implications on the finances or operations of the City.

Federal and State Actions

Federal and State statutory and regulatory changes, administrative rulings, interpretations of policy, funding restrictions, whether taken as part of federal or State budgetary actions or otherwise, may reduce funds made available to the City to support certain programs and operations. At the same time, the federal or State government may maintain or increase the responsibilities of the City in certain areas, notwithstanding reductions in federal or State funding for such activities. It is difficult for the City to predict the occurrence of such federal or State government changes or the potential effect on the finances and operations of the City until the extent and duration of such changes are known.

Federal Funding Uncertainty. The City receives federal funding for various purposes including grants for the Project. The Trump administration has recently issued a series of executive orders and implemented policies purporting to suspend or limit federal spending and funding to state and local governments. Certain of these actions have been challenged in court and in some cases enjoined. The City had been awarded a \$50 million Building Resilient Infrastructure and Communities ("BRIC") Grant through the Federal Emergency Management Agency ("FEMA") which was cancelled in 2025. The City increased the amount of the 2026 Bonds to cover the shortfall. Future federal policies, if implemented, may adversely impact future federal revenues received by the City.

Federal tariffs imposed on international products could increase the cost and timeline of the Project and other capital projects of the City. As a result, the City could be required to adjust the scope of the Project, however, it is not expected to impact its ability to pay debt service on the 2026 Bonds.

Divide the Taxes Revenue Declines

The Divide the Taxes Revenues are the result of multiplying the Incremental Assessed Value of property in the Area by the property tax rates imposed by taxing bodies that levy property taxes in the Area. Divide the Taxes Revenues may be reduced below projected levels for various reasons including if (1) Oregon law changes to reduce the tax rates that those taxing bodies are permitted to levy or (2) those taxing bodies decide to collect less property tax than Oregon law currently allows. Historically, certain voter initiatives have had a significant impact on laws pertaining to the property tax system.

The Incremental Assessed Value changes when the Assessed Value of property in the Area changes. The Real Market Value of existing property in the Area may decline due to various potential market factors or other factors such as damage or destruction of property, change in use of property or deterioration of conditions in the Area.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State's office that do not qualify for the ballot, the City does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The City also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the City's charter and ordinances. Consequently, the City does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voters' pamphlet and on the ballot.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Recent Initiative Petitions

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that were Approved
2014	4	2
2016	4	3
2018	4	0
2020	2	2
2022	2	2
2024	2	1

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log.

Referendum

“Referendum” generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure’s effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

City Charter

In addition to statutory and constitutional changes by the Legislative Assembly and the initiative and referendum process, the independent basis of legislative authority has been granted to cities in Oregon by municipal charters. A copy of the City Charter is available upon request from the City.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Bonds are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the 2026 Bonds and the authority to issue them conform to the 2026 Bonds and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the 2026 Bonds nor the power and authority of the City to issue the 2026 Bonds. There is no litigation pending which would materially affect the finances of the City or affect the City’s ability to meet debt service requirements on the 2026 Bonds.

Under the Oregon law local public bodies, such as the City, are subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims

(and not property claims) arising out of a single accident or occurrence may not exceed \$879,200, for causes of action arising on or after July 1, 2025, and before July 1, 2026. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence may not exceed \$1,758,300 for causes of action arising on or after July 1, 2025, and before July 1, 2026.

Property Damage or Destruction Claim. The liability limits of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2025: (a) \$144,200, adjusted as described below, to any single claimant, and (b) \$721,000, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2026, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed three percent for any year.

Tax Matters

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2026 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2026 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the 2026 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the 2026 Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2026 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the 2026 Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion as to any other federal, state, or local tax consequences arising with respect to the 2026 Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel, regarding federal, state or local tax matters, including, without limitation exclusion from gross income for federal income tax purposes of interest on the 2026 Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2026 Bonds in order that interest on the 2026 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2026 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2026 Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2026 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2026 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2026 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2026 Bonds.

Prospective owners of the 2026 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2026 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2026 Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2026 Bonds. In general, the issue price for each maturity of 2026 Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2026 Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2026 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2026 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2026 Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium

Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2026 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2026 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2026 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2026 Bonds under federal or state law or otherwise prevent beneficial owners of the 2026 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2026 Bonds.

Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding the foregoing matters.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the "Rule") requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the 2026 Bonds. Pursuant to the Rule, the City has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, "Continuing Disclosure") to the MSRB through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

Prior Undertakings. During the last five fiscal years, the City was obligated to provide Continuing Disclosure filings for its Full Faith and Credit Refunding Obligations, Series 2009; Full Faith and Credit Bonds, Series 2013; Wastewater Revenue Bonds, Series 2017; and Wastewater Revenue Bonds, Series 2018. The City's undertakings require its annual financial information filing within nine months of the end of the Fiscal Year (March 31).

A copy of the form of the City's Continuing Disclosure Certificate for the 2026 Bonds is attached hereto as Appendix D.

Municipal Advisor

In connection with the authorization and issuance of the 2026 Bonds, the City has retained Piper Sandler & Co., Portland, Oregon, as its Municipal Advisor (the "Municipal Advisor").

The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

Preliminary Official Statement

The City has executed a “deemed final” letter that deemed final the Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12 (except for the omission of the following information: offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, credit enhancement, if any, ratings, insurance, and other terms of the securities depending on such matters). The City has also represented to the Municipal Advisor that the information in this Preliminary Official Statement, except for matters relating to DTC and its book-entry system, the Paying Agent, the information under the heading “Municipal Advisor” and the statement regarding the Municipal Advisor in the italicized paragraph on page ii, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Rating

As noted on the cover page of this Official Statement, S&P Global Ratings, a Division of Standard & Poor’s Financial Services LLC, has assigned its underlying rating of “A+” to the 2026 Bonds. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the 2026 Bonds.

Purchaser of the 2026 Bonds

The 2026 Bonds are being purchased by _____ and they will receive compensation of \$_____. The purchaser of the 2026 Bonds may offer and sell the 2026 Bonds to certain dealers (including dealers depositing the 2026 Bonds into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

In connection with the offering of the 2026 Bonds, the purchaser of the 2026 Bonds may overallocate or effect transactions which stabilize or maintain the market price of the 2026 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the 2026 Bonds, the City will deliver a certificate of its authorized representative to the effect that the representative has examined this Official Statement and the financial and other data concerning the City contained herein and that to the best of the representative’s knowledge and belief, the Official Statement, both as of its date and as of the Date of Delivery of the 2026 Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; however, the City makes no representation regarding information related to DTC, the book-entry system, the Paying Agent, the information under the headings “Municipal Advisor” and “Purchasers of the Bonds” and the statement regarding the Municipal Advisor in the italicized paragraph on page ii of the Official Statement.

Appendix A

Form of Bond Counsel Opinion

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[Date], 2026

City of Grants Pass
101 NW A Street
Grants Pass, Oregon 97526

Subject: \$[Principal Amount] City of Grants Pass, Oregon
 Water Revenue Bonds, Series 2026

We have acted as bond counsel in connection with the issuance by the City of Grants Pass, Oregon (the “City”) of its Water Revenue Bonds, Series 2026 (the “Bonds”), that are dated as of their date of delivery and are issued in the aggregate principal amount of \$[Principal Amount]. The Bonds are authorized by Oregon Revised Statutes (“ORS”) Section 287A.150 and other relevant provisions of ORS Chapter 287A, City Ordinance 25-5940 enacted on December 18, 2025 (the “Ordinance”), and the Master Water System Revenue Bond Declaration dated as of [Date], 2026 (the “Declaration”). Capitalized terms used but not defined in this opinion have the meanings defined for such terms in the Declaration.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering materials which have been or may be supplied to the purchasers of the Bonds, and we express no opinion relating thereto excepting only the matters set forth as our opinion in the official statement.

Regarding questions of fact material to our opinion, we have relied on representations of the City in the Ordinance and in the Declaration and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon, the City Charter, and the Ordinance. The Bonds constitute valid and legally binding special obligations of the City that are enforceable in accordance with their terms.
2. The Bonds are special obligations of the City that are payable solely from the Net Revenues of the Water System and related amounts as provided in the Declaration.
3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. [Bond counsel further is of the opinion that, for any Bonds having original issue discount (a “Discount Bond”), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.] In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Bonds, and we have assumed compliance by the City and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the City will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things required by the Code to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the City with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Interest on the Bonds is exempt from Oregon personal income tax.

We express no opinion as to any federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 3 and 4 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the Bonds may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

We have served as bond counsel only to the City in connection with the Bonds and have not represented and are not representing any other party in connection with the Bonds. This opinion is given solely for the benefit of the City in connection with the Bonds and may not be relied on in any manner or for any purpose by any person or entity other than the City, and any person to whom we may send a formal reliance letter, indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

Appendix B

Financial Statements

The City's Auditor has not performed any further review of the City's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2025 Fiscal Year.

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FY 2025

CITY OF GRANTS PASS, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2025



CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2025

Prepared by:

City of Grants Pass Finance Department

JC Rowley, Finance Director
Mindy Ellerman, Accounting Supervisor

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

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JOSEPHINE COUNTY, OREGON

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JOSEPHINE COUNTY, OREGON

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CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

ELECTED OFFICIALS

As of November 1, 2025

<u>NAME</u>	<u>TERM EXPIRES</u>
Mayor - Clint Scherf	December 31, 2028
Ward 1 - Rob Pell	December 31, 2026
Ward 1 - Indra Nicholas	December 31, 2028
Ward 2 - Rick Riker	December 31, 2026
Ward 2 - Victoria Marshall	December 31, 2028
Ward 3 - Seth Benham	December 31, 2026
Ward 3 - Erich Schloegl	December 31, 2028
Ward 4 - Joel King	December 31, 2026
Ward 4 - Kathleen Krohn	December 31, 2028

CITY MANAGER

Aaron Cubic

FINANCE

J.C. Rowley
Mindy Ellerman

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

This is the mailing address for management and all elected officials.



December 17, 2025

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of Grants Pass, Oregon. This report is for the fiscal year ending June 30, 2025.

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. Baker Tilly US, LLP, formally Moss Adams LLP through a merger, 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 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 principles 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 39,572 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 7,624 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 87,416.

Factors Impacting Financial Conditions

The City of Grants Pass continues to rank 14th in population among 241 cities in Oregon. Grants Pass' real estate assessed value rose by 4.55% as market values increased this year and residential/commercial development activity remained strong. Approximately 2.79% of this increase was the change on assessed values for existing properties and approximately a 1.76% increase in values was the result of new development. The assessed value change for the next fiscal year (Fiscal Year 2026, or FY'26) should be a total increase of 4.14%, with approximately 2.62% coming from the assessed value change in existing properties and 1.51% coming from new construction.

Grants Pass continued to see relatively strong new building activity in both commercial and residential. However, there was a decrease in FY'25 compared to FY'24. The Building and Safety Division issued 63 new structural permits during the year, compared to 93 in the previous year. Total commercial construction units were at 12 units and \$6.4 million in total value, while total residential construction units were 51 units and \$26.3 million in value. A total of 50 single-family residential permits were issued compared to 43 in FY'24. Commercial permits totaled 12 in the current year compared to 16 last fiscal year.

The immediate demand for planning and building inspections for all classes of construction continues to be relatively high. 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 typical home value in June of 2025 was approximately \$386,039 which is down from approximately \$390,387 from June of 2024. It is difficult to predict market value changes over recent years, but it seems reasonable to assume that economic conditions have had an impact. Optimistically, hopefully, these are not large downward trends but just a slowing of development.

The permitting of lands throughout the urban growth boundary by private developers for future subdivisions 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. Today there are over 204 properties in the urban growth boundary with S&A agreements in place.

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) totaled \$5.9235/\$1,000 assessed value for the total City property tax rate in FY'25. The permanent rate and public safety local option levy generated \$22.3 million of the resources required for the \$30.4 million public safety operations actual expenditures.

Citizens reaffirmed the local option levy amount at the same rate for an additional five years in the November 2023 vote with 78% of citizens voting yes for the levy renewal. Therefore the \$1.79 Public Safety local option levy will remain in place through at least Fiscal Year 2029.

The unemployment rate for the Grants Pass metropolitan statistical area rose to 7.1% with the unprecedented lingering economic effects of the largest inflation the country has seen in over 50 years. Grants Pass has continued to diversify its local economy. While manufacturing industries, led by wood products and housing-related manufacturing continue to have a significant presence, healthcare and various tourism related business sectors have seen a fluctuation from the national, regional, and local economic climate.

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 (SOREDI) 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. In addition to various incentive and other programs to assist local businesses with economic development, in 2016 Grants Pass formed a new Urban Renewal Agency focused largely on the main commercial and industrial areas in the City. Due to higher levels of development in recent years, the new Urban Renewal Agency received \$2,523,714 of tax increment financing revenues in its eighth fiscal year, Fiscal Year 2025, to assist with economic development in the City.

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 lodging tax revenue for the economic development and tourism programs. The Tourism and Downtown divisions went through a performance audit and operations planning project to help ensure these divisions are operating as effectively and efficiently as possible. The recommendation from this project was to initiate the creation of an independent 501C(6) non-profit organization whose sole focus would be set on tourism promotion. Following a joint Economic Development Strategic Plan completed several years ago, the City is now working with Josephine County and various community stakeholders in a Collaborative Economic Development Committee.

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, Stormwater, and other infrastructure. 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, despite perceived supply chain and inflationary issues, the SDC revenues for all systems came in higher than budget.

The shortfall in resources available to complete high priority utility infrastructure projects will continue to be an important discussion for Council as it has been in recent years. The complete replacement of the aging Water Plant will break ground for construction in July 2025. 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. Staff is very conscious of the community impact and is currently making headway in creative solutions to find funding for lower interest to minimize this future impact. In this financial year there is the completion of some state loan

programs at approximately 1% borrowing that will have an impact on the future debt required to complete the project along with grant funds that were eliminated by the federal government.

Phase two of the Wastewater plant expansion had a construction cost of approximately \$23.5M and the Wastewater Fund issued revenue bonds with net proceeds of approximately \$18.5M in FY'18 to fund the remainder of this project phase. Phase three will begin several years down the road when certain capacity constraints approach and will depend on growth in the amount of wastewater that needs to be treated by the system.

The Jason M. Canady Water Treatment Plant has a master plan showing the ultimate long-term capacity would be a plant with a treatment capacity of 45 million gallons a day. In working with the City's owner agent and design builder, an initial capacity of 22.5 million gallons a day will be constructed at an estimated cost of nearly \$123 million. This project will require a significant funding package comprised of grants, loans and bonds. Currently, a majority of the available water capital project resources are being directed to this project in order to limit the eventual size of the borrowing. Adjustments to water rates were approved by the City Council in a series of phased in annual rate increases designed to cover the anticipated annual bond payments for the new plant while maintaining adequate financial operating ratios and adequate resources for operations and maintenance of the water utility infrastructure.

Since the COVID-19 pandemic there has been an unsettling new norm which has yet to feel normal. Business and economic implications seem to be unsure as to where to posture itself. The pandemic has altered practices and processes establishing new norms for both the City and its citizens. The one bright spot has been an improved use of technology for informing our citizens as we provide live feeds on our major construction projects, as well as offer more robust and all-inclusive options for paying the City for the various services provided. The City's financial position is stable yet financially proceeding with caution as data and trends to imply a potential economic downturn.

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:

"A City of Empowered Residents and Strong Partnerships: Grants Pass will promote a healthy and safe community driving innovation and long-term success through collaboration with residents, businesses and regional partners".

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 is the Chief Executive/Operating Officer of the Corporation.

The City provides a full range of municipal services. General governmental functions include police, fire rescue, dispatch and records, park maintenance, recreation, planning, economic development, downtown development, and resting sites. Street maintenance, building safety, landfill operations and other special operations are reported with the Special Revenue Funds. Services provided through enterprise funds are the Water, Wastewater, and Stormwater 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:

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, while encouraging economic development. Directs the operations and maintenance of City parks facilities and the recreation programs. Coordinates downtown events and supports tourism in the community.

Fire Rescue: Provides excellence in fire suppression, technical rescue, and emergency response for the community.

Police and Support services: Provides police protection, traffic control, code enforcement, educational programs, dispatch, and records for the community.

Public Works: Directs the operations of the City's utilities, including the Street, Water, Wastewater, and Stormwater utilities. Provides fleet, engineering, and facility management services, as well as 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, information technology services, payroll, personnel, debt administration, fiscal management, budget, and other financial services to the City.

City Agencies and Special Districts

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

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. In September of 2024 the Board of County Commissioners ratified an amendment to the Intergovernmental Agreement and officially changed the name of the Agency to the Josephine County Solid Waste Agency (JoCoSWA). This was in recognition of the fact that Cave Junction had been a member for more than two decades and was not acknowledged in the name.

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

In 2016, the Grants Pass City Council approved the Grants Pass Urban Renewal Agency and its related renewal plan. Fiscal Year 2018 was the first fiscal year of the Grants Pass Urban Renewal Agency and the City Council serves as the Board of the Agency. The Grants Pass Urban Renewal Agency is a blended component unit within the City's financial statements and undergoes an annual financial audit similar to the City's audit.

Goals of the Community

The Grants Pass City Council created the following goals for 2025. These goals provide a special emphasis on encompassing the Councils' vision of "A City of Opportunity and Innovation: Grants Pass will be a city of opportunity and innovation, promoting economic growth while conserving the natural beauty for future generations." Over 89 individual Council Strategic Plan initiatives were developed to guide operations towards each of the following big picture goals:

- Public Safety
- Fiscal Stability
- Economic Growth
- Housing and Homelessness
- Infrastructure

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 document, with notations addressing the attainment of each. The 2025 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 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, internal service, and fiduciary 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 document. 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. A future edit of the financial policies is scheduled in Fiscal Year 2026.

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, thus establishing a new Public Safety Utility fee. 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 2025-2027 Work Plan was adopted by Council towards the beginning of the calendar year following the annual strategic planning session.

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. In 2010, 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 in 2011, along with policies that assist in financial planning for future capital expenditures. Minor edits and revisions were made in 2024. Future considerations are always being considered to account for an ever-changing financial landscape.

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.

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. The investment policy is reviewed and readopted by the City Council on an annual basis 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.

Awards

The City of Grants Pass submitted its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024, to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program. This was the 43rd 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 annual comprehensive financial report (ACFR). 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 annual comprehensive 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 Mindy Ellerman, Accounting 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,

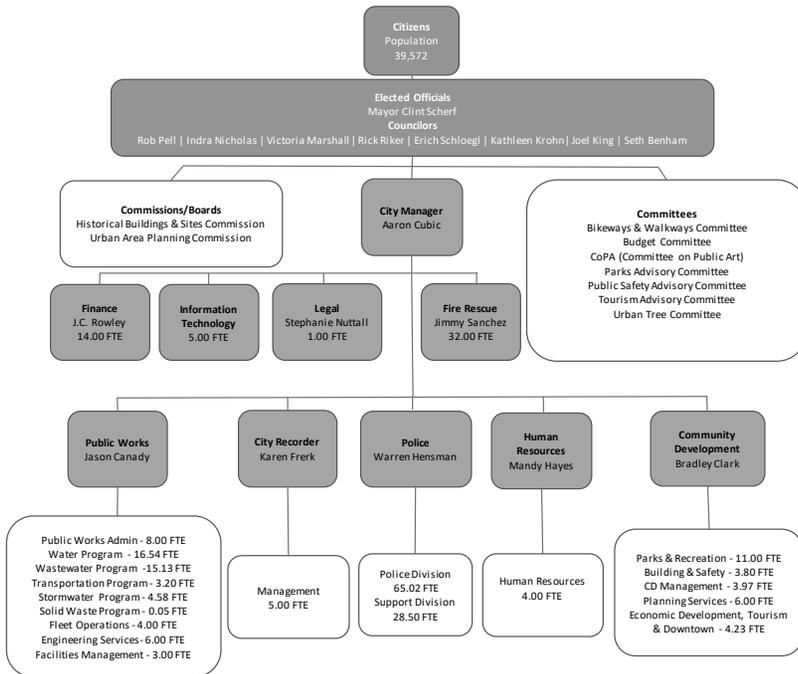


Aaron Cubic
City Manager



J.C. Rowley
Finance Director

CITY OF GRANTS PASS ORGANIZATIONAL CHART



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

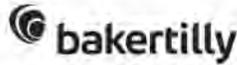
City of Grants Pass
Oregon

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell

Executive Director/CEO



Report of Independent Auditors

The Honorable Mayor and City Council Members
City of Grants Pass, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Grants Pass, Oregon (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grants Pass, Oregon as of June 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit, Josephine County Solid Waste Agency, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the general fund, as listed in the table of contents as required supplementary information be presented to supplement the basic financial statements. Such information, although not 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. The required budgetary comparison information is the responsibility of management and was derived from and relates 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 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 required budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as whole.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and supplementary information, as listed in the table of contents (collectively, the supplementary information) is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

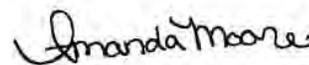
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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 considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 17, 2025, on our consideration of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Amanda Moore, Principal for
Baker Tilly US, LLP
Medford, Oregon
December 17, 2025

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, 2025. 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 7-14 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 \$413,313,477 (net position). Of this amount, \$68,484,397 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 \$30,239,346 for the fiscal year ended June 30, 2025.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$56,610,424 which is an increase of \$7,038,762 compared to the prior year. Approximately 26.9% of the combined governmental fund balances or \$15,236,013 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 \$15,732,580, or approximately 42.8% of total general fund expenditures for this year.
- The City's total change in outstanding current debt only decreased by \$64,355 during the current fiscal year due to scheduled annual debt service payments and new issuances.

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 City 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).

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City's governmental activities include general government, public safety, development, building, transportation, solid waste, economic development, and parks, and interest on long-term debt. The business-type activities of the City include water, wastewater, and stormwater 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 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 34-35 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 and 1 blended component unit. The governmental fund statements present three major funds separately: General Fund, Transportation Projects Fund, and the Lands & Buildings Projects Fund. The other 8 non-major funds and the blended component unit are combined and presented in a single column as nonmajor governmental funds.

The basic governmental fund financial statement can be found on pages 36-39 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, wastewater, and stormwater operations. These funds are presented separately as major funds in the proprietary fund financial statements.

Internal service funds are generally used to accumulate and internally allocate 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, facilities management, facilities replacement, engineering, community development management, and public works administration), insurance (encompassing general insurance, benefits administration and workers compensation), and administration (encompassing mayor and council, management, legal, finance, and human resources). Because the internal service fund activities predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

Fiduciary Funds - The City is the trustee, or *fiduciary*, for certain funds. 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 position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. By definition, these are considered custodial funds as there is not a trust arrangement even though a fund may be called Trust in the City's financials.

The basic fiduciary fund financial statements can be found on pages 43-44 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 45-81 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The City's assets and deferred outflows exceed liabilities and deferred inflows by \$413,313,477 at June 30, 2025. By far, the largest portion of the City's net position, approximately 76%, 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 \$17.2M or 5.3% from the prior year. The City's major capital assets are investments in infrastructure – the water treatment plant and distribution system, the wastewater treatment plant and collection system, the street and sidewalk system, and the stormwater 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

CITY OF GRANTS PASS' Net Position at June 30

	In thousands					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2025	2024	2025	2024	2025
Current and Other Assets	\$ 67,536	\$ 72,100	\$ 55,530	\$ 62,016	\$ 123,066	\$ 134,116
Net OPEB Asset	342	425	73	106	415	531
Net Lease Receivable	387	367	36	26	423	393
Capital Assets	188,141	191,851	135,828	149,305	323,969	341,156
Total Assets	\$ 256,406	\$ 264,743	\$ 191,467	\$ 211,453	\$ 447,873	\$ 476,196
Total Deferred Outflow of Resources	\$ 11,869	\$ 14,332	\$ 1,455	\$ 1,801	\$ 13,324	\$ 16,133
Current and Other Liabilities	\$ 8,003	\$ 2,983	\$ 3,242	\$ 5,753	\$ 11,245	\$ 8,736
Long-Term Liabilities	39,203	41,336	22,448	23,216	61,651	64,552
Total Liabilities	47,206	44,319	25,690	28,969	72,896	73,288
Total Deferred Inflow of Resources	\$ 4,578	\$ 4,992	\$ 649	\$ 735	\$ 5,227	\$ 5,727
Net Position:						
Net Investment in Capital Assets	182,555	186,616	115,087	125,913	297,642	312,529
Restricted	22,531	26,688	4,239	5,612	26,770	32,300
Unrestricted	11,405	16,460	47,257	52,025	58,662	68,485
Total Net Position	\$ 216,491	\$ 229,764	\$ 166,583	\$ 183,550	\$ 383,074	\$ 413,314

Net position of \$32.3M, or 7.8% of the total, represent resources that are subject to external restrictions on how they may be used. This represents an increase of \$5.5M in the City's restricted net position from the previous fiscal year. The net investment in capital assets makes up \$312.5M of the net position and the remaining balance of \$68.5M 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 \$30.2M 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.

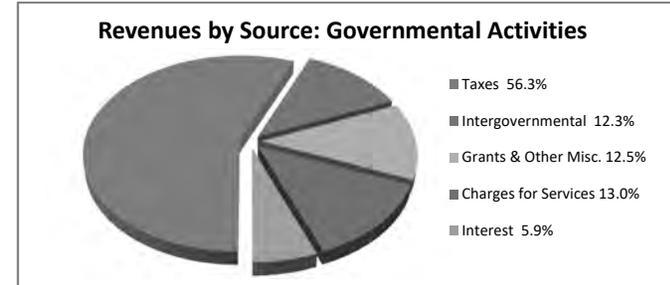
Analysis of Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
REVENUES:						
Program Revenues:						
Charges for Services	\$ 4,002	\$ 7,803	\$ 23,216	\$ 24,444	\$ 27,218	\$ 32,247
Operating Grants & Contributions	540	381	-	-	540	381
Capital Grants & Contributions	2,740	6,233	542	2,848	3,282	9,081
General Revenues:						
Taxes	31,896	33,628	-	-	31,896	33,628
Intergovernmental	6,716	7,344	4	1,487	6,720	8,831
Other	3,564	4,353	3,848	4,466	7,412	8,819
Total Revenues	49,458	59,742	27,610	33,245	77,068	92,987
EXPENSES:						
Building	892	902	-	-	892	902
Development	4,189	4,188	-	-	4,189	4,188
General Government	53	421	-	-	53	421
Parks	3,548	3,729	-	-	3,548	3,729
Public Safety	30,853	33,543	-	-	30,853	33,543
Solid Waste	673	827	-	-	673	827
Transportation	1,862	1,859	-	-	1,862	1,859
Interest	902	512	-	-	902	512
Water	-	-	6,312	7,215	6,312	7,215
Wastewater	-	-	7,948	8,090	7,948	8,090
Storm Water	-	-	1,440	1,460	1,440	1,460
Total Expenses	42,972	45,981	15,700	16,765	58,672	62,746
Change in Net Position before Transfers	6,486	13,761	11,910	16,480	18,396	30,241
Transfers	348	(488)	(348)	488	-	-
Change in Net Position	6,834	13,273	11,562	16,968	18,396	30,241
Net Position - Beginning	209,657	216,491	155,021	166,583	364,678	383,074
Net Position - Ending	\$ 216,491	\$ 229,764	\$ 166,583	\$ 183,551	\$ 383,074	\$ 413,315

The Statement of Activities is a full accounting of all short-term and long-term expense accruals and differs significantly from budgetary statements as well as 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.

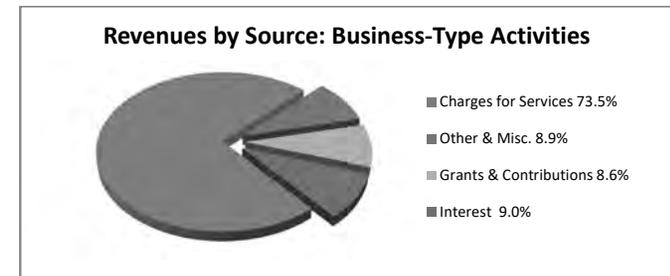
The City's total revenues were \$93.0M, of which a significant portion, 36.2%, came from taxes, while 34.7% relates to charges for services, including user fees and licenses and permits. Certain expenses such as long-term liability expense accruals and capital asset depreciation are allocated to departments based on the size of the department as a percentage of budgetary expenditures.

Governmental Activities. The net position increase from governmental activities was \$13,272,293, or 6.1%, for the fiscal year. Revenue from governmental activities increased approximately 20.8% for the year, due to the creation of the Public Safety Utility Fee as a charge for service, the recognition of the remaining American Rescue Plan Act grant funding, and sizeable increases in general revenues. The increases to total governmental expense were due to generic inflationary increases and increased personnel costs. The following chart shows the revenue from governmental activities by source.



Charges for Services increased \$3.8M. Total tax revenue increased 5.4% in FY'25 generating approximately \$1.7M more in revenues than in the prior fiscal year. Grants Pass' real estate assessed value rose by 4.55% from both new development and increases in assessed value on existing properties. Franchise (Right of Way) taxes increased \$0.23M, Lodging Taxes decreased \$0.04M which has declined since COVID, and Business Taxes increased. Grants and contributions increased as the current year experienced higher values of donated infrastructure and use of ARPA dollars.

Governmental expenses increased by \$3.0M or 7.0%. This was due to increases in personnel costs and equipment purchases. Other expense changes from year to year were relatively routine inflationary and other adjustments. The total authorized staffing for FY'25 decreased by 0.5 FTE from the previous year.



Business-type Activities. The business-type activities experienced a 10.2% increase, or \$17.0M, in net position for the fiscal year. This was largely due to increases in net invested in capital assets, increases in grant funding for the Water Treatment Plant and increases in cash as utility rates have brought in more revenue but large expenditures on capital projects in wastewater and stormwater slowed due to either reevaluation of the projects or supply chain and inflationary issues. Business-type expenses increased 6.8%. The Business-type operating expenditures increases are due to inflationary increases, which have seen large utility and contractual increases.

Charges for services accounted for 73.5% 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

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

City utility accounts has also remained steady. The increase of \$1.2M, or 5.3%, in charges for service over the prior fiscal year can be largely attributed to the Consumer Price Index (CPI) applied to the water and wastewater rates each January along with modest growth in new utility accounts. Contributions increased from the previous year due to a larger amount of donated infrastructure through development.

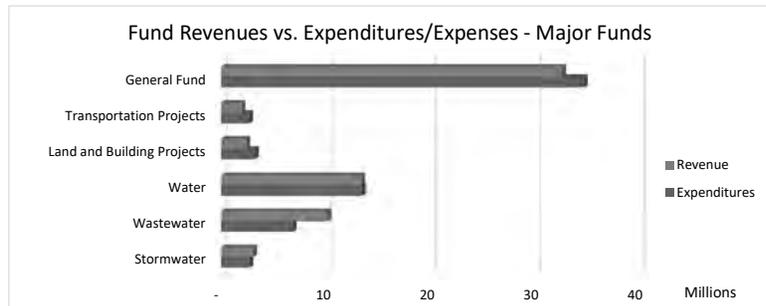
Water expenses increased 14.3%, or \$0.9M. Wastewater expenses increased 1.8% or \$0.1M. Stormwater expenses increased 1.4% or \$0.02M.

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 \$56,610,424 which is an increase of \$7.0M from the prior year. Approximately 26.9% of the fund balance, or \$15.2M, constitutes unassigned fund balance which is available for spending at the government’s discretion. The majority of the governmental fund balance increase relates to holding more funds for capital projects and the Urban Renewal Agency Fund awaiting further project direction.



The General Fund is the chief operating fund of the City. It ended the year with a fund balance of \$15.9M, and an increase of \$0.3M for the year. The was due to the new Public Safety Utility Fee bringing in approximately \$3.6M in new revenues, the increase of personnel tempered the overall balance. It’s also worth noting the unassigned amount of fund balance in the General Fund, the amount available for discretionary spending, increased \$0.5M from the previous year and ended at \$15.7M for the year.

The unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$15.7M. This equates to approximately 37.8% of total General Fund

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

budgeted operating expenditures for Fiscal Year 2026 and above the City’s financial policy range of 25% to 35% of annual expenditures. This will be vital for the years to follow as there are projected large increases in personnel costs looming.

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, 2024 and 2025**

	2024	2025	Change
Transportation Projects Fund	\$ 14,202,571	\$ 16,741,287	\$ 2,538,716
Lands & Buildings Project Fund	7,719,739	11,435,925	3,716,186
Total Fund Balances	\$ 21,922,310	\$ 28,177,212	\$ 6,254,902

The Transportation Projects Fund balance increased \$2.5M during the year as increases in transfers in have ramped up for near future commencement for capital projects. 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 Transportation Fund will be transferred to the Transportation Projects Fund in future fiscal years. The Lands & Buildings Project Fund balance increased \$3.7M for the year due to the recognition of the American Rescue Plan Act funds.

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, 2024 and 2025**

	2024	2025	Change
Water Fund	\$ 29,199,392	\$ 31,592,208	\$ 2,392,816
Wastewater Fund	8,630,125	8,800,017	169,892
Stormwater Fund	4,561,594	5,630,080	1,068,486
Total Unrestricted Net Position	\$ 42,391,111	\$ 46,022,305	\$ 3,631,194

The unrestricted net position for the Water Fund at the end of the fiscal year was \$31.6M, \$8.8M for the Wastewater Fund, and \$5.6M for the Stormwater 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 is carrying over additional resources for a major upcoming capital project, the construction of the new Water Treatment Plant, which broke ground in July 2025.

General Fund Budgetary Highlights

Original budget compared to final budget and final budget compared to actual results: During FY’25, there were two budget adjustments in the General Fund, most of which were categorical transfers of appropriations. The first created a Resting Sites program as a result of litigation and a response to homelessness. This was an additional \$325,000 of appropriations to establish the program. The second budget adjustment was to add an additional \$50,000 to the resting Site program due to higher than estimated costs, as well as some

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

small operational changes from unforeseen items at the time of budget. All the other budgetary transfers in the General Fund net to zero from Contingency.

Overall General Fund revenues came in 0.7% above budget. Taxes, by far the most significant revenue source, came in \$146,461 above budget. The increase in Charges for Service is predominantly the establishment of the new Public Safety utility fee and Interest on Investments is due to a more robust investment policy. Intergovernmental and Miscellaneous were the only revenues that did not meet the budgeted amount. The largest differences between budgeted revenues and actual revenues were as follows.

Revenue Source	Budgeted Revenues	Actual Revenues	Differences
Taxes	\$ 27,678,400	\$ 27,824,861	\$ 146,461
Licenses and Permits	24,200	27,232	3,032
Intergovernmental	3,218,433	2,748,828	(469,605)
Charges for Services	3,868,400	4,066,353	197,953
Fines and Forfeitures	200,000	175,281	(24,719)
Interest on Investments	600,000	950,603	350,603
Miscellaneous	270,600	321,051	50,451
Total Revenues	\$ 35,860,033	\$ 36,114,209	\$ 254,176

The unrestricted budgetary balance for the General Fund, which includes all General Fund programs except restricted resources from areas such as the Tourism division, was \$15.7M. This equates to a balance agreeable with the City's financial policy range of 25% to 35% of annual expenditures. General Fund departments with the largest budgetary savings during the year by dollar amount included Police, Support, and Planning, largely due to personnel vacancies at different points in the year and continued good stewards of resources. Police and Support were by far the largest contributors to expenditure savings in dollar amounts compared to budget as they are two of the largest departments in the General Fund. General Fund departments were overall 7.8% under the revised expenditure budget for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of Fiscal 2025, the City had attained \$341,155,449 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 \$17.2M. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

	Changes in Capital Assets (In Millions)					
	Governmental		Business-type		Total	
	2024	2025	2024	2025	2024	2025
Beginning Balance	\$ 185.28	\$ 188.14	\$ 130.12	\$ 135.83	\$ 315.07	\$ 323.97
Additions	5.95	8.54	10.07	17.56	16.03	26.10
Retirement/Other	(0.04)	(0.18)	(0.15)	-	(0.19)	(0.18)
Depreciation	(3.05)	(4.66)	(4.21)	(4.08)	(7.25)	(8.74)
Ending Balance	\$ 188.14	\$ 191.85	\$ 135.83	\$ 149.31	\$ 323.97	\$ 341.16

Major additions to Governmental Activities assets for the year were generated largely by donated infrastructure improvements as well as an increased Lands and Building Fund property purchase.

In the Business-type activities, the Water Fund added approximately \$13.2M in capital assets (before depreciation) for City constructed water infrastructure projects, largely for the construction of the Meadow Wood Reservoir and the ramping up of the actual construction of the Replacement Water Treatment Plant. The Wastewater Fund added a net amount of \$1.7M to capital assets before depreciation, the vast majority of which was related to a number of smaller projects being completed. The Stormwater Fund added a net amount of \$2.7M to capital assets before depreciation from the 5th Street Storm Drain Cap project.

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

Long-Term Debt. At year-end the City had bonds and notes outstanding that totaled \$22.2M. All debt outstanding before the current year is backed by the full faith and credit of the government, including the current bonds that were payable by the business-type activities in the previous year. Debt outstanding was as follows at year-end:

	Outstanding Debt at Year End	
	2024	2025
Governmental:		
Full Faith and Credit Loan	\$ 4,095,000	\$ 3,685,000
Sub Total	4,095,000	3,685,000
Business-type Activities:		
Bonds payable	13,190,000	12,470,000
Unamortized Premium / Discount	1,006,209	879,216
Loans payable	3,932,361	5,125,000
Sub Total	18,128,570	18,474,216
Total	\$ 22,223,570	\$ 22,159,216

The City maintains a bond rating of "Aa3" with Moody's for its General Obligation debt (which was paid in full in FY'19) and an "AA" rating with S&P Global Ratings for its Full Faith and Credit debt issues. S&P Global Ratings has assigned a rating of "A+" for the Wastewater Revenue Bonds issued in 2017 and 2018 for the Water Restoration Plant expansion project. Detailed charts about the City's debt are presented in Note 7 of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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 \$216,536,965 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 FY'26 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'26 included a 3.0% increase in assessed value on existing properties in addition to a modest new construction estimate of 0.9% 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'26 levy is a budgeted increase of \$0.9M in additional property tax revenues for the General Fund. FY'26 is the ninth year of the new Urban Renewal Agency (URA) in Grants Pass that collects tax increment finance revenues from all taxing agencies (including Grants Pass) to do infrastructure and economic development projects. Beginning in FY'18, the new URA slightly reduced property tax revenue growth rates for the General Fund due to the tax division.
- The Council, wishing to maintain service levels in our growing community, placed before the voters a five-year Public Safety levy renewal in 2023 at the rate of \$1.79/\$1,000 assessed value. The measure was approved by a 78% margin and will provide continued Public Safety funding through FY 2029. The rate approved by voters is the same local option levy rate that funded Public Safety since FY'14.
- Council approved a Public Safety utility fee to help diversify funding for Public Safety. This fee started in June of 2024 and brought in \$3,611,863 in revenue in FY'25.
- Other General Fund revenue trends and assumptions include:
 - In the near-term, consumption of utilities is expected to stay relatively flat and stable, so franchise tax or right-of-way privilege 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 into 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 increased for the FY'24 – FY'25 biennium and are expected to increase again in the next biennium. Health insurance premiums are expected to continue to grow based on industry averages of 8%-12% per year seen over the last decade, though the City has managed to maintain rate changes relatively low for several years through active wellness efforts. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

- Budgets generally assume inflation rates of 3-4% for wages and other operational costs, though actual current inflation rates are outpacing these assumptions.

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, 2025**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	JOSEPHINE COUNTY SOLID WASTE AGENCY
ASSETS				
Cash, Cash Equivalents and Investments	\$ 67,010,940	\$ 50,697,609	\$ 117,708,549	\$ 3,141,892
Prepays	2,210,529	14,816	2,225,345	-
Receivables, net	4,807,791	3,443,016	8,250,807	34,993
Internal Balances	(6,108,227)	6,108,227	-	-
Restricted Assets:				
Cash and Cash Equivalents	4,176,337	1,733,467	5,909,804	-
Receivables, net	3,346	19,108	22,454	-
Net OPEB Asset	424,834	105,791	530,625	-
Lease Receivable	366,992	25,953	392,945	-
Capital Assets not being Depreciated	90,872,328	35,669,393	126,541,721	-
Capital Assets being Depreciated, net	100,978,429	113,635,299	214,613,728	-
Total Assets	264,743,299	211,452,679	476,195,978	3,176,885
DEFERRED OUTFLOW OF RESOURCES				
Deferred Outflow - OPEB Items	465,617	115,948	581,565	-
Deferred Outflow - Pension Items	13,865,966	1,685,313	15,551,279	-
Total Deferred Outflow of Resources	14,331,583	1,801,261	16,132,844	-
LIABILITIES				
Accounts Payable and Other Current Liabilities	1,780,686	4,948,766	6,729,452	55,948
Accrued Payroll	1,111,133	144,783	1,255,916	-
Customer Deposits	-	187,991	187,991	-
Retainage Payable	90,789	470,980	561,769	-
Noncurrent Liabilities:				
Due Within One Year	2,269,190	1,449,712	3,718,902	-
Due in More Than One Year	39,066,883	21,766,753	60,833,636	-
Total Liabilities	44,318,681	28,968,985	73,287,666	55,948
DEFERRED INFLOW OF RESOURCES				
Deferred Inflow - OPEB Items	1,134,007	282,392	1,416,399	-
Deferred Inflow - Pension Items	3,529,166	428,946	3,958,112	-
Deferred Inflow - Lease Items	329,313	23,855	353,168	-
Total Deferred Inflow of Resources	4,992,486	735,193	5,727,679	-
NET POSITION				
Net Investment in Capital Assets	186,615,962	125,913,483	312,529,445	-
Restricted for:				
Building & Safety	2,247,147	-	2,247,147	-
CDBG/HUD	466,877	-	466,877	-
Debt Service	73	-	73	-
System Development	1,721,781	5,505,747	7,227,528	-
Tourism/Recreation/TRT Approved	1,128,215	-	1,128,215	-
Transportation	13,096,517	-	13,096,517	-
Net OPEB Asset	424,834	105,791	530,625	-
Urban Renewal	7,602,653	-	7,602,653	-
Unrestricted	16,459,656	52,024,741	68,484,397	3,120,937
Total Net Position	\$ 229,763,715	\$ 183,549,762	\$ 413,313,477	\$ 3,120,937

The accompanying notes are an integral part of this statement.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2025								
Functions/Programs	Program Revenues			Primary Government		Component Unit		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Josephine County Solid Waste Agency
Governmental Activities								
Building	\$ 901,792	\$ 680,999	\$ -	\$ -	\$ (220,793)	\$ -	\$ (220,793)	\$ -
Development	4,188,421	219,621	355,403	-	(3,613,397)	-	(3,613,397)	-
General Government	420,719	722,478	-	5,336,322	5,638,081	-	5,638,081	-
Parks	3,728,870	29,146	7,200	-	(3,692,524)	-	(3,692,524)	-
Public Safety	33,543,112	4,043,055	18,265	-	(29,481,792)	-	(29,481,792)	-
Solid Waste	827,300	497,827	-	-	(329,473)	-	(329,473)	-
Transportation	1,858,713	1,609,959	-	896,909	648,155	-	648,155	-
Interest	512,069	-	-	-	(512,069)	-	(512,069)	-
Total Governmental Activities	45,980,996	7,803,085	380,868	6,233,231	(31,563,812)	-	(31,563,812)	-
Business-Type Activities								
Water	7,214,730	12,313,508	-	1,925,190	-	7,023,968	7,023,968	-
Wastewater	8,089,717	9,224,888	-	621,254	-	1,756,425	1,756,425	-
Stormwater	1,460,597	2,905,077	-	301,558	-	1,746,038	1,746,038	-
Total Business-Type Activities	16,765,044	24,443,473	-	2,848,002	-	10,526,431	10,526,431	-
Total Primary Government	62,746,040	32,246,558	380,868	9,081,233	(31,563,812)	10,526,431	(21,037,381)	-
Component Unit								
Josephine County - City of Grants Pass								(366,320)
Solid Waste Agency	366,320	-	-	-	-	-	-	(366,320)
General Revenues								
Taxes								
Property					25,228,235	-	25,228,235	-
Business					566,246	-	566,246	-
Franchise					5,065,027	-	5,065,027	-
Lodging					2,582,825	-	2,582,825	-
Marijuana					185,494	-	185,494	-
Intergovernmental-unrestricted					7,343,979	1,487,281	8,831,260	406,953
Interest					3,497,413	2,984,738	6,482,151	155,408
SDC Receipts					-	1,238,679	1,238,679	-
Trust Receipts - unrestricted					48,558	26,267	74,825	-
Miscellaneous					806,568	215,417	1,021,985	121,536
Transfers					(488,240)	488,240	-	-
Total General Revenues and Transfers					44,836,105	6,440,622	51,276,727	683,897
Change in Net Position					13,272,293	16,967,053	30,239,346	317,577
Net Position - Beginning					216,491,422	166,582,709	383,074,131	2,803,360
Net Position - Ending					\$ 229,763,715	\$ 183,549,762	\$ 413,313,477	\$ 3,120,937

The accompanying notes are an integral part of this statement.

ASSETS	CAPITAL PROJECTS				
	GENERAL	TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	TOTAL NON-MAJOR	TOTAL GOVERNMENTAL
Cash and Investments	\$ 15,254,206	\$ 16,262,085	\$ 11,338,537	\$ 9,143,538	\$ 51,998,366
Receivables:					
Accounts Receivable	780,656	14,326	4,994	342,555	1,142,531
Accrued Interest	420,230	2,412	-	-	422,642
Assessment Liens	-	-	-	57,580	57,580
Grants	64,961	30,842	-	48,977	144,780
Interest Receivable	-	-	-	4,514	4,514
Intergovernmental	116,243	-	-	286,520	402,763
Leases	-	-	-	256,685	256,685
Notes Receivable	-	47,193	-	-	47,193
Taxes	2,361,531	-	-	162,264	2,523,795
Due from Other Funds	19,917	-	-	456,000	475,917
Prepaid Items	128,426	100,000	8,550	41,154	278,130
Restricted Assets					
Cash and Cash Equivalents	-	464,904	659,879	3,051,554	4,176,337
Notes	-	2,080	1,266	-	3,346
Total Assets	\$ 19,146,170	\$ 16,923,842	\$ 12,013,226	\$ 13,851,341	\$ 61,934,579
LIABILITIES					
Accounts Payable	627,099	98,981	519,547	259,237	1,504,864
Salaries, Withholdings and Taxes Payable	852,055	-	-	35,462	887,517
Due to Other Funds	-	-	-	475,917	475,917
Retainage Payable	-	34,301	56,488	-	90,789
Total Liabilities	1,479,154	133,282	576,035	770,616	2,959,087
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue - Accounts Receivable	192,082	-	-	95,307	287,389
Unavailable Revenue - Grants	332,910	-	-	-	332,910
Unavailable Revenue - Leases	-	-	-	226,049	226,049
Unavailable Revenue - Loans	-	47,193	-	57,580	104,773
Unavailable Revenue - Property Taxes	1,281,018	-	-	129,583	1,410,601
Unavailable Revenue - Special Assessments	-	2,080	1,266	-	3,346
Total Deferred Inflow of Resources	1,806,010	49,273	1,266	508,519	2,365,068
FUND BALANCES					
Nonspendable	128,426	100,000	8,550	41,154	278,130
Restricted for					
Building & Safety	-	-	-	2,247,147	2,247,147
CDBG/HUD	-	-	-	466,877	466,877
Construction Excise Tax	-	-	654,149	-	654,149
Debt Service	-	-	-	73	73
Grants	-	-	41,184	-	41,184
System Development	-	1,372,750	349,031	-	1,721,781
Tourism/Recreation/Lodging Tax Approved	-	-	869,989	258,226	1,128,215
Transportation	-	13,790,049	80,000	-	13,870,049
Urban Renewal	-	-	956,858	6,645,795	7,602,653
Committed to					
Capital Projects	-	696,202	8,476,164	1,318,016	10,490,382
Debt Service	-	-	-	50,921	50,921
Solid Waste	-	-	-	686,611	686,611
Transportation	-	782,286	-	1,353,953	2,136,239
Unassigned	15,732,580	-	-	-	15,236,013
Total Fund Balances	15,861,006	16,741,287	11,435,925	12,572,206	56,610,424
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 19,146,170	\$ 16,923,842	\$ 12,013,226	\$ 13,851,341	\$ 61,934,579

The accompanying notes are an integral part of this statement.

JOSEPHINE COUNTY, OREGON

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2025**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net	
Fund Balances	\$ 56,610,424
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.	
Net Capital Assets	184,936,935
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.	
Deferred Inflow of Resources-OPEB	(814,162)
Deferred Inflow of Resources-Pension	(2,791,335)
Notes Payable	<u>(3,685,000)</u>
Net Adjustment	(7,290,497)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	
Accrued Vacation and Sick Leave	(2,688,288)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	
Net Pension Liability	(24,094,165)
SBITA Liability	(746,252)
Net OPEB Asset	305,010
Total OPEB Liability	(2,197,131)
Deferred Inflow of Resources - Unavailable Resources	2,139,020
Deferred Outflow of Resources-OPEB	334,291
Deferred Outflow of Resources-Pension	10,967,055
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.	
Internal Service Fund Net Position	<u>11,487,313</u>
Total Net Position	<u>\$ 229,763,715</u>

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, 2025**

	CAPITAL PROJECTS				TOTAL GOVERNMENTAL
	GENERAL	TRANSPORTATION PROJECTS	LAND AND BUILDING PROJECTS	TOTAL NON-MAJOR	
REVENUES					
Taxes	\$ 27,824,861	\$ -	\$ 263,221	\$ 5,106,884	\$ 33,194,966
Charges for Services	4,066,353	248,237	191,382	2,097,208	6,603,180
Fines and Forfeitures	175,281	-	-	-	175,281
Interest on Investments	950,603	772,156	671,603	647,246	3,041,608
Intergovernmental	2,748,828	916,402	5,876,956	3,606,589	13,148,775
Licenses and Permits	27,232	-	-	443,340	470,572
Special Assessments	-	-	-	10,692	10,692
Trust Receipts	-	48,558	-	-	48,558
Miscellaneous Revenues	321,051	-	103,361	227,899	652,311
Total Revenues	<u>36,114,209</u>	<u>1,985,353</u>	<u>7,106,523</u>	<u>12,139,858</u>	<u>57,345,943</u>
EXPENDITURES					
Current:					
Development	2,118,049	-	-	1,647,933	3,765,982
General Government	372,458	-	-	-	372,458
Parks	3,374,123	-	-	-	3,374,123
Public Safety	30,381,711	-	-	-	30,381,711
Solid Waste	-	-	-	712,329	712,329
Building	-	-	-	825,568	825,568
Transportation	-	-	-	1,768,204	1,768,204
Capital Outlay	-	2,146,719	5,816,649	76,059	8,039,427
Debt Service	512,069	-	-	-	512,069
Total Expenditures	<u>36,758,410</u>	<u>2,146,719</u>	<u>5,816,649</u>	<u>5,030,093</u>	<u>49,751,871</u>
Excess of Revenues Over, (Under) Expenditures	<u>(644,201)</u>	<u>(161,366)</u>	<u>1,289,874</u>	<u>7,109,765</u>	<u>7,594,072</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Assets	-	-	523,996	-	523,996
Transfers In	6,269,723	2,994,772	7,694,878	1,690,769	18,650,142
Transfers Out	<u>(5,336,400)</u>	<u>(294,690)</u>	<u>(5,792,562)</u>	<u>(8,305,796)</u>	<u>(19,729,448)</u>
Total Other Financing Sources (Uses)	933,323	2,700,082	2,426,312	(6,615,027)	(555,310)
Net Change in Fund Balance	289,122	2,538,716	3,716,186	494,738	7,038,762
Beginning Fund Balance	<u>15,571,884</u>	<u>14,202,571</u>	<u>7,719,739</u>	<u>12,077,468</u>	<u>49,571,662</u>
Ending Fund Balance	<u>\$ 15,861,006</u>	<u>\$ 16,741,287</u>	<u>\$ 11,435,925</u>	<u>\$ 12,572,206</u>	<u>\$ 56,610,424</u>

The accompanying notes are an integral part of this statement.

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, 2025

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

Net Change in Fund Balance \$ 7,038,762

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

Capitalized Expenditures	4,691,545	
Capital Contributions	773,531	
Depreciation Expense	(3,581,430)	
Net Adjustment		1,883,646

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

Compensated Absences	(312,841)	
OPEB Expense	594,450	
Net pension expense	(697,557)	
Lease changes (principal payments, amortization expense and disposals)	(22,089)	
SBITA changes (principal payments, amortization expense and disposals)	(27,585)	
Loan Principal Retirement	410,000	
Net Adjustment		(55,622)

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

Property Taxes	432,861	
Special Assessments	(9,782)	
Grants	(3,549)	
Misc Notes	70,614	
Net Adjustment		490,144

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 3,915,363

Change in Net Position \$ 13,272,293

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, 2025

	ENTERPRISE FUNDS - BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATER FUND	WASTEWATER FUND	STORMWATER FUND	TOTAL	ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS					
Current Assets					
Cash and Investments	\$ 32,036,955	\$ 13,088,966	\$ 5,571,688	\$ 50,697,609	\$ 15,012,574
Prepaid Items	-	7,408	7,408	14,816	1,932,399
Accounts Receivable	1,697,580	1,204,900	296,049	3,198,529	61,993
Notes Receivable	13,322	-	211	13,533	-
Grants Receivable	230,207	-	-	230,207	-
Assessment Liens	747	-	-	747	-
Restricted Assets					
Cash and Cash Equivalents	375,009	1,002,505	355,953	1,733,467	-
Notes	4,358	2,213	12,537	19,108	-
Total Current Assets	34,358,178	15,305,992	6,243,846	55,908,016	17,006,966
Noncurrent Assets					
Net OPEB Asset	62,920	31,815	11,056	105,791	119,824
Lease Receivable	25,953	-	-	25,953	110,307
Capital Assets, net	84,306,787	57,143,221	7,854,684	149,304,692	6,913,822
Total Noncurrent Assets	84,395,660	57,175,036	7,865,740	149,436,436	7,143,953
Total Assets	118,753,838	72,481,028	14,109,586	205,344,452	24,150,919
DEFERRED OUTFLOW OF RESOURCES					
Deferred Outflow - OPEB Items	68,960	34,870	12,118	115,948	131,326
Deferred Outflow - Pension Items	823,334	696,321	165,658	1,685,313	2,898,911
Total Deferred Outflow of Resources	892,294	731,191	177,776	1,801,261	3,030,237
LIABILITIES					
Current Liabilities					
Accounts Payable	3,946,120	291,221	669,679	4,907,020	275,822
Salaries, Withholdings and Taxes Payable	78,757	52,165	13,861	144,783	223,616
Compensated Absences	109,000	103,383	18,000	230,383	352,000
OPEB Liability	9,065	4,584	1,593	15,242	17,263
SBITA Liability	-	-	-	-	93,934
Accrued Interest Payable	1,466	40,280	-	41,746	-
Bonds Payable Within One Year	-	750,000	-	750,000	-
Loans Payable Within One Year	454,087	-	-	454,087	-
Customer Deposits Payable	187,991	-	-	187,991	-
Retainage Payable	417,540	3,096	50,344	470,980	-
Total Current Liabilities	5,204,026	1,244,729	753,477	7,202,232	962,635
Long-Term Liabilities					
Compensated Absences	27,613	-	19,620	47,233	247,371
OPEB Liability	444,179	224,597	78,052	746,828	845,883
Net Pension Liability	1,808,831	1,529,788	363,944	3,702,563	6,368,787
Bonds Payable	-	12,599,216	-	12,599,216	-
Loans Payable	4,670,913	-	-	4,670,913	-
Total Long-Term Liabilities	6,951,536	14,353,601	461,616	21,766,753	7,462,041
Total Liabilities	12,155,562	15,598,330	1,215,093	28,968,985	8,424,676
DEFERRED INFLOW OF RESOURCES					
Deferred Inflow - OPEB Items	167,953	84,925	29,514	282,392	319,845
Deferred Inflow - Pension Items	209,555	177,228	42,163	428,946	737,831
Deferred Inflow - Lease Items	23,855	-	-	23,855	103,264
Total Deferred Inflow of Resources	401,363	262,153	71,677	735,193	1,160,940
NET POSITION					
Net Investment in Capital Assets	75,048,986	43,705,041	7,159,456	125,913,483	6,819,888
Restricted Net Position for System Development	385,093	4,814,863	200,000	5,399,956	-
Restricted Net Position for Net OPEB Asset	62,920	31,815	11,056	105,791	119,824
Unrestricted	31,592,208	8,800,017	5,630,080	46,022,305	10,655,828
Total Net Position	\$ 107,089,207	\$ 57,351,736	\$ 13,000,592	177,441,535	\$ 17,595,540
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.					6,108,227
Net position of business-type activities					\$ 183,549,762

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, 2025

	ENTERPRISE FUNDS - BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATER FUND	WASTEWATER FUND	STORMWATER FUND	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	12,313,508	9,224,888	2,905,077	24,443,473	15,421,211
Trust receipts	8,720	-	17,547	26,267	-
Miscellaneous	121,830	6,674	-	128,504	199,702
Total Operating Revenue	12,444,058	9,231,562	2,922,624	24,598,244	15,620,913
OPERATING EXPENSES					
Salaries, Wages, and Benefits	2,057,521	1,643,161	393,424	4,094,106	7,017,201
Operating Supplies	894,557	426,822	31,238	1,352,617	627,392
Repairs and Maintenance	361,389	289,357	12,815	663,561	667,004
Utilities	673,490	508,085	4,992	1,186,567	178,832
Professional Services	1,121,125	1,105,675	518,793	2,745,593	2,277,642
General, Administrative and Engineering	1,189,246	1,206,629	561,838	2,957,713	2,285,596
Depreciation and Amortization	1,179,346	2,705,718	70,318	3,955,382	738,969
Total Operating Expenses	7,476,674	7,885,447	1,593,418	16,955,539	13,792,636
Total Operating Income (Loss)	4,967,384	1,346,115	1,329,206	7,642,705	1,828,277
NONOPERATING INCOME (EXPENSE)					
Gain (Loss) on Disposition of Assets	-	620	-	620	(18,438)
System Development Charge Receipts	479,899	603,798	154,982	1,238,679	-
Intergovernmental	1,456,982	-	-	1,456,982	69,619
Interest Income	1,664,421	661,147	307,934	2,633,502	807,041
Interest Expense	-	(510,880)	-	(510,880)	-
Total Nonoperating Income (Expense)	3,601,302	754,685	462,916	4,818,903	858,222
Income Before Transfers and Contributions	8,568,686	2,100,800	1,792,122	12,461,608	2,686,499
TRANSFERS AND CONTRIBUTIONS					
Transfers In	8,938,299	2,855,000	2,250,000	14,043,299	612,077
Transfers Out	(8,294,690)	(3,644,690)	(1,394,690)	(13,334,070)	(242,000)
Capital Contributions	1,593,323	725,079	308,611	2,627,013	2,027,990
Total Transfers	2,236,932	(64,611)	1,163,921	3,336,242	2,398,067
Change in Net Position	10,805,618	2,036,189	2,956,043	15,797,850	5,084,566
Net Position-Beginning	96,283,589	55,315,547	10,044,549	161,643,685	12,510,974
Net Position-Ending	\$ 107,089,207	\$ 57,351,736	\$ 13,000,592	\$ 177,441,535	\$ 17,595,540

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds. 1,169,203

Changes in net position of business-type activities \$ 16,967,053

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, 2025

	ENTERPRISE FUNDS - BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATER FUND	WASTEWATER FUND	STORMWATER FUND	TOTAL	INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities:					
Receipts from customers	\$ 12,017,454	\$ 9,162,134	\$ 2,895,043	\$ 24,074,631	\$ 413,349
Receipts from interfund charges for fleet operations	-	-	-	-	3,353,120
Receipts from interfund charges for support services	-	-	-	-	5,602,763
Receipts from interfund charges for insurance services	-	-	-	-	1,625,443
Receipts from interfund charges for administrative services	-	-	-	-	4,839,885
Other receipts	130,550	6,674	17,547	154,771	199,702
Payments to suppliers and service providers	(2,532,064)	(3,426,285)	(468,163)	(6,426,512)	(6,174,625)
Payments to employees for salaries and benefits	(1,922,681)	(1,651,957)	(356,485)	(3,931,123)	(6,617,074)
Net Cash Provided (used) by Operating Activities	7,693,259	4,090,566	2,087,942	13,871,767	3,242,563
Cash Flows From Noncapital Financing Activities					
Intergovernmental and Taxes	-	-	-	-	69,619
Notes Receivable Changes in Position	(4,066)	(3,998)	(304)	(8,368)	-
Transfers In	8,938,299	2,855,000	2,250,000	14,043,299	612,077
Transfers Out	(8,294,690)	(3,644,690)	(1,394,690)	(13,334,070)	(242,000)
Net Cash Provided (used) by Noncapital Financing Activities	639,543	(793,688)	855,006	700,861	439,696
Cash Flows From Capital and Related Financing Activities					
Proceeds from Loan	2,567,639	-	-	2,567,639	-
Principal Payments on Bonds	-	(720,000)	-	(720,000)	-
Interest Paid on Bonds and Contracts	-	(513,200)	-	(513,200)	-
Acquisition and Construction of Capital Assets	(12,978,340)	(939,706)	(2,388,688)	(16,306,734)	(897,890)
Proceeds from Disposition of Capital Assets	-	620	-	620	61,983
System Development Charge Receipts	479,899	603,798	154,982	1,238,679	-
Intergovernmental	1,456,982	-	-	1,456,982	-
Net Cash used by Capital and Related Financing Activities	(8,473,820)	(1,568,488)	(2,233,706)	(12,276,014)	(835,907)
Cash flows from investing activities					
Interest on Investments	1,664,421	661,147	307,934	2,633,502	807,041
Net Cash Provided by Investing Activities	1,664,421	661,147	307,934	2,633,502	807,041
Net Increase in Cash and Investments	1,523,403	2,389,537	1,017,176	4,930,116	3,653,393
Cash and Investments, Beginning of Year	30,888,561	11,701,934	4,910,465	47,500,960	11,359,181
Cash and Investments, End of Year	\$ 32,411,964	\$ 14,091,471	\$ 5,927,641	\$ 52,431,076	\$ 15,012,574
Composition of Cash and Investments, End of Year					
Current Cash and Investments	32,036,955	13,088,966	5,571,688	50,697,609	15,012,574
Restricted Cash and Investments	375,009	1,002,505	355,953	1,733,467	-
Total Cash and Investments	\$ 32,411,964	\$ 14,091,471	\$ 5,927,641	\$ 52,431,076	\$ 15,012,574
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 4,967,384	\$ 1,346,115	\$ 1,329,206	\$ 7,642,705	\$ 1,828,277
Depreciation and Amortization	1,179,346	2,705,718	70,318	3,955,382	738,969
(Increase) Decrease in Receivables/Prepays	(296,054)	(62,754)	(10,034)	(368,842)	413,349
Increase (Decrease) in Payables	1,707,743	110,283	661,513	2,479,539	(138,159)
Increase (Decrease) in Payroll Liabilities	134,840	(8,796)	36,939	162,983	400,127
Net Cash Provided by Operating Activities	\$ 7,693,259	\$ 4,090,566	\$ 2,087,942	\$ 13,871,767	\$ 3,242,563
Noncash Capital Transactions					
Developer Installed Public Utility Improvements	550,190	621,254	301,558	1,473,002	-
Forgivable Loan Income	1,375,000	-	-	1,375,000	-
Capital Accounts/Retainage Payable	(4,132,801)	(88,964)	(695,228)	(4,916,993)	-
Capital Assets Transferred In (Out)	(331,867)	103,825	7,053	(220,989)	2,027,990
Net Noncash Capital Transactions	\$ (2,539,478)	\$ 636,115	\$ (386,617)	\$ (2,289,980)	\$ 2,027,990

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025**

CUSTODIAL FUNDS

ASSETS	
Current Assets	
Cash and Investments	\$ 6,675,451
Accounts Receivable	9,327
Total Assets	6,684,779
LIABILITIES	
Current Liabilities	
Accounts Payable	79,890
Building Permit Suspense	30,157
Construction Excise Tax (School Districts)	19,744
Deferred Developer Agreements	1,933,633
Evidence Money	235,965
Forfeiture Trust Pending	111,286
Forfeiture Trust Available	458,673
Security Deposits	154,924
Tree Refund Trust	147,553
Public Safety K9 Officer Program	491
Public Safety Car Seat Program	682
Miscellaneous Trust Liabilities	1,308,205
Due to 911 Agency	2,203,577
Total Liabilities	6,684,779
NET POSITION	
Restricted for other governments	-
Total Net Position	\$ -

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2025**

CUSTODIAL FUNDS

	TOTAL
ADDITIONS	
Miscellaneous	\$ 3,420,564
Total Revenues	3,420,564
DEDUCTIONS	
Emergency Communications	2,119,177
Disbursement of Trust	1,301,386
Total Operating Expenses	3,420,564
Change in Net Position	-
Net Position-Beginning	-
Net Position-Ending	\$ -

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

THE FINANCIAL REPORTING ENTITY

The City of Grants Pass is a municipal corporation governed by an elected mayor and eight-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, as defined under GASB. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. As of June 30, 2025, the City had one blended component unit, the Grants Pass Urban Renewal Agency, and one discretely presented component unit described below.

The City reports the following blended component unit:

Grants Pass Urban Renewal Agency (the Urban Renewal Agency) – The Urban Renewal Agency was organized in 2016-2017 and its eighth fiscal year of operations was the fiscal year ended June 30, 2025. The Urban Renewal Agency relies on property tax increment financing revenues from growth in assessed values within the Urban Renewal Area. The Urban Renewal Area covers approximately 18% of the acreage within the City of Grants Pass, largely area in and around major commercial corridors and including the downtown. The emphasis of projects and goals for the Agency are jobs, economic development, and infrastructure to serve and attract business development. The Grants Pass City Council serves as the Board for the Urban Renewal Agency and projects funded by the agency are primarily for the City's benefit, therefore the Urban Renewal Agency is a blended component unit by definition.

The City reports the following discretely presented component unit:

Josephine County 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. In September of 2024 the Board of County Commissioners ratified an amendment to the Intergovernmental Agreement and officially changed the name of the Agency to the Josephine County Solid Waste Agency. This was in recognition of the fact that Cave Junction had been a member for more than two decades and was not acknowledged in the name. 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 effective access to the assets of the Solid Waste Agency which demonstrates a financial benefit to the primary government, and 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 which demonstrates financial accountability. Because the City's Director of Public Works also manages the Solid Waste Agency, the City may impose its will by its authority to appoint, hire, reassign, or dismiss persons responsible for the day-to-day operations of the Solid Waste Agency. The City also is regularly one of the primary beneficiaries of cleanup and other project resources provided by the Solid Waste Agency and the amounts provided by the Solid Waste Agency to the City for cleanup, code enforcement, and other operational and project activities are significant to the City. Therefore, it is fiscally dependent on the City. 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 or any component unit of the City 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. While custodial funds do not technically have a measurement focus, they do operate under the accrual basis of accounting for purposes of asset and liability recognition. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

revenue sources are intergovernmental revenue, general obligation bonds, and system development charges.

The government reports the following major proprietary funds:

Wastewater Fund – This fund accounts for the operations of the Wastewater 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.

Stormwater Fund – This fund accounts for the operations of Stormwater Maintenance. The principal revenue is charges for services.

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 (Custodial 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.

Trust Fund: The purpose of this fund is to hold various designated funds that are not the City's.

911 Agency Fund: The purpose of this fund is to show 911 Agency activity, which is out of the City's purview yet still provides dispatching services to the City and the surrounding communities.

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, wastewater, and stormwater functions 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, Urban Renewal Agency, 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, Special Revenue, Debt Service, 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.

NOTES TO THE FINANCIAL STATEMENTS

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 revised by the City Council. In the fiscal year ended June 30, 2025, there were two supplemental budget adjustments.

The first supplemental budget was adopted with Resolution 24-7484 and had multiple parts. The General Fund established a new Resting Sites program for \$325,000 by utilizing Contingency appropriation transfers. Transportation Capital Construction, Stormwater Capital Construction, Water Capital Construction and Wastewater Capital Construction each transferred \$50,000 of appropriations to interfund transfers for a joint property purchase in Facilities Replacement. A scrivener's error was discovered in Wastewater Collection of \$51,720 for the undervaluation of Fleet Operations Equipment Replacement. A legacy error of paying a grant from Lands & Buildings funds that were from the Urban Renewal Agency, was paid back from the Industrial & Downtown Loan Fund back to the Urban Renewal Agency via a special payment of \$95,400.

The second supplemental budget was adopted with Resolution 25-7564 and had multiple parts. The General Fund transferred Contingency appropriations to Resting Sites for \$50,000, support for the Christmas parade of \$3,000, and \$1,400 for supporting the Tree Lighting event. Street Lighting required \$30,000 and Water Treatment required \$40,000 from appropriation transfer from Contingency for larger than anticipated electric inflationary rate increases. Transportation, Stormwater, Water and Wastewater transferred Contingency appropriations to General Program Operations for utility billing write-offs. A rounding error of \$1 was transferred from Lands & Buildings to Water Capital Construction. Post Closure Operations in the Solid Waste Fund required an additional \$60,000 for higher than anticipated consultant costs that are reimbursed through an insurance policy. Due to additional external legal service being required while the City Attorney position was vacant, the Legal program required a \$70,000 transfer of Contingency appropriations. Environmental Waste Fees Fund collected additional contractual obligations from over-profit obligations of solid waste operations. LB6380 GIS Master Plan project was closed in Lands & Buildings Fund, and the funds were transferred back to Public Works Admin from which they were originated.

The City, Urban Renewal Agency, 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.

NOTES TO THE FINANCIAL STATEMENTS

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2025. However, for the year ended June 30, 2025, expenditures (on a budgetary basis) exceeded appropriations authorized by the City Council as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Over Expenditure</u>
Land and Building Projects Fund			
Transfers Out	\$ 535,628	\$ 5,361,565	\$ (4,825,937)
General Fund			
Transfers Out	\$ 429,400	\$ 5,336,400	\$ (4,907,000)
Water Fund			
Water Treatment	\$ 2,505,951	\$ 2,507,389	\$ (1,438)
Support Services Fund			
Engineering	\$ 1,264,949	\$ 1,294,569	\$ (29,620)

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

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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 administered by Josephine County on behalf of all taxing districts 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 TO THE FINANCIAL STATEMENTS

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.

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The City recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future receipts and payments on the contract exceeding \$25,000 that meet the definition of a lease. The City uses the same interest rate it charges to lessee as the discount rate or that is implicit in the contract to the lessee. The City uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the City's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease receipts and variable lease receipts not included in the measurement of the lease receivable are recognized as income when earned. Short-term lease payments are expensed when incurred. By definition, Subscription-Based Information Technology Arrangements follow similar standards according to GASB 96.

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 acquisition value at the date of donation. Should the City engage in any service concession arrangements, assets donated under these arrangements would be recorded at the acquisition value. 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	20-100 years
Machinery & Equipment	5-30 years
Leases/SBITAs	>1 year, life of the contract

NOTES TO THE FINANCIAL STATEMENTS

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, earned compensation 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, earned compensation, and sick pay is accrued when incurred in the government-wide, and proprietary financial statements as it has been deemed more likely than not to be used. 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). In FY'25 GASB 101 was implemented. The intent of this new reporting requirement is to provide a more comprehensive estimate in the amount of compensated absences that the City may be liable to pay, which will enhance the relevance and reliability of information about the liability for compensated absences

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 insured through SAIF corporation as a member of the CIS Servicing Group (OGSERP). Premiums are paid to the Insurance Service Fund from operating divisions and are available to pay claims and administrative costs of the program. Previous estimated claim reserves were held as a liability of the fund and were included in accounts payable. With the insurance change, the future costs are deemed as minimal and will be fully closed in 2025. Fund balance is expected to pick up any costs that may arise from previous claims.

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 Balance/Net Position

NOTES TO THE FINANCIAL STATEMENTS

In the government-wide financial statements net position comprises the various net earnings from operations, non-operating 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.

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:

- **Non-spendable fund balance** represents amounts that are not in a spendable form. The non-spendable fund balance represents inventories and prepaid items.
- **Restricted fund balance** represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- **Committed fund balance** represents funds formally set aside by the governing body 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.

NOTES TO THE FINANCIAL STATEMENTS

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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category: deferred outflows related to pensions and the deferred outflows related to Other Postemployment Benefits (OPEB) reported on the government-wide Statement of Net Position.

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 assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category: deferred inflows related to pensions, the deferred inflows related to OPEB, and deferred inflows for leases.

Additional detail on the deferred outflows and inflows related to pensions can be found in Note 9. Additional information on deferred outflows and inflows related to OPEB can be found in Note 11.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the assumptions for calculating the OPEB liability of the Grants Pass Retiree Health Insurance Plan (a single employer, defined benefit plan) according to GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions can be found in Note 11 Other Postemployment Benefits. The Grants Pass Retiree Health Insurance Plan was discontinued for employees hired after December 31, 2006, therefore the City has not established a trust for this purpose and has not funded any portion of the calculated plan liabilities with cash or plan investments. The Grants Pass Retiree Health Insurance Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Grants Pass also participates in the Oregon Public Employees Retirement System which contains a multiemployer plan for the PERS Retiree Health Insurance Account (PERS RHIA) for Tier 1 and Tier 2 PERS members. For purposes of measuring the net OPEB liability/asset of PERS RHIA, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PERS RHIA and additions to and deductions from PERS RHIA fiduciary net position have been determined on the same basis as they are reported by PERS RHIA. For this purpose, PERS RHIA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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,

NOTES TO THE FINANCIAL STATEMENTS

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.

Adoption of new GASB Pronouncements

GASB Statement 101 on Compensated Absences had no impact on the City's financial statements. The City has already been reporting compensated absences with the level of detail that is required by this statement. GASB Statement 102 Certain Risk Disclosers had no impact on the City's financial statements is more likely than not to begin or occur within 12 months of the date the financial statements are issued.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments at June 30, 2025 (recorded at fair value) consisted of:

Deposits with Financial Institutions:	
Demand Deposits	\$ 3,025,809
Cash Equivalents	36,078,406
Investments	94,331,481
Total	\$ 133,435,696
Unrestricted	\$ 117,708,549
Restricted	5,909,804
Fiduciary Fund	6,675,451
Discretely Presented Component Unit	3,141,892
Total	\$ 133,435,696

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 per the City of Grants Pass Investment Policy:

U.S. Treasury Obligations	100%
US Agency Notes	100%
A1/P1 Rated Commercial Paper	35%
Corporate Bonds	35%
Municipal Debt	25%
Bank Time Deposits/Savings Accounts	20%
Certificates of Deposit (CD)	10%
Bankers' Acceptances (BA's)	10%
Local Government Investment Pool	Maximum allowed per ORS 294.810

There were no known violations of City policy as outlined above.

NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2025, 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	18-64
U.S. Treasury Notes	\$ 49,091,883	\$ -	\$ 8,485,750	\$ 40,606,133
U.S. Agencies	33,689,019	4,498,906	9,526,980	19,663,133
Municipal Debt	2,975,900	-	2,005,780	970,120
Corporate Bonds	8,574,679	1,498,662	4,521,338	2,554,679
Certificates of Deposit	3,041,644	-	3,041,644	-
State Treasurer's Investment Pool	33,036,763	33,036,763	-	-
Total	\$ 130,409,888	\$ 39,034,331	\$ 27,581,492	\$ 63,794,065

Investments are valued at fair value as required by GASB. The fair value for US Government Securities as of June 30, 2025 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, 2025, the fair value of the position in the LGIP is 100.49% of the value of the pool shares as reported in the Oregon Short-Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds entrusted to the Office of the State Treasurer.

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.

NOTES TO THE FINANCIAL STATEMENTS

Investments' fair value measurements are as follows at June 30, 2025:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury Notes	\$ 49,091,883	\$ 49,091,883	\$ -	\$ -
U.S. Agencies	33,689,019	-	33,689,019	-
Municipal Debt	2,975,900	-	2,975,900	-
Corporate Bonds	8,574,679	-	8,574,679	-
Certificate of Deposits	3,041,644	-	-	3,041,644
Total Debt Securities	\$ 97,373,125	\$ 49,091,883	\$ 45,239,598	\$ 3,041,644

The City's U.S. Treasury notes are classified as Level 1, and have values based on institutional bond quotes – evaluations based on various market and industry inputs.

Level 2 are valued using the following approaches: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable for an asset. The City's U.S. government agency mortgage-backed pools are based on mortgage-backed securities pricing, with evaluations based on various market and industry inputs. Corporate bond values are based on institutional bond quotes, with evaluations based on various market and industry inputs.

Level 3 inputs are unobservable and should reflect the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2025.

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 5.25 years.

The City limits investment maturities as follows for operating funds:

Under 30 days	15% minimum
Under 1 year	25% minimum
Under 5.25 years	100% minimum

100% of all operating funds shall mature within 5.25 years, and only those funds reserved for debt services reserves may be invested at maturities greater than 5.25 years. The weighted average maturity of the entire portfolio shall be no more than 2.50 years.

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. Most of the City's investments in U.S.

NOTES TO THE FINANCIAL STATEMENTS

Government Agencies were rated AA+ by Standard & Poor's and AAA by Moody's Investor Service. The State Pool (LGIP) 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 \$3,025,809. The total bank balance per the bank statements is \$2,384,247. Of these deposits, \$325,977 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, 2025, the City was in compliance with all percentage restrictions.

Oregon Revised Statutes require no more than 10% 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 represents 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, 2025, the City's delinquent assessments receivable totaled \$57,580.

4. NOTES AND CONTRACTS RECEIVABLE

Notes and Contracts Receivable are included in the Receivables, net line of the Statement of Net Position and consisted of the following at June 30, 2025:

	Governmental Funds	Business-Type Funds	Total
Advanced Finance/Local Improvement District Loans	108,120	33,390	141,510
	<u>\$ 108,120</u>	<u>33,390</u>	<u>\$ 141,510</u>

NOTES TO THE FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2025 are as follows:

	GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
	June 30, 2024	Additions	Transfers	Disposals	June 30, 2025
Capital Assets, Not Being Depreciated					
Land	\$ 84,114,794	\$ 2,500,959	\$ 26,679	\$ -	\$ 86,642,432
Construction in Progress	2,237,955	3,097,495	(1,015,358)	(90,196)	4,229,896
Total, Not Being Depreciated	<u>86,352,749</u>	<u>5,598,454</u>	<u>(988,679)</u>	<u>(90,196)</u>	<u>90,872,328</u>
Buildings	20,453,565	203,763	600,791	-	21,258,119
Improvements	19,447,924	43,500	5,000	-	19,496,424
Machinery & Equipment	13,297,566	1,190,203	261,910	(601,003)	14,148,676
Infrastructure	112,992,813	1,506,914	120,978	-	114,620,705
Leases - Buildings	70,990	-	-	(70,990)	-
SBIT As	1,388,162	-	-	-	1,388,162
Total, being depreciated	<u>167,651,020</u>	<u>2,944,380</u>	<u>988,679</u>	<u>(671,993)</u>	<u>170,912,086</u>
Less Accumulated Depreciation and Amortization					
Buildings	8,468,738	694,887	-	-	9,163,625
Improvements	12,059,874	828,850	-	-	12,888,724
Machinery & Equipment	8,434,184	886,269	-	(546,292)	8,774,161
Infrastructure	36,571,576	1,910,393	-	-	38,481,969
Leases - Buildings	15,776	23,664	-	(39,440)	-
SBIT As	312,589	312,589	-	-	625,178
Total Accumulated Depreciation and Amortization	<u>65,862,737</u>	<u>4,656,652</u>	<u>-</u>	<u>(585,732)</u>	<u>69,933,657</u>
Total Capital Assets being Depreciated, net	<u>101,788,283</u>	<u>(1,712,272)</u>	<u>988,679</u>	<u>(86,261)</u>	<u>100,978,429</u>
Governmental Activities Capital Assets, net	<u>\$ 188,141,032</u>	<u>\$ 3,886,182</u>	<u>\$ -</u>	<u>\$ (176,457)</u>	<u>\$ 191,850,757</u>

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

	Governmental Funds	Internal Service Funds	Governmental Activities
	Depreciation Allocation	Depreciation Allocation	Depreciation Allocation
Building	\$ 71,764	\$ 14,808	\$ 86,572
Development	327,366	67,546	394,912
General Government	32,377	6,680	39,057
Parks	293,303	60,518	353,821
Public Safety	2,977,247	544,927	3,522,174
Solid Waste	61,921	12,776	74,697
Transportation	153,705	31,714	185,419
	<u>\$ 3,917,683</u>	<u>\$ 738,969</u>	<u>\$ 4,656,652</u>

NOTES TO THE FINANCIAL STATEMENTS

	BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS				
	June 30, 2024	Additions	Transfers	Disposals	June 30, 2025
Capital Assets, Not Being Depreciated					
Land	\$ 5,910,669	\$ -	\$ -	\$ -	\$ 5,910,669
Construction in Progress	14,000,030	15,824,567	(65,873)	-	29,758,724
Total, Not Being Depreciated	19,910,699	15,824,567	(65,873)	-	35,669,393
Buildings	11,346,789	-	-	-	11,346,789
Improvements	2,452,828	-	-	-	2,452,828
Machinery & Equipment	12,894,131	103,328	-	(63,590)	12,933,869
Infrastructure	162,793,569	1,630,854	65,873	-	164,490,296
Total, being depreciated	189,487,317	1,734,182	65,873	(63,590)	191,223,782
Less Accumulated Depreciation					
Buildings	5,536,892	292,958	-	-	5,829,850
Improvements	2,133,323	29,596	-	-	2,162,919
Machinery & Equipment	9,188,009	460,380	-	(63,590)	9,584,799
Infrastructure	56,711,473	3,299,442	-	-	60,010,915
Total Accumulated Depreciation	73,569,697	4,082,376	-	(63,590)	77,588,483
Total Capital Assets being Depreciated, net	115,917,620	(2,348,194)	65,873	-	113,635,299
Business-Type Activities Capital Assets, net	\$ 135,828,319	\$ 13,476,373	\$ -	\$ -	\$ 149,304,692
Current Year Depreciation	\$ 4,082,376				
Amortization on Bond Premium	(126,994)				
Depreciation and Amortization	\$ 3,955,382				

6. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS

The composition of interfund loan as of June 30, 2025 is as follows:

Fund	Due To	Due From
Solid Waste Fund	\$ -	\$ 456,000
Bancroft Fund	(456,000)	-
	\$ (456,000)	456,000
Budgeted for repayment next year		25,000
Not expected to be repaid next year	\$ 431,000	

The Bancroft Bond Fund has made past 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'25 \$10,000 was available from assessment loan payments and paid to the Solid Waste Fund.

NOTES TO THE FINANCIAL STATEMENTS

The composition of interfund due-to, due-from as of June 30, 2025 is as follows:

Fund	Due To	Due From
Community Development Block Grant Fund	\$ -	\$ 19,917
General Fund	(19,917)	-
	\$ (19,917)	19,917

The Community Development Block Grant Fund is a grant fund where costs are incurred before reimbursement. Due to timing of receipts, the General Fund is due funds from the Community Development Block Grant Fund as of June 30, 2025.

The composition of transfers as of June 30, 2025 is as follows:

Funds	Governmental		Business-Type
	General Government	Internal Service	Enterprise
General Fund	\$ (933,323)	\$ -	\$ -
Lands & Buildings Capital Projects	(1,902,316)	-	-
Transportation Capital Projects	(2,700,082)	-	-
Nonmajor Governmental Funds	6,615,027	-	-
Administrative Services Fund	-	167,000	-
Fleet Operations Fund	-	-	-
Support Services Fund	-	(537,077)	-
Water Fund	-	-	(643,609)
Wastewater Fund	-	-	789,690
Stormwater Fund	-	-	(855,310)
	1,079,306	(370,077)	(709,229)
	\$ 709,229	\$ 709,229	\$ (709,229)

The allocation of Lodging Tax receipts, a special revenue fund, to general governmental operating activities accounts for the typical majority \$1,237,131 of the monies transferred into the General Fund. This year a \$4,928,249 transfer from the Lands & Buildings Fund is the largest segment. The largest segment of General Fund transfers out represents the passing of unrestricted funds back to the Lands & Buildings Fund for \$4,928,249. Transfers out of Nonmajor Governmental Funds include \$2,849,772 of Street Utility fees and State gas tax to Transportation Projects and \$2,721,290 of Urban Renewal Agency to Lands & Buildings for property purchase. Transfers into the Water Fund are from the Urban Renewal Agency, for its portion of the Water Treatment Plant Project. The majority of transfers out from the Wastewater Fund are towards a joint project with Stormwater Capital.

7. LONG-TERM DEBT AND LONG-TERM LIABILITIES

Outstanding debt consists of the Public Safety Full Faith and Credit Loan, the 2017 and 2018 Revenue Bonds for Wastewater. The City has no unused lines of credit.

The Public Safety Loan was issued June 12, 2019, at the original amount of \$6,000,000 for the purpose of constructing and outfitting the new Public Safety and 9-1-1 Headquarters facility. It has a pledge of Full Faith and Credit. Upon the occurrence of any Event of Default the Lender may exercise any remedy available at law or in

NOTES TO THE FINANCIAL STATEMENTS

equity. However, the amounts due from the Borrower under this Financing Agreement shall not be subject to acceleration.

The Series 2017 Wastewater Revenue Bonds were issued on November 8, 2017, in the amount of \$9,035,000 and the Series 2018 Wastewater Revenue Bonds were issued on January 3, 2018 in the amount of \$7,985,000. Both of these revenue bonds were for the Wastewater Plant Expansion project. Substantially all the operating revenues of the Wastewater utility are pledged for these revenue bonds and any future wastewater revenue bonds must meet the same coverage and other bond covenant requirements as the existing revenue bonds. The City has pledged the Net Revenues of the Wastewater System to the payment of principal and interest on the wastewater revenue bonds. Net Revenues are defined as the Gross Revenues of the Wastewater System, less the Operating Expenses of the System. The lien of the pledge on the Net Revenues is superior to all other claims except liens and claims for the payment of Operating Expenses. The Wastewater Revenue Bond rate covenant provides that that the City shall charge rates and fees in connection with the operation of the Wastewater System which, when combined with other Gross Revenues, are adequate to generate Coverage Revenues in each Fiscal Year at least equal to one hundred twenty-five percent (125.00%) of Annual Bond Debt Service due in that Fiscal Year. If an Event of Default occurs, any Owner may exercise any remedy available at law or in equity. However, the Bonds shall not be subject to acceleration.

The Safe Drinking Water Revolving Loan Fund (SDWRLF) and Water Fund Water Project (WFWP) Loans were approved in January 2023. In conjunction the two are loans for the Water Treatment Plant Replacement Final Design. The total contractual estimated project cost was \$6,500,000, with \$1,375,000 eligible as a forgivable loan when certain requirements were met. The total amount of the two loans is \$5,125,000. The SDWRLF Loans are \$4,400,000 at a rate of 1.00%, and the WFWP Loans are \$725,000 at a rate of 1.08%

Purpose	Interest Rates	Amount
Governmental Full Faith & Credit Loan	2.50%	\$ 3,685,000
Business-Type Revenue Bonds	3.0 - 4.0%	12,470,000
Business-Type Loans	1.0 - 1.08%	5,125,000

Long-Term Debt activity for future fiscal years is as follows:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2026	\$ 420,000	\$ 86,875	\$ 1,204,087	\$ 571,151
2027	1,060,000	68,375	1,274,195	500,442
2028	2,205,000	53,657	1,309,192	463,645
2029	-	-	1,349,241	425,497
2030	-	-	1,384,340	385,947
2031-2035	-	-	7,593,945	1,287,772
2036-2039	-	-	3,480,000	212,400
Total	3,685,000	208,907	17,595,000	3,846,854
Premium/Discount	-	-	879,215	-
	\$ 3,685,000	\$ 208,907	\$ 18,474,215	\$ 3,846,854

NOTES TO THE FINANCIAL STATEMENTS

Long-Term Debt activity for the year ended June 30, 2025, is as follows:

	CHANGES IN LONG-TERM DEBT				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Full Faith and Credit Loan	\$ 4,095,000	\$ -	\$ 410,000	\$ 3,685,000	\$ 420,000
Leases - Building	57,956	-	57,956	-	-
SBITA	1,118,351	-	278,165	840,186	301,984
Governmental activities					
Long-Term Debt	5,271,307	-	746,121	4,525,186	721,984
Business-type Activities:					
Full Faith and Credit Bond	\$ -	\$ -	\$ -	\$ -	\$ -
Plus Unamortized Premium	17,320	-	17,320	-	-
Revenue Bonds Payable	13,190,000	-	720,000	12,470,000	750,000
Plus Unamortized Premium	988,889	-	109,674	879,215	-
Loans Payable	3,932,361	2,567,639	1,375,000	5,125,000	454,087
Business-type Activities					
Long-Term Debt	\$ 18,128,570	\$ 2,567,639	\$ 2,221,994	\$ 18,474,215	\$ 1,204,087

Amounts included in long-term liabilities on the statement of net position were as follows as of June 30, 2025:

	Governmental Activities	Business-Type Activities	Total
Due Within One Year			
Compensated Absences	\$ 1,486,000	\$ 230,383	\$ 1,716,383
OPEB Liability	61,206	15,242	76,448
SBITAs Liability	301,984	-	301,984
Bonds Payable	-	750,000	750,000
Loans Payable	420,000	454,087	874,087
Total Due within One Year	2,269,190	1,449,712	3,718,902
Long-Term Liabilities			
Compensated Absences	1,801,658	47,233	1,848,891
OPEB Liability	2,999,071	746,828	3,745,899
Net Pension Liability	30,462,952	3,702,563	34,165,515
SBITAs Liability	538,202	-	538,202
Bonds Payable	-	12,599,216	12,599,216
Loans Payable	3,265,000	4,670,913	7,935,913
Total	39,066,883	21,766,753	60,833,636
Total Long-Term Liabilities	\$ 41,336,073	\$ 23,216,465	\$ 64,552,538

NOTES TO THE FINANCIAL STATEMENTS

The Pension liability has been liquidated based on the pro rata share of the salary expenditures in each fund. The OPEB liability has been liquidated based on the pro rata share of Full Time Employees in each fund. Each fund's share of the Pension and OPEB Liability is as follows:

	Pension Allocation %	OPEB Allocation %
Governmental Funds		
General Fund	67.39%	54.70%
Other Governmental Funds	3.13%	2.78%
	<u>70.52%</u>	<u>57.48%</u>
Internal Service Funds		
Fleet	1.37%	1.67%
Support	9.10%	10.87%
Insurance	0.00%	0.00%
Administration	8.17%	10.04%
	<u>18.64%</u>	<u>22.58%</u>
Enterprise Funds		
Water	5.29%	11.86%
Wastewater	4.48%	6.00%
Stormwater	1.07%	2.08%
	<u>10.84%</u>	<u>19.94%</u>

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for general, auto and property liability. Settled claims have not exceeded this commercial coverage in any of the past five 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 used to have a hybrid self-insured workers' compensation program through City County Insurance Services which included a maximum annual liability. The City now is insured through SAIF corporation and the policy is premium driven with changes in annual costs from experience which changes our financial reporting. The City still has some residual claims with City County Insurance Services but are considered minimal with reserves covering potential costs. Since these residual claims are minimal and will diminish to its 2025 expiration, the liability was removed from financial reporting in FY'22.

9. PARTICIPATION IN OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

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. This is a cost-sharing multiple employer plan. Two tiers of employees were closed to new hires after 2003 (see additional information on Individual Account Program herein).

NOTES TO THE FINANCIAL STATEMENTS

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. Effective December 31, 2022, annual benefits cannot exceed the applicable limitation set forth in 26 U.S.C 415(b). Cap on COLAs to 1.25 percent on the first \$60,000 of annual benefit. If exceeds \$60,000, benefit increase by \$750 plus 0.15 percent of annual benefits.	No adjustments, except cap on COLAs, and limits on annual benefits which are the same as Tiers 1 / 2 employees.
Eligibility Ages for Normal Retirement	Police and Fire: 55 (or age 50 with 25 years of service) General service: Tier I: 58 (or any age with 30 years of service) Tier II: 60 (or any age with 30 years of service)	Police and Fire: 55 (or 53 with 25 years of service) General Service: 65 (or age 58 with 30 years of service) *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 in which you complete at least 600 hours of service in each of the five calendar years.	The earliest of 600 hours of service in each of five calendar years, normal retirement age or termination.

https://oregon.public.law/statutes/ors_238

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.	
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.	45 percent of salary as of the last full month of employment. 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.	
Adjustment(s)	At least one of four conditions of employment at time of death provides a lump-sum payment 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 from a PERS-covered job at the time of death. 	50 percent of the pension that would have been paid to the deceased member. No adjustments.

NOTES TO THE FINANCIAL STATEMENTS

Contributions. The City funds PERS at actuarially determined rates, based on a percentage of covered payroll. The current contribution rates became effective July 1, 2024 and may be amended from time to time by the PERS. Rates were as follows during FY'25:

Rate	Tiers 1 / 2 Employees hired before August 29, 2003	Employees hired after August 29, 2003
Police and Fire members	28.41% (blended rate for all tier 1/2)	26.07%
General service employees	28.41% (blended rate for all tier 1/2)	21.28%

Rates will be changed to the following rates effective July 1, 2025:

Rate	Tiers 1 / 2 Employees hired before August 29, 2003	Employees hired after August 29, 2003
Police and Fire members	29.51% (blended rate for all tier 1/2)	28.50%
General service employees	29.51% (blended rate for all tier 1/2)	23.23%

The City's total contributions to the PERS for the year ended June 30, 2025 were \$4,862,722.

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

At June 30, 2025, the City reported a liability of \$34,165,515 for its proportionate share of the net pension liability of PERS. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date of June 30, 2024, the City's proportion was 0.15371009 percent, which was a decrease of 0.0128 percent from the prior year.

For the year ended June 30, 2025, the City recognized pension expense of \$5,678,851. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 2,023,991	\$ 81,542
Changes of Assumptions	3,435,012	4,401
Net difference between projected and actual earnings on investments	2,170,466	-
Changes in Proportionate share	287,290	2,483,444
Differences between employer contributions and employer's proportionate share of system contributions	2,771,798	1,388,725
Total (prior to Post-MD contributions)	10,688,557	3,958,112
Contributions subsequent to the MD	4,862,722	
Total Deferred Outflows / (Inflows) of Resources	\$ 15,551,279	\$ 3,958,112
Net Deferred Outflow/(Inflow) of Resources		\$ 11,593,167

\$4,862,722 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year

NOTES TO THE FINANCIAL STATEMENTS

ending June 30, 2026. 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:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1 st Fiscal Year	\$ 76,046
2 nd Fiscal Year	3,718,761
3 rd Fiscal Year	1,895,153
4 th Fiscal Year	908,043
5 th Fiscal Year	132,441
Thereafter	0
Total	\$ 6,730,445

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.40 percent
Long-term expected Rate of Return	6.90 percent
Projected Salary Increases	3.40 percent

The healthy mortality assumption is based on the Pub-2010 Healthy Retiree generational mortality tables with group-specific class and setback adjustments. The projection scale used to project improvements in life expectancy was Social Security Data Scale. The disabled mortality was changed to Pub-2010. Rates for disability, retirement from active status, and termination were adjusted.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study performed in 2022 and published in July 2023. As a result of the 2022 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. In accordance with statute, in 2023 the PERS actuarial consultant Milliman worked with the PERS Board to complete a biennial review of actuarial methods and assumptions to be used for the December 31, 2022 and December 31, 2023 valuations. 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:

NOTES TO THE FINANCIAL STATEMENTS

Long-Term Expected Rate of Return ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.
² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

Discount rate. The discount rate used to measure the total pension liability was 6.90 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability/(asset)	\$53,894,712	\$34,165,515	\$17,641,348

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Annual Comprehensive Financial Report.

NOTES TO THE FINANCIAL STATEMENTS

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. Senate Bill 1049, which became effective on July 1, 2020, will implement changes to the IAP program. For employees earning more than \$2,500 per month, a portion of their 6% IAP contribution will be redirected to the "Employee Pension Stability Account" (EPSA). Employees who are members of the Tier 1-2 retirement group will have 2.5% redirected from their IAP. Employees who are members of the OPSRP retirement group will have 0.75% redirected from their IAP. This program was established to address the increasing cost of funding Oregon PERS, by providing relief to public employers for escalating PERS contribution rate increase.

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

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.

10. DEFERRED COMPENSATION

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

11. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plans

The Grants Pass Retiree Health Insurance Plan, a single employer defined benefit plan

The OPEB for the City includes an implicit rate subsidy for retiree health insurance. Per ORS 243.303, the City provides a single-employer plan to provide retirees with group health and dental insurance from the date of retirement to age 65 and the premium cannot be separately rated from the group for health care insurance coverage of officers and employees of the City. Retirees pay the full premium for coverage elected unless the premium is paid for by the City as described below. Providing the same rate to retirees as provided to active employees constitutes an implicit rate subsidy for OPEB. There are no assets accumulated in a trust that meets the criteria under generally accepted accounting principles to pay related benefits for this OPEB plan. This plan is not a stand-alone plan and therefore does not issue its own financial statements.

Plan description and benefits provided. Retirees under age 65 and their dependents are eligible to receive the same medical and dental coverage as active employees.

The Employer pays for the following:

- Employees hired before January 1, 2001 (October 5, 2000 for fire fighters) – Employer pays for a portion of the medical premiums for retirees and eligible dependents. The portion is limited to the amount paid by the Employer for active members and is currently 92.5% for all employees. Employer payments continue for a maximum of 4 years.
- Employees hired between January 1, 2001 and December 31, 2006 – Employer pays 50% of the medical premiums for the retiree and eligible dependents for a maximum of 6 months. Teamsters must have six years of employment to receive this benefit. Management and GPEA employees are not covered under this benefit.

For all retirees, in the event that health insurance premiums increase more than 10% in a year, there is a 50/50 cost sharing of the increase in excess of 10%. The retiree is responsible for the dental premiums. The co-pays and deductibles under the medical and dental coverage are the responsibility of the retiree. Coverage for all retirees eligible for employer paid insurance as outlined above, continues for a maximum of 4 years. All coverage stops when the retiree dies, turns 65, or becomes eligible for health coverage under another policy.

Employees covered by benefit terms. At June 30, 2025, the following employees were covered by the benefit terms:

<u>Category</u>	<u>Count</u>
Active employees (Full time, hired before 1/1/2007):	30
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	7
Inactive employees entitled to but not yet receiving benefit payments	0

Contributions. The City pays the City's share of health insurance premiums for eligible retirees on a monthly basis as incurred. Employees are not required to contribute to the plan, however retirees pay the same percentage of monthly premium costs as active employees. Generally, all active employees and eligible retirees pay 7.5% of premium costs while the City pays 92.5% of monthly health insurance premium costs.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2024.

Actuarial assumptions. The total OPEB liability in the current fiscal year actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2024
Actuarial cost method	Entry age normal
Asset valuation method	N/A
Actuarial Assumptions:	
Inflation	2.40%
Projected payroll increases	3.40%
Discount rate	3.93%
Health care cost trend rate	Medical costs will increase 6.90% in the first year. In future years, the medical cost trend varies between 6.00% and 3.75% including the impact of the Further Consolidated Appropriations Act of 2020. The trend then settles to an ultimate rate of 3.75%. Per guidance from a March 2021 ASOP No.6 Practice Note, implicit subsidy liabilities for dental and vision benefits are no longer included in reporting.

Mortality rates were based on the Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2023. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Discount rate. These discount rates are based on a 20-year general obligation bond yield index published by The Bond Buyer. The discount rate in effect for the June 30, 2025 reporting date is 3.93%.

Changes in Total OPEB Liability June 30, 2024 to June 30, 2025	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2024	\$ 4,045,650
Changes for the year:	
Service cost	169,131
Interest on total OPEB liability	148,917
Effect of changes to benefit terms	0
Effect of economic/demographic gains or losses	26,986
Effect of assumptions changes or inputs	(296,146)
Benefit payments	(272,191)
Balance as of June 30, 2025	\$ 3,822,347

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

1% Decrease	Current Discount Rate	1% Increase
\$ 4,080,403	\$ 3,822,347	\$ 3,586,177

The following presents the net OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rate	1% Increase
\$ 3,547,827	\$ 3,822,347	\$ 4,139,825

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized OPEB expense of \$11,721 for the Grants Pass Retiree Health Insurance Plan. The reported deferred outflows of resources related to OPEB of \$459,891 resulting from City contributions subsequent to the measurement date of June 30, 2025, will be recognized as an increase of the total OPEB liability in the year ending June 30, 2026. At June 30, 2025 the City reported deferred outflows of resources and deferred inflows of resources related specifically to the Grants Pass Retiree Health Insurance Plan OPEB from the following sources:

Fiscal Year Ending June 30, 2025	Deferred (Inflows) of Resources*	Deferred Outflows of Resources*
Differences between expected and actual experience	\$ (650,113)	\$ 23,919
Changes of assumptions or inputs	(713,971)	82,773
Benefit Payments**	0	459,891
Total as of June 30, 2025	\$(1,364,084)	\$ 566,583

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended June 30:	Annual Recognition
2026	\$ (306,327)
2027	(299,487)
2028	(228,725)
2029	(131,512)
2030	(100,958)
Thereafter	(190,383)

** Amount shown is expected benefit payments in the fiscal year. Can be increased with an estimate of administrative expenses paid in the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

The Oregon Public Employees Retirement System Retiree Health Insurance Account (PERS RHIA), a multiemployer plan

Plan organization and plan membership. Oregon PERS administers the Retirement Health Insurance Account (PERS RHIA cost-sharing, multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan (the Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the Plan. Contributions are mandatory for each employer that is a member of PERS and are paid based on a set requirement of a percentage of PERS covered payroll.

PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the PERS Board to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the State Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

RHIA was established by ORS 238.420. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this benefit, a monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

As of June 30, 2025, system wide RHIA plan participants were as follows.

	Not Receiving Benefits	Receiving Benefits
Inactive Members		
General Service	\$ 10,577	\$ 37,076
Fire and Police	556	2,249
	11,133	39,325
Active Members		
General Service	28,276	
Fire and Police	2,967	
	31,243	
Total	\$ 42,376	\$ 39,325

Contributions – The City's required RHIA contributions to the Fund each pay period is calculated as 0.0% of the wages applicable to the PERS Deductions and an additional .04% on the Tier 1 and 2 deductions. Typically, PERS employers contribute an amortized percentage for each pay period, but the December 31, 2021 valuation had the program funded over 100 percent. There were no contributions to the Fund from the City for the year ended June 30, 2025, resulting in zero deferred inflow of resources for contributions subsequent to the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PERS RHIA OPEB

At June 30, 2025, the City reported a net OPEB Asset of \$530,625 for its proportionate share of the net OPEB liability/asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of December 31, 2022. At the June 30, 2024 measurement date, the City's proportion was 0.13137267 percent.

For the year ended June 30, 2025, the City recognized OPEB income of \$79,635. At June 30, 2025 the City reported deferred outflows of resources and deferred inflows of resources related to PERS RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,378
Changes of assumptions	-	6,712
Net difference between projected and actual earnings on investments	14,982	-
Changes in proportionate share	-	35,225
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total (prior to post-MD contributions)	14,982	52,315
Contributions made after the measurement date	-	-
Total	14,982	\$ 52,315
Net deferred outflow/(inflow)		\$ (37,333)

There were no deferred inflows of resources representing the City's contributions to the Fund made subsequent to the measurement date and will be recognized as no change of net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources and deferred inflows of resources will be recognized in OPEB income as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1 st Fiscal Year	\$ (62,272)
2 nd Fiscal Year	15,104
3 rd Fiscal Year	6,105
4 th Fiscal Year	1,730
5 th Fiscal Year	0
Thereafter	0
Total	\$ (37,333)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation date	December 31, 2022
Actuarial cost method	Entry age normal
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Inflation	2.40%
Projected payroll increases	3.40%
Investment rate of return	6.90%
Health care cost trend rate	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Table 31 on page 88 shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown on page 88. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at <http://www.oregon.gov/pers>.

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 6.90% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

1% Decrease	Current Discount	1% Increase
5.90%	6.90%	7.90%
(\$491,198)	(\$530,625)	(\$564,573)

Summary of all OPEB Balances

	June 30, 2025 Amounts
OPEB Balances:	
Total OPEB liability (Asset) from retiree health insurance	\$ 3,822,347
Net OPEB liability (Asset) from PERS RHIA	(530,625)
Deferred outflows of resources, OPEB Retiree Insurance	566,583
Deferred outflows of resources, OPEB PERS RHIA	14,982
Total deferred outflows of resources, OPEB	581,565
Deferred inflows of resources, OPEB Retiree Insurance	1,364,084
Deferred inflows of resources, OPEB PERS RHIA	52,315
Total deferred inflows of resources, OPEB	\$ 1,416,399
Expense, OPEB Retiree Insurance	11,721
Expense, OPEB PERS RHIA	(79,635)
Total expense, OPEB	\$ (67,914)

*There are no assets accumulated in a GASB compliant trust for the OPEB plan.

NOTES TO THE FINANCIAL STATEMENTS

12. FUND BALANCE DEFICITS

The Bancroft Bond Fund has a deficit GAAP fund balance of \$445,646. 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 \$1,071,350. This is due to the recording of net pension and OPEB liabilities which do not have a budgetary impact. The increase in revenues from charges for services outpaced the change in their Pension and OPEB liabilities evened out this year slightly decreasing the deficit from last year.

13. LANDFILL/CLOSURE AND POSTCLOSURE CARE COSTS

The Merlin Landfill is a municipal solid waste landfill regulated by Federal regulations, 40 CFR 258, Subpart F and the State of Oregon statutes contained in ORS 340-094. The Landfill is maintained under the specific terms of an Oregon Solid Waste Disposal Site Closure Permit No. 159, with an expiration date of June 30, 2027. 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 value of the liability for the post closure care costs as of December 31, 2024 was \$1,328,163. Historically this amount does not change greatly from year to year. This is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. Post-Closure Care Costs are covered by a policy with Chartis Specialty Insurance Company. As all expenses related to this liability are paid by the Chartis insurance policy, the City does not report it on the face of the financial statements.

14. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and 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.

NOTES TO THE FINANCIAL STATEMENTS

15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction and other significant commitments. The City has active projects as of June 30, 2025. These projects include water, wastewater and land infrastructure. At year-end commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment	Fund
WTP Replacement (WA6207)	13,234,880	128,930,627	Water
Meadow Wood Reservoir Design (WA4971)	7,653,549	188,666	Water
Grants Pass Aquatic Facility (LB6393)	149,810	68,086	Land & Building Projects
Roofing Contractor for City Hall (LB6442)	845,282	125,925	Land & Building Projects
Hieglen Loop Parking Area (LB6370)	161,026	174,274	Land & Building Projects
Dollar Mountain Trail Construction Phase 1 (LB6370)	534,197	225,290	Land & Building Projects
Spalding Industrial Park (SE6200)	206,996	128,125	Sewer
5th Street Stormwater & Sewer Replacement (DO6371)	2,161,201	1,096,022	Stormwater
Safe Routes to School (TR6410)	162,426	88,197	Transportation Projects
Dean Dr & A St Sanitary Sewer Replacement (TR6446)	687,704	3,405	Transportation Projects
		Remaining Commitment	
Fund	Spent-to-Date	Commitment	
Water	\$ 20,888,428	\$ 129,119,293	
Sewer	206,996	128,125	
Land & Building Projects	1,690,315	593,574	
Stormwater	2,161,201	1,096,022	
Transportation Projects	850,131	91,602	
Total	\$ 25,797,071	\$ 131,028,617	

The remaining commitment amounts of \$130,803,327 were encumbered at fiscal year-end. As discussed in the Summary of Significant Accounting Policies note disclosures, under Stewardship, Compliance and Accountability, the encumbrances and related appropriation lapse at the end of the fiscal year but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

Encumbrances. As discussed in the Summary of Significant Accounting Policies note disclosures, under Stewardship, Compliance and Accountability, the City utilizes encumbrances as a method of controlling budgeted appropriations and line-item budget control. At year end, any outstanding encumbrances are canceled. As noted above, construction commitments in capital budgets are re-appropriated and no other significant commitments existed at June 30, 2025

16. COMPENSATED ABSENCES

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

	June 30, 2024	Additions	Deletions	June 30, 2025	Amount Due within one year
Governmental Activities	\$ 2,754,076	\$ 1,972,433	\$ (1,438,850)	\$ 3,287,659	\$ 1,486,000
Business-Type Activities	266,638	281,597	(270,619)	277,616	230,383
Total	\$ 3,020,714	\$ 2,254,030	\$ (1,709,469)	\$ 3,565,275	\$ 1,716,383

NOTES TO THE FINANCIAL STATEMENTS

17. LEASES

The City is a lessor for various properties. For year ending June 30, 2025, the City recognized \$29,191 in lease revenue released from the Deferred Inflows of Resources related to these leases included in miscellaneous revenues on the statement of changes in net position. The City recognized interest revenue of \$17,759 for the year ending June 30, 2025. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the fiscal year.

The future principal and interest lease receipts as of June 30, 2025, were as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 30,482	\$ 16,468	\$ 46,950
2027	31,832	15,118	46,950
2028	27,763	13,757	46,950
2029	23,743	12,701	41,520
2030	29,852	11,542	36,444
2031-2035	170,280	36,690	206,970
2036-2040	69,649	7,465	108,914
2041	9,344	249	19,187
	<u>\$ 392,945</u>	<u>\$ 113,990</u>	<u>\$ 553,885</u>

The City is a lessee for an evidence storage facility. There are no residual value guarantees included in the measurement of the City's lease liability nor recognized as an expense for the year ended June 30, 2025. The City does not have any commitments that were incurred at the commencement of the leases. Leases were renewed on an annual basis and are not reported financially, as well as a lease was cancelled. No termination penalties were incurred during the fiscal year.

The City has the right-to-use assets included in capital assets on the statement of net position:

	June 30, 2024	Additions	Deletions	June 30, 2025
GOVERNMENTAL ACTIVITIES				
Right-to-use assets				
Building	\$ 70,990	\$ -	\$ (70,990)	\$ -
Less accumulated amortization				
Building	(15,776)	(23,664)	39,440	-
Net right-to-use assets	<u>\$ 55,214</u>	<u>\$ (23,664)</u>	<u>\$ (31,550)</u>	<u>\$ -</u>

The City recognized \$23,664 in amortization expense included in Public Safety on the statement of activities. There were no Business-type activities for amortization expense.

The are no longer future principal and interest lease payments as of June 30, 2025.

The City evaluated the right-to-use assets for impairment and determined there was no impairment for the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS

The City is a lessee for subscription-based information technology arrangements, or software. There are no residual value guarantees included in the measurement of the City's lease liability nor recognized as an expense for the year ended June 30, 2025. The City does not have any commitments that were incurred at the commencement of the leases. The City is subject to variable equipment usage payments that are expensed when incurred. \$147,994 was recognized as variable lease payments as lease expense on the statement of activities. No termination penalties were incurred during the fiscal year.

The City has software right-to-use assets included in capital assets on the statement of net position:

	June 30, 2024	Additions	Deletions	June 30, 2025
GOVERNMENTAL ACTIVITIES				
Right-to-use assets				
SBITA	\$ 1,388,162	\$ -	\$ -	\$ 1,388,162
Less accumulated amortization				
SBITA	(312,589)	(312,589)	-	(625,178)
Net right-to-use assets	<u>\$ 1,075,573</u>	<u>\$ (312,589)</u>	<u>\$ -</u>	<u>\$ 762,984</u>

The City recognized \$312,589 in amortization expense included primarily in Public Safety in the statement of activities. There were no Business-type activities for amortization expense.

The future principal and interest SBITA payments as of June 30, 2025, were as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 301,984	\$ 34,363	\$ 336,347
2027	216,558	22,013	238,571
2028	321,644	13,155	334,799
	<u>\$ 840,186</u>	<u>\$ 69,531</u>	<u>\$ 909,717</u>

The City evaluated the SBITA right-to-use assets for impairment and determined there was no impairment for the year ended June 30, 2025.

18. FUND BALANCE FINANCIAL POLICY

The City's financial policy on fund balances was last reviewed and adopted by the City Council in November of 2011. This policy was amended by City Council in April of 2024. These amendments align with the following year's financial statements. This policy is largely an internal governance structure and not driven by external regulations. This section of the financial policies states the following:

Fund Balances

The City will maintain adequate fund balances to meet seasonal cash flow, support a good credit rating, to have resources to meet emergency or unanticipated expenses, and to have sufficient resources to begin the next fiscal year. The budget shall provide for an appropriate beginning/ending fund balance.

An adequate fund balance should be sufficient to provide for any anticipated cyclical variations in revenues and expenditures, and to provide working capital for ongoing operations for a period of at least 120 days. In the General fund, because of the cyclical nature of property taxes, the majority of which are not received until November, the targeted beginning balance should be between 25% to 35% of the budget's annual expenditures.

NOTES TO THE FINANCIAL STATEMENTS

The fund balance shall be exclusive of all reserves not anticipated to be readily available for use in emergencies and contingencies. The following fund balance guidelines shall be used for specific City operational funds:

Fund Name	Ending Fund Balance Target Range
General Fund	25% to 35% of expenditures
Utility Funds (operating funds only)	25% to 35% of expenditures
Administrative Services Fund	15% to 25% of expenditures
Information Technology Fund	15% to 25% of expenditures
Garage Operations Fund	25% to 35% of expenditures
Engineering Services Fund	25% to 35% of expenditures
Property Management Fund	10% to 20% of expenditures

Generally, the fund balance levels are dictated by:

1. Cash flow requirements to support operating expenses.
2. Relative rate stability from year to year for enterprise funds.
3. Susceptibility to emergency or unanticipated expenditure.
4. Credit worthiness and capacity to support debt service requirements.
5. Legal or regulatory requirements affecting revenues, disbursements, and fund balances; and
6. Reliability of outside revenues.

Should the fund balance fall below an appropriate level (i.e. 25% of requirement in the General fund) a plan for expenditure reductions and/or revenue increases shall be submitted to the City Council via the City Manager. In the event the fund balance is above an appropriate target (i.e. 35% in the General fund) the difference may be used to fund the following activities: Following the budget process the balance can be used for one-time capital expenditures that do not increase ongoing City costs; one-time debt defeasance, and/or other one-time costs. For Utility operating funds, generally the entire fund balance will be considered a contingency balance and a fund balance in excess of 35% of annual expenditures would lead to future budget provisions of additional transfers to the Utility's capital project fund. If, at the end of a fiscal year, the fund balance falls below the targeted level, then the City shall attempt to rebuild the balance within a period of three fiscal years.

The City's projected ending fund balance should include any known un-utilized contingency along with any un-appropriated ending fund balance and the balance available in excess of operational costs for the year.

NOTES TO THE FINANCIAL STATEMENTS

Fund balances compared to the fund balance financial policy as of June 30, 2025:

	FY'25 Ending Fund Balance	FY'26 Expense Budget	Fund Balance as a % of FY'26 Exp Budget	Policy or Target %
General Fund Balance	\$ 15,861,006	\$ 42,605,088	37.2%	25% to 35%
Utility Funds (Utility's Operating Fund Balance Only):				
Transportation	1,353,953	2,032,030	66.6%	25% to 35%
Utilities/Water	2,340,288	7,070,322	33.1%	25% to 35%
Utilities/Wastewater	2,605,590	6,736,411	38.7%	25% to 35%
Utilities/Stormwater	1,160,710	1,856,773	62.5%	25% to 35%
Internal Service Funds:				
Administrative Services Fund	1,336,681	6,555,990	20.4%	15% to 25%
Engineering Fund (component of Support Services Fund)	746,038	1,796,883	41.5%	25% to 35%
Facilities Management Fund (component of Support Services Fund)	511,174	1,352,218	37.8%	10% to 20%
Information Technology Fund (component of Support Services Fund)	425,801	1,752,700	24.3%	15% to 25%
Garage Operations Fund (component of Fleet Fund)	520,329	1,874,683	27.8%	25% to 35%

19. TAX ABATEMENTS

Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government's tax revenues.

Three combined features help set apart tax abatements from other tax expenditures or tax reductions (such as tax exemptions and tax deductions):

1. Purpose – Economic Development, Historical Preservation, Environmental Incentives, Brownfield Cleanup, and Housing Construction.
2. Revenues Reduced – Tax revenues, nonexchange transactions, not including other streams of revenue (such as charges/fees for service).
3. Existence of an Agreement – Identifiable agreement between a government and specific individual or entity which has at least the two components of a promise by the government to reduce taxes and a promise from individual/entity to subsequently perform a certain beneficial action.

During FY'25 the City of Grants Pass was affected by tax abatements from an Enterprise Zone. Enterprise Zones are authorized by Oregon Revised Statutes 285C.170 and 285C.75 for the purpose of creating a focal point for local development efforts. Under the Statutes, localities may grant total property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

In exchange for locating or expanding into any enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment. Subject to local authorization, timely filings and criteria the benefits include:

- Construction-in-Process Enterprise Zone Exemption—For up to two years before qualified property is placed in service, it can be exempt from local taxes, which can cover more property than the regular exemption for commercial facilities under construction.
- Three to five consecutive years of full relief from property taxes on qualified property, after it is in service.

NOTES TO THE FINANCIAL STATEMENTS

In order for a project to qualify for an enterprise zone property tax reduction for the basic three-year exemption period, the business needs to meet certain measures of increasing full-time, permanent employment, maintain a certain employment level during the exemption period, and meet certain other requirements. To receive an extended tax abatement for a total of four of five exemption years, additional criteria needs to be met such as compensation (including benefits) being at or above a certain level of the county average wage.

For the fiscal year ended June 30, 2025, the City abated property taxes were estimated to be \$6,400 under this program. Other than Enterprise Zones, there were no other tax abatements during the fiscal year.

<u>2024-25 TAX YEAR</u>				
District Name: City of Grants Pass		District's consolidated tax rate: 5.9235		
Abatement Program	Exemption Statute	Estimated RMV Exempted	Estimated AV Exempted	Estimated Tax Abated*
Enterprise Zone	285C.170, 285C.175	\$ 552,000	\$ 1,076,633	\$ 6,400
<i>*Does not include compression</i>				

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

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	GENERAL FUND			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes	\$ 27,678,400	\$ 27,678,400	\$ 27,824,861	\$ 146,461
Licenses and Permits	24,200	24,200	27,232	3,032
Intergovernmental	3,218,433	3,218,433	2,748,828	(469,605)
Charges for Services	3,868,400	3,868,400	4,066,353	197,953
Fines and Forfeitures	200,000	200,000	175,281	(24,719)
Interest on Investments	600,000	600,000	950,603	350,603
Miscellaneous	270,600	270,600	321,051	50,451
Total Revenues	<u>35,860,033</u>	<u>35,860,033</u>	<u>36,114,209</u>	<u>254,176</u>
EXPENDITURES				
Resting Sites	-	375,000	350,807	24,193
Fire Rescue	9,865,311	9,865,311	9,529,344	335,967
Police	17,485,506	17,485,506	15,968,149	1,517,357
Support	5,342,604	5,342,604	4,705,418	637,186
Crisis Support	48,800	48,800	48,800	-
Sobering Center	130,000	130,000	130,000	-
Park Maintenance	3,214,160	3,214,160	3,105,347	108,813
Recreation	203,067	203,067	191,745	11,322
Aquatics	95,073	95,073	77,031	18,042
Planning	1,534,133	1,534,133	1,236,905	297,228
Economic Development	365,226	365,226	352,125	13,101
Downtown Development	637,692	637,692	529,019	108,673
General Program Operations	76,839	79,839	21,651	58,188
Debt Service	512,400	512,400	512,069	331
Contingency	12,136,122	11,756,722	-	11,756,722
Total Expenditures	<u>51,646,933</u>	<u>51,645,533</u>	<u>36,758,410</u>	<u>14,887,123</u>
Excess of Revenues Over (Under) Expenditures	<u>(15,786,900)</u>	<u>(15,785,500)</u>	<u>(644,201)</u>	<u>15,141,299</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,347,900	1,347,900	6,269,723	4,921,823
Transfers Out	(428,000)	(429,400)	(5,336,400)	(4,907,000)
Total other financing uses	<u>919,900</u>	<u>918,500</u>	<u>933,323</u>	<u>14,823</u>
Net Change in Fund Balance	<u>(14,867,000)</u>	<u>(14,867,000)</u>	<u>289,122</u>	<u>15,156,122</u>
Beginning Fund Balance	<u>14,867,000</u>	<u>14,867,000</u>	<u>15,571,884</u>	<u>704,884</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,861,006</u>	<u>\$ 15,861,006</u>

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

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

Measurement Date of June 30:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability (asset)	0.20798439%	0.18060076%	0.17051725%	0.16720551%	0.17614029%	0.16824702%	0.17453113%	0.17463111%	0.16649174%	0.15371009%
City's proportionate share of the net pension liability (asset)	\$ 11,941,343	\$ 27,112,367	\$ 22,985,790	\$ 25,329,432	\$ 30,468,052	\$ 36,717,287	\$ 20,885,233	\$ 26,739,527	\$ 31,185,045	\$ 34,165,515
City's covered payroll	\$ 13,806,561	\$ 13,225,468	\$ 14,049,643	\$ 14,488,155	\$ 15,253,411	\$ 15,995,231	\$ 16,690,445	\$ 16,476,227	\$ 17,928,295	\$ 18,741,461
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	86.49%	205.00%	163.60%	174.83%	199.75%	229.55%	125.13%	162.29%	173.94%	182.30%
Plan fiduciary net position as a percentage of the total pension liability	91.88%	80.53%	83.12%	82.07%	80.20%	75.80%	87.60%	84.50%	81.70%	79.30%

**SCHEDULE OF CITY CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

For the last ten fiscal years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 2,063,733	\$ 2,348,590	\$ 2,794,147	\$ 2,969,549	\$ 3,669,176	\$ 3,928,604	\$ 4,041,780	\$ 4,867,794	\$ 4,620,503	\$ 4,862,722
Contributions in relation to the contractually required contribution	<u>\$ (2,063,733)</u>	<u>\$ (2,348,590)</u>	<u>\$ (2,794,147)</u>	<u>\$ (2,969,549)</u>	<u>\$ (3,669,176)</u>	<u>\$ (3,928,604)</u>	<u>\$ (4,041,780)</u>	<u>\$ (4,867,794)</u>	<u>\$ (4,620,503)</u>	<u>\$ (4,862,722)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered payroll	\$ 13,225,468	\$ 14,049,643	\$ 14,488,155	\$ 15,253,411	\$ 15,995,231	\$ 16,690,445	\$ 16,476,227	\$ 17,928,295	\$ 18,741,461	\$ 19,922,194
Contributions as a percentage of covered payroll	15.60%	16.72%	19.29%	19.47%	22.94%	23.54%	24.53%	27.15%	24.65%	24.41%

PERS issues a publicly available financial report that can be <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation - 2.40%, Payroll Growth - 3.4%, Investment rate of return - 6.9%. The assumptions for Healthy retirees and beneficiaries are based on the Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category and adjustments and set-backs as described in the valuation. The assumptions for Active members are based on Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. The assumptions for Disabled retirees are based on Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. These methods and assumptions are based on the 2022 Experience Study, which reviewed experience for the four-year period ended on December 31, 2022.

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

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)

Oregon Public Employees Retirement System, Retirement Health Insurance Account (RHIA) Measurement Date for the last ten fiscal years										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net OPEB liability (asset)	n/a	0%	0.13977634%	0.17733538%	0.14122790%	0.08433756%	0.14820054%	0.10872658%	0.11339656%	0.13137267%
City's proportionate share of the net OPEB liability (asset)	n/a	\$ 37,581	\$ (58,334)	\$ (197,954)	\$ (272,903)	\$ (171,846)	\$ (508,921)	\$ (386,344)	\$ (415,219)	\$ (530,625)
City's covered payroll	n/a	\$ 13,225,468	\$ 14,049,643	\$ 14,488,155	\$ 15,253,411	\$ 15,995,231	\$ 16,690,445	\$ 16,476,227	\$ 17,928,295	\$ 18,741,461
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	n/a	0.28%	-0.42%	-1.37%	-1.79%	-1.07%	-3.05%	-2.34%	-2.32%	-2.83%
Plan fiduciary net position as a percentage of the total OPEB liability	n/a	94.20%	108.90%	124.00%	144.40%	150.10%	183.90%	194.60%	201.60%	220.60%

SCHEDULE OF CITY CONTRIBUTIONS

For the last ten fiscal years										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 61,704	\$ 69,588	\$ 66,314	\$ 84,944	\$ 50,217	\$ 3,965	\$ 2,680	\$ 2,235	\$ 114	\$ -
Contributions in relation to the contractually required contribution	\$ (61,704)	\$ (69,588)	\$ (66,314)	\$ (84,944)	\$ (50,217)	\$ (3,965)	\$ (2,680)	\$ (2,235)	\$ (114)	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 13,225,468	\$ 14,049,643	\$ 14,488,155	\$ 15,253,411	\$ 15,995,231	\$ 16,690,445	\$ 16,476,227	\$ 17,928,295	\$ 18,741,461	\$ 19,922,194
Contributions as a percentage of covered payroll	n/a	0%	0.46%	0.56%	0.31%	0.02%	0.02%	0.01%	0.00%	0.00%

Actuarial assumptions. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation - 2.40%, Payroll Growth - 3.4%, Investment rate of return - 6.9%. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2025 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Table 31 on page 88 shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown on page 88. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at <http://www.oregon.gov/pers>. Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 6.90% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. See the Notes to the Financial Statements for other key assumptions and changes.

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

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

CITY OF GRANTS PASS RETIREE HEALTH INSURANCE PLAN, A SINGLE EMPLOYER PLAN *										
For the last ten fiscal years										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City's total OPEB Liability, beginning of the year (retiree health insurance) *	n/a	n/a	\$ 6,060,034	\$ 5,804,436	\$ 4,596,941	\$ 4,848,984	\$ 4,622,077	\$ 4,645,867	\$ 4,056,172	\$ 4,045,650
Changes for the year:										
Service cost	n/a	n/a	289,330	268,826	210,655	236,706	247,490	255,006	166,282	169,131
Interest on total OPEB liability	n/a	n/a	175,508	212,350	160,866	173,947	103,839	102,255	144,397	148,917
Economic/Demographic gains or losses	n/a	n/a	-	(280,949)	-	(267,983)	-	(648,597)	-	26,596
Changes in assumptions	n/a	n/a	(335,370)	(1,122,720)	130,129	(116,019)	16,283	35,089	(31,780)	(296,146)
Expected benefit payment	n/a	n/a	(385,066)	(285,902)	(269,627)	(233,558)	(343,822)	(335,448)	(289,421)	(272,191)
Balance as of end of fiscal year	n/a	n/a	\$ 5,804,436	\$ 4,596,941	\$ 4,848,984	\$ 4,622,077	\$ 4,645,867	\$ 4,056,172	\$ 4,045,650	\$ 3,822,347
City's covered employee payroll	\$ 13,225,468	\$ 14,049,643	\$ 14,488,155	\$ 15,253,411	\$ 15,995,231	\$ 16,690,445	\$ 16,476,227	\$ 17,928,295	\$ 18,741,461	\$ 19,922,194
Total OPEB liability as a percentage of covered-employee payroll	n/a	n/a	40%	30.14%	30.32%	27.69%	28.20%	22.62%	21.59%	19.19%

**SCHEDULE OF CITY CONTRIBUTIONS
CITY OF GRANTS PASS RETIREE HEALTH INSURANCE PLAN**

For the last ten fiscal years										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 13,225,468	\$ 14,049,643	\$ 14,488,155	\$ 15,253,411	\$ 15,995,231	\$ 16,690,445	\$ 16,476,227	\$ 17,928,295	\$ 18,741,461	\$ 19,922,194
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* The Grants Pass Retiree Health Insurance Plan was discontinued for employees hired after December 31, 2006, therefore the City has not established a trust for this purpose and has not funded any portion of the calculated plan liabilities with cash or plan investments. Therefore, there are no contractually required contributions and the city recognizes benefit payments when due and payable according to the benefit terms.

Actuarial assumptions. The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation - 2.40%, Payroll Growth - 3.4%, Discount Rate - 3.93%. The medical trend assumptions used in this valuation are based on long-term healthcare trend rates generated by the Society of Actuaries' Getzen Trend Model. Inputs to the model are consistent with other assumptions used in the valuation. The medical trend assumption includes the impact of the Further Consolidated Appropriations Act, 2020, which became law on December 20, 2019. This law repeals the Cadillac Tax completely and removes the Health Insurer Fee permanently beginning in 2021. Dental costs are assumed to increase 4.00% in each future year. Mortality rates were based on the Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2023. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers. The discount rate in effect for the June 30, 2024 reporting date is 3.93%. See the Notes to the Financial Statements for other key assumptions and changes.

**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.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2025. However, for the year ended June 30, 2025, expenditures (on a budgetary basis) exceeded appropriations authorized by the City Council as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Over Expenditure</u>
Land and Building Projects Fund			
Transfers Out	\$ 535,628	\$ 5,361,565	\$ (4,825,937)
General Fund			
Transfers Out	\$ 429,400	\$ 5,336,400	\$ (4,907,000)

**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
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	<u>TRANSPORTATION PROJECTS FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Intergovernmental	\$ 123,380	\$ 123,380	\$ 916,402	\$ 793,022
Charges for Services	205,000	205,000	248,237	43,237
Interest on Investments	27,000	27,000	772,156	745,156
Trust Receipts	5,000	5,000	48,558	43,558
Total Revenues	<u>360,380</u>	<u>360,380</u>	<u>1,985,353</u>	<u>1,624,973</u>
EXPENDITURES				
Transportation Capital Construction	<u>16,148,796</u>	<u>16,098,796</u>	<u>2,146,719</u>	<u>13,952,077</u>
Total Expenditures	<u>16,148,796</u>	<u>16,098,796</u>	<u>2,146,719</u>	<u>13,952,077</u>
Excess of Revenues Over (Under) Expenditures	<u>(15,788,416)</u>	<u>(15,738,416)</u>	<u>(161,366)</u>	<u>15,577,050</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,175,000	3,175,000	2,994,772	(180,228)
Transfers Out	<u>(250,000)</u>	<u>(300,000)</u>	<u>(294,690)</u>	<u>5,310</u>
Total Other Financing Sources (Uses)	<u>2,925,000</u>	<u>2,875,000</u>	<u>2,700,082</u>	<u>(174,918)</u>
Net Change in Fund Balance	(12,863,416)	(12,863,416)	2,538,716	15,402,132
Beginning Fund Balance	12,863,416	12,863,416	14,202,571	1,339,155
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,741,287</u>	<u>\$ 16,741,287</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	<u>LAND AND BUILDING PROJECTS FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Taxes	\$ 143,000	\$ 143,000	\$ 263,221	\$ 120,221
Intergovernmental	525,000	525,000	5,876,956	5,351,956
Charges for Services	106,000	106,000	191,382	85,382
Interest on Investments	107,234	107,234	671,603	564,369
Miscellaneous	53,000	53,000	103,361	50,361
Total Revenues	<u>934,234</u>	<u>934,234</u>	<u>7,106,523</u>	<u>6,172,289</u>
EXPENDITURES				
Lands & Buildings Capital Construction	<u>20,898,515</u>	<u>20,880,813</u>	<u>5,816,649</u>	<u>15,064,164</u>
Total Expenditures	<u>20,898,515</u>	<u>20,880,813</u>	<u>5,816,649</u>	<u>15,064,164</u>
Excess of Revenues Over (Under) Expenditures	<u>(19,964,281)</u>	<u>(19,946,579)</u>	<u>1,289,874</u>	<u>21,236,453</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	557,895	557,895	523,996	(33,899)
Transfers In	7,100,700	7,196,100	7,694,878	498,778
Special Payment	(335,596)	(430,997)	(430,997)	-
Transfers Out	<u>(517,927)</u>	<u>(535,628)</u>	<u>(5,361,565)</u>	<u>(4,825,937)</u>
Total Other Financing Sources (Uses)	<u>6,805,072</u>	<u>6,787,370</u>	<u>2,426,312</u>	<u>(4,361,058)</u>
Net Change in Fund Balance	(13,159,209)	(13,159,209)	3,716,186	16,875,395
Beginning Fund Balance	13,159,209	13,159,209	7,719,739	(5,439,470)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,435,925</u>	<u>\$ 11,435,925</u>

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**
**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2025**

	SPECIAL REVENUE FUNDS					DEBT SERVICE			BLENDING COMPONENT	TOTAL NONMAJOR FUNDS
	BUILDING	LODGING TAX	TRANSPORTATION	COMMUNITY DEVELOPMENT BLOCK GRANT	HOUSING & ECONOMIC DEVELOPMENT	SOLID WASTE	GENERAL OBLIGATION BOND	BANCROFT BOND	URBAN RENEWAL AGENCY	
ASSETS										
Cash and Investments	\$ -	\$ -	\$ 976,602	\$ -	\$ -	\$ 1,479,133	\$ -	\$ 5,840	\$ 6,681,963	\$ 9,143,538
Prepaid Items	-	-	-	-	-	41,154	-	-	-	41,154
Receivables	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	3,140	-	161,224	-	-	178,191	-	-	-	342,555
Assessment Liens	-	-	-	-	-	-	-	57,580	-	57,580
Grants	-	-	-	48,977	-	-	-	-	-	48,977
Interest Receivable	-	-	-	-	-	-	-	4,514	-	4,514
Intergovernmental	-	-	286,520	-	-	-	-	-	-	286,520
Leases	-	-	-	-	-	256,685	-	-	-	256,685
Taxes	-	-	-	-	-	-	1,065	-	161,199	162,264
Due from Other Funds	-	-	-	-	-	456,000	-	-	-	456,000
Restricted Assets	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	2,308,530	276,147	-	-	466,877	-	-	-	-	3,051,554
Total Assets	\$ 2,311,670	\$ 276,147	\$ 1,424,346	\$ 48,977	\$ 466,877	\$ 2,411,163	\$ 1,065	\$ 67,934	\$ 6,843,162	\$ 13,851,341
LIABILITIES										
Accounts Payable	\$ 44,152	\$ 16,020	\$ 57,392	\$ 16,926	\$ -	\$ 55,971	\$ -	\$ -	\$ 68,776	\$ 259,237
Salaries, Withholdings and Taxes Payable	20,371	1,901	13,001	-	-	189	-	-	-	35,462
Due To Other Funds	-	-	-	19,917	-	-	-	456,000	-	175,917
Total Liabilities	64,523	17,921	70,393	36,843	-	56,160	-	456,000	68,776	770,616
DEFERRED INFLOW OF RESOURCES										
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	992	-	128,591	129,583
Unavailable Revenue - Accounts Receivable	-	-	-	12,134	-	83,173	-	-	-	95,307
Unavailable Revenue - Leases	-	-	-	-	-	226,049	-	-	-	226,049
Unavailable Revenue - Loans	-	-	-	-	-	-	-	57,580	-	57,580
Total Deferred Inflow of Resources	-	-	-	12,134	-	309,222	992	57,580	128,591	508,519
FUND BALANCES										
Nonspendable	-	-	-	-	-	41,154	-	-	-	41,154
Restricted for:										
Building	2,247,147	-	-	-	-	-	-	-	-	2,247,147
CDBG/HUD	-	-	-	-	466,877	-	-	-	-	466,877
Debt Service	-	-	-	-	-	-	73	-	-	73
Tourism/Recreation/TRT Approved	-	258,226	-	-	-	-	-	-	-	258,226
Urban Renewal	-	-	-	-	-	-	-	-	6,645,795	6,645,795
Committed to:										
Capital Projects	-	-	-	-	-	1,318,016	-	-	-	1,318,016
Debt Service	-	-	-	-	-	-	-	50,921	-	50,921
Solid Waste	-	-	-	-	-	686,611	-	-	-	686,611
Transportation	-	-	1,353,953	-	-	-	-	-	-	1,353,953
Unassigned	-	-	-	-	-	-	-	(496,567)	-	(496,567)
Total Fund Balances	2,247,147	258,226	1,353,953	-	466,877	2,045,781	73	(445,646)	6,645,795	12,572,206
Total liabilities, deferred inflow of resources, and fund balances	\$ 2,311,670	\$ 276,147	\$ 1,424,346	\$ 48,977	\$ 466,877	\$ 2,411,163	\$ 1,065	\$ 67,934	\$ 6,843,162	\$ 13,851,341

**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, 2025**

	SPECIAL REVENUE FUNDS					DEBT SERVICE			BLENDING COMPONENT	TOTAL NONMAJOR FUNDS
	BUILDING	LODGING TAX	TRANSPORTATION UTILITY	COMMUNITY DEVELOPMENT BLOCK GRANT	HOUSING & ECONOMIC DEVELOPMENT	SOLID WASTE	GENERAL OBLIGATION BOND	BANCROFT BOND	URBAN RENEWAL AGENCY	
REVENUES										
Taxes	\$ -	\$ 2,582,825	\$ -	\$ -	\$ -	\$ -	\$ 345	\$ -	\$ 2,523,714	\$ 5,106,884
Licenses and Permits	429,260	-	14,080	-	-	-	-	-	-	443,340
Intergovernmental	-	-	3,229,137	358,952	-	18,500	-	-	-	3,606,589
Charges for Services	251,739	-	1,347,642	-	-	497,827	-	-	-	2,097,208
Special Assessments	-	-	-	-	-	-	-	10,692	-	10,692
Interest on Investments	116,035	23,353	60,420	-	25,698	78,352	7	470	342,911	647,246
Miscellaneous	19,881	-	21,367	-	-	186,651	-	-	-	227,899
Total Revenues	816,915	2,606,178	4,672,646	358,952	25,698	781,330	352	11,162	2,866,625	12,139,858
EXPENDITURES										
Development	-	1,038,997	-	358,952	1,000	-	-	-	248,984	1,647,933
Building	825,568	-	-	-	-	-	-	-	-	825,568
Transportation	-	-	1,768,204	-	-	-	-	-	-	1,768,204
Solid Waste	-	-	-	-	-	712,329	-	-	-	712,329
Capital Outlay	-	-	-	-	-	76,059	-	-	-	76,059
Total Expenditures	825,568	1,038,997	1,768,204	358,952	1,000	788,388	-	-	248,984	5,030,093
Excess of Revenues Over, (Under) Expenditures	(8,653)	1,567,181	2,904,442	-	24,698	(7,058)	352	11,162	2,617,641	7,109,765
OTHER FINANCING SOURCES (USES)										
Transfers In	-	1,254,772	-	-	-	5,000	-	-	430,997	1,690,769
Transfers Out	-	(2,564,991)	(2,894,772)	-	(95,400)	(29,000)	(343)	-	(2,721,290)	(8,305,796)
Total Other Financing Sources (Uses)	-	(1,310,219)	(2,894,772)	-	(95,400)	(24,000)	(343)	-	(2,290,293)	(6,615,027)
Net Change in Fund Balance	(8,653)	256,962	9,670	(70,702)	(31,058)	9	11,162	327,348	494,738	494,738
Beginning Fund Balance	2,255,800	1,264	1,344,283	-	537,579	2,076,839	64	(456,808)	6,318,447	12,077,468
Ending Fund Balance	\$ 2,247,147	\$ 258,226	\$ 1,353,953	\$ -	\$ 466,877	\$ 2,045,781	\$ 73	\$ (445,646)	\$ 6,645,795	\$ 12,572,206

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	<u>BUILDING FUND</u>			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
NON-MAJOR GOVERNMENTAL FUND				
REVENUES				
Licenses and Permits	\$ 448,000	\$ 448,000	\$ 429,260	\$ (18,740)
Charges for Services	200,000	200,000	251,739	51,739
Interest on Investments	40,000	40,000	116,035	76,035
Miscellaneous	4,000	4,000	19,881	15,881
Total Revenues	<u>692,000</u>	<u>692,000</u>	<u>816,915</u>	<u>124,915</u>
EXPENDITURES				
Building	881,369	881,369	825,568	55,801
Contingency	500,000	500,000	-	500,000
Total Expenditures	<u>1,381,369</u>	<u>1,381,369</u>	<u>825,568</u>	<u>555,801</u>
Excess of Revenues Over (Under) Expenditures	<u>(689,369)</u>	<u>(689,369)</u>	<u>(8,653)</u>	<u>680,716</u>
Net Change in Fund Balance	(689,369)	(689,369)	(8,653)	680,716
Beginning Fund Balance	<u>2,232,600</u>	<u>2,232,600</u>	<u>2,255,800</u>	<u>23,200</u>
Ending Fund Balance	<u>\$ 1,543,231</u>	<u>\$ 1,543,231</u>	<u>\$ 2,247,147</u>	<u>\$ 703,916</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	<u>LODGING TAX FUND</u>			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
NON-MAJOR GOVERNMENTAL FUND				
REVENUES				
Taxes	\$ 2,589,800	\$ 2,589,800	\$ 2,582,825	\$ (6,975)
Interest on Investments	1,000	1,000	23,353	22,353
Total Revenues	<u>2,590,800</u>	<u>2,590,800</u>	<u>2,606,178</u>	<u>15,378</u>
EXPENDITURES				
Lodging Tax	22,100	22,100	22,000	100
Tourism Promotion	1,062,978	1,062,978	1,016,997	45,981
Contingency	204,422	204,422	-	204,422
Total Expenditures	<u>1,289,500</u>	<u>1,289,500</u>	<u>1,038,997</u>	<u>250,503</u>
Excess of Revenues Over (Under) Expenditures	<u>1,301,300</u>	<u>1,301,300</u>	<u>1,567,181</u>	<u>265,881</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,267,400	1,267,400	1,254,772	(12,628)
Transfers Out	<u>(2,568,700)</u>	<u>(2,568,700)</u>	<u>(2,564,991)</u>	<u>3,709</u>
Total Other Financing Sources (Uses)	<u>(1,301,300)</u>	<u>(1,301,300)</u>	<u>(1,310,219)</u>	<u>(8,919)</u>
Net Change in Fund Balance	-	-	256,962	256,962
Beginning Fund Balance	-	-	1,264	1,264
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,226</u>	<u>\$ 258,226</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

<u>TRANSPORTATION FUND</u> NON-MAJOR GOVERNMENTAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Licenses and Permits	\$ 10,000	\$ 10,000	\$ 14,080	\$ 4,080
Intergovernmental	3,200,000	3,200,000	3,229,137	29,137
Charges for Services	1,250,000	1,250,000	1,347,642	97,642
Sale of Assets	-	-	-	-
Miscellaneous	1,500	1,500	21,367	19,867
Total Revenues	<u>4,501,500</u>	<u>4,501,500</u>	<u>4,672,646</u>	<u>171,146</u>
EXPENDITURES				
Street Maintenance	1,024,119	1,024,119	884,338	139,781
Street Lighting	190,000	220,000	211,006	8,994
General Program Operations	768,071	769,471	672,860	96,611
Contingency	540,361	508,961	-	508,961
Total Expenditures	<u>2,522,551</u>	<u>2,522,551</u>	<u>1,768,204</u>	<u>754,347</u>
Excess of Revenues Over (Under) Expenditures	<u>1,978,949</u>	<u>1,978,949</u>	<u>2,904,442</u>	<u>925,493</u>
Transfers In	-	-	-	-
Transfers Out	(2,925,000)	(2,925,000)	(2,894,772)	30,228
Total Other Financing Sources (Uses)	<u>(2,925,000)</u>	<u>(2,925,000)</u>	<u>(2,894,772)</u>	<u>30,228</u>
Net Change in Fund Balance	(946,051)	(946,051)	9,670	955,721
Beginning Fund Balance	<u>946,051</u>	<u>946,051</u>	<u>1,344,283</u>	<u>398,232</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,353,953</u>	<u>\$ 1,353,953</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u> NON-MAJOR GOVERNMENTAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Intergovernmental	\$ 577,000	\$ 577,000	\$ 358,952	\$ (218,048)
Total Revenues	<u>577,000</u>	<u>577,000</u>	<u>358,952</u>	<u>(218,048)</u>
EXPENDITURES				
Materials and Services	577,000	577,000	358,952	218,048
Total Expenditures	<u>577,000</u>	<u>577,000</u>	<u>358,952</u>	<u>218,048</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

<u>HOUSING AND ECONOMIC DEVELOPMENT FUND</u>				
NON-MAJOR GOVERNMENTAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Interest on Investments	\$ 11,000	\$ 11,000	\$ 25,698	\$ 14,698
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>25,698</u>	<u>14,698</u>
EXPENDITURES				
Materials and Services	25,000	25,000	1,000	24,000
Contingency	514,900	419,500	-	419,500
Total Expenditures	<u>539,900</u>	<u>444,500</u>	<u>1,000</u>	<u>443,500</u>
Excess of Revenues Over (Under) Expenditures	<u>(528,900)</u>	<u>(433,500)</u>	<u>24,698</u>	<u>458,198</u>
OTHER FINANCING SOURCES (USES)				
Special Payment	-	(95,400)	(95,400)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(95,400)</u>	<u>(95,400)</u>	<u>-</u>
Net Change in Fund Balance	<u>(528,900)</u>	<u>(433,500)</u>	<u>(70,702)</u>	<u>458,198</u>
Beginning Fund Balance	528,900	528,900	537,579	8,679
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,877</u>	<u>\$ 466,877</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

<u>SOLID WASTE FUND</u>				
NON-MAJOR GOVERNMENTAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Intergovernmental	\$ 13,000	\$ 13,000	\$ 18,500	\$ 5,500
Charges for Services	540,200	600,200	497,827	(102,373)
Interest on Investments	8,000	8,000	78,352	70,352
Miscellaneous	40,000	177,793	166,015	(11,778)
Total Revenues	<u>601,200</u>	<u>798,993</u>	<u>760,694</u>	<u>(38,299)</u>
EXPENDITURES				
Environmental Waste Fees	450,000	587,793	528,489	59,304
Field Operations	44,954	44,954	34,925	10,029
Post Closure Operations	90,000	150,000	144,615	5,385
General Program Operations	4,300	4,300	4,300	-
Solid Waste Capital Construction	921,225	921,225	76,059	845,166
Contingency	652,349	652,349	-	652,349
Total Expenditures	<u>2,162,828</u>	<u>2,360,621</u>	<u>788,388</u>	<u>1,572,233</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,561,628)</u>	<u>(1,561,628)</u>	<u>(27,694)</u>	<u>1,533,934</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	5,000	5,000	5,000	-
Transfers Out	(29,000)	(29,000)	(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	<u>(1,585,628)</u>	<u>(1,585,628)</u>	<u>(51,694)</u>	<u>1,533,934</u>
Beginning Fund Balance	1,585,628	1,585,628	1,610,839	25,211
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,559,145</u>	<u>\$ 1,559,145</u>
Reconciliation to GAAP Fund Balance				
Net lease receivable			256,685	
Net lease deferred inflows			(226,049)	
Interfund Loan			456,000	
GAAP Fund Balance			<u>\$ 2,045,781</u>	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	<u>GENERAL OBLIGATION BOND FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Taxes	\$ 2,300	\$ 2,300	\$ 345	\$ (1,955)
Interest on Investments	-	-	7	7
Total Revenues	<u>2,300</u>	<u>2,300</u>	<u>352</u>	<u>(1,948)</u>
Excess of Revenues Over (Under) Expenditures	<u>2,300</u>	<u>2,300</u>	<u>352</u>	<u>(1,948)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,300)	(2,300)	(343)	1,957
Total Other Financing Sources (Uses)	<u>(2,300)</u>	<u>(2,300)</u>	<u>(343)</u>	<u>1,957</u>
Net Change in Fund Balance	-	-	9	9
Beginning Fund Balance	-	-	64	64
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 73</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	<u>BANCROFT BOND FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Special Assessments	\$ 50,000	\$ 50,000	\$ 10,692	\$ (39,308)
Interest on Investments	-	-	470	470
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>11,162</u>	<u>(38,838)</u>
EXPENDITURES				
Debt Service	53,800	53,800	10,000	43,800
Total Expenditures	<u>53,800</u>	<u>53,800</u>	<u>10,000</u>	<u>43,800</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,800)</u>	<u>(3,800)</u>	<u>1,162</u>	<u>4,962</u>
Net Change in Fund Balance	(3,800)	(3,800)	1,162	4,962
Beginning Fund Balance	3,800	3,800	9,192	5,392
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>10,354</u>	<u>\$ 10,354</u>
Reconciliation to GAAP Fund Balance				
Interfund Loan			(456,000)	
GAAP Fund Balance			<u>\$ (445,646)</u>	

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025

GRANTS PASS URBAN RENEWAL AGENCY NON-MAJOR GOVERNMENTAL BLENDED COMPONENT UNIT				VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes	\$ 2,352,800	\$ 2,352,800	\$ 2,523,714	\$ 170,914
Interest on Investments	90,000	90,000	342,911	252,911
Total Revenues	2,442,800	2,442,800	2,866,625	423,825
EXPENDITURES				
URA General Program Ops	2,484,996	2,484,996	248,984	2,236,012
Total Expenditures	2,484,996	2,484,996	248,984	2,236,012
Excess of Revenues Over (Under) Expenditures	(42,196)	(42,196)	2,617,641	2,659,837
OTHER FINANCING SOURCES (USES)				
Special Payment In	335,596	430,996	430,997	1
Special Payment	(6,444,300)	(6,539,700)	(2,721,290)	3,818,410
Total Other Financing Sources (Uses)	(6,108,704)	(6,108,704)	(2,290,293)	3,818,411
Net Change in Fund Balance	(6,150,900)	(6,150,900)	327,348	6,478,248
Beginning Fund Balance	6,150,900	6,150,900	6,318,447	167,547
Ending Fund Balance	\$ -	\$ -	\$ 6,645,795	\$ 6,645,795

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025

WATER FUND ENTERPRISE FUND				VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for Services	\$ 12,008,000	\$ 12,008,000	\$ 12,317,573	\$ 309,573
System Development Charge Receipts	499,140	499,140	479,899	(19,241)
Interest on Investments	463,500	463,500	1,664,421	1,200,921
Intergovernmental	30,104,000	30,104,000	1,456,982	(28,647,018)
Trust Receipts	2,400	2,400	8,720	6,320
Miscellaneous	41,250	41,250	121,830	80,580
Total Revenues	43,118,290	43,118,290	16,049,425	(27,068,865)
EXPENDITURES				
Water Treatment	2,465,951	2,505,951	2,507,389	(1,438)
Water Distribution	2,103,137	2,103,137	2,080,466	22,671
General Program Operations	1,498,636	1,522,436	1,419,533	102,903
Water Capital Construction	68,842,498	68,792,499	13,147,738	55,644,761
Contingency	1,809,384	1,745,584	-	1,745,584
Total Expenditures	76,719,606	76,669,607	19,155,126	57,514,481
Excess of Revenues Over (Under) Expenditures	(33,601,316)	(33,551,317)	(3,105,701)	30,445,616
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	9,050,000	9,050,000	2,567,639	(6,482,361)
Transfers In	8,500,000	8,500,001	8,499,999	(2)
Special Payment In	438,300	438,300	438,300	-
Transfers Out	(8,250,000)	(8,300,000)	(8,294,690)	5,310
Total other financing uses	9,738,300	9,688,301	3,211,248	(6,477,053)
Net Change in Fund Balance	(23,863,016)	(23,863,016)	105,547	23,968,563
Beginning Fund Balance	23,863,016	23,863,016	29,602,371	5,739,355
Ending Fund Balance	\$ -	\$ -	29,707,918	\$ 29,707,918
Reconciliation to Net Position				
Capital Assets, net			84,306,787	
Net pension Asset (Liability)			(1,808,831)	
Net lease receivable			25,953	
Total OPEB Liability			(453,244)	
Net pension deferred outflows			823,334	
Net OPEB deferred outflows			68,960	
Net pension deferred inflows			(209,555)	
Net lease deferred inflows			(23,855)	
Net OPEB deferred inflows			(167,953)	
Compensated absences			(136,613)	
Net OPEB Asset			62,920	
Unavailable revenue - loans			14,070	
Unavailable revenue - special assessments			4,316	
Loans Payable			(5,125,000)	
Total Net Position			\$ 107,089,207	

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025

	WASTEWATER FUND ENTERPRISE FUND			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for Services	\$ 9,172,150	\$ 9,172,150	\$ 9,228,865	\$ 56,715
System Development Charge Receipts	474,100	474,100	603,798	129,698
Interest on Investments	152,500	152,500	661,147	508,647
Special Assessments	-	-	964	964
Miscellaneous	6,000	6,000	6,674	674
Total Revenues	<u>9,804,750</u>	<u>9,804,750</u>	<u>10,501,448</u>	<u>696,698</u>
EXPENDITURES				
Wastewater Collection	1,105,464	1,157,184	1,089,440	67,744
Wastewater Treatment	3,084,936	3,084,936	2,843,696	241,240
General Program Operations	1,237,256	1,258,756	1,170,914	87,842
Debt service:				
Principal	720,000	720,000	720,000	-
Interest	513,200	513,200	510,880	2,320
Wastewater Capital Construction	12,493,964	12,443,964	1,026,316	11,417,648
Contingency	1,924,462	1,851,242	-	1,851,242
Total Expenditures	<u>21,079,282</u>	<u>21,029,282</u>	<u>7,361,246</u>	<u>13,668,036</u>
Excess of Revenues Over (Under) Expenditures	<u>(11,274,532)</u>	<u>(11,224,532)</u>	<u>3,140,202</u>	<u>14,364,734</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	620	620
Transfers In	2,855,000	2,855,000	2,855,000	-
Transfers Out	(3,750,000)	(3,800,000)	(3,644,690)	155,310
Total other financing uses	<u>(895,000)</u>	<u>(945,000)</u>	<u>(789,070)</u>	<u>155,930</u>
Net Change in Fund Balance	<u>(12,169,532)</u>	<u>(12,169,532)</u>	<u>2,351,132</u>	<u>14,520,664</u>
Beginning Fund Balance	<u>12,169,532</u>	<u>12,169,532</u>	<u>12,565,885</u>	<u>396,353</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>14,917,017</u>	<u>\$ 14,917,017</u>
Reconciliation to Net Position				
Capital Assets, net			57,143,221	
Net pension Asset (Liability)			(1,529,788)	
Total OPEB Liability			(229,181)	
Net pension deferred outflows			696,321	
Net OPEB deferred outflows			34,870	
Net pension deferred inflows			(177,228)	
Net OPEB deferred inflows			(84,925)	
Compensated absences			(103,383)	
Net OPEB Asset			31,815	
Unavailable revenue - special assessments			2,213	
Bonds Payable			(13,349,216)	
Total Net Position			<u>\$ 57,351,736</u>	

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025

	STORMWATER FUND			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for Services	\$ 2,700,000	\$ 2,700,000	\$ 2,905,381	\$ 205,381
System Development Charge Receipts	101,000	101,000	154,982	53,982
Interest on Investments	20,000	20,000	307,934	287,934
Trust Receipts	3,000	3,000	17,547	14,547
Miscellaneous	375,000	375,000	-	(375,000)
Total Revenues	<u>3,199,000</u>	<u>3,199,000</u>	<u>3,385,844</u>	<u>186,844</u>
EXPENDITURES				
Stormwater Maintenance	1,127,470	1,127,470	951,677	175,793
General Program Operations	599,296	605,896	524,756	81,140
Stormwater Capital Construction	6,002,479	5,952,479	2,405,560	3,546,919
Contingency	463,426	456,826	-	456,826
Total Expenditures	<u>8,192,671</u>	<u>8,142,671</u>	<u>3,881,993</u>	<u>4,260,678</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,993,671)</u>	<u>(4,943,671)</u>	<u>(496,149)</u>	<u>4,447,522</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,250,000	2,250,000	2,250,000	-
Transfers Out	(1,350,000)	(1,400,000)	(1,394,690)	5,310
Total other financing uses	<u>900,000</u>	<u>850,000</u>	<u>855,310</u>	<u>5,310</u>
Net Change in Fund Balance	<u>(4,093,671)</u>	<u>(4,093,671)</u>	<u>359,161</u>	<u>4,452,832</u>
Beginning Fund Balance	<u>4,093,671</u>	<u>4,093,671</u>	<u>5,138,053</u>	<u>1,044,382</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,497,214</u>	<u>\$ 5,497,214</u>
Reconciliation to Net Position				
Capital Assets, net			7,854,684	
Net pension Asset (Liability)			(363,944)	
Total OPEB Liability			(79,645)	
Net pension deferred outflows			165,658	
Net OPEB deferred outflows			12,118	
Net pension deferred inflows			(42,163)	
Net OPEB deferred inflows			(29,514)	
Compensated absences			(37,620)	
Net OPEB Asset			11,056	
Unavailable revenue - loans			211	
Unavailable revenue - special assessments			12,537	
Total Net Position			<u>\$ 13,000,592</u>	

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

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2025**

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	INSURANCE SERVICES FUND	ADMINISTRATIVE SERVICES FUND	TOTAL
ASSETS					
Current Assets					
Cash and Investments	\$ 8,421,907	\$ 3,239,569	\$ 1,988,654	\$ 1,362,444	\$ 15,012,574
Accounts Receivable	5,058	27,327	-	29,608	61,993
Prepaid Items	1,631,249	181,410	-	119,740	1,932,399
Total Current Assets	10,058,214	3,448,306	1,988,654	1,511,792	17,006,966
Noncurrent Assets					
Net OPEB Asset	8,881	57,658	-	53,285	119,824
Lease Receivable	-	110,307	-	-	110,307
Capital Assets, net	4,162,090	2,675,067	-	76,665	6,913,822
Total Noncurrent Assets	4,170,971	2,843,032	-	129,950	7,143,953
Total Assets	14,229,185	6,291,338	1,988,654	1,641,742	24,150,919
DEFERRED OUTFLOW OF RESOURCES					
Deferred Outflow - OPEB Items	9,733	63,193	-	58,400	131,326
Deferred Outflow - Pension Items	212,538	1,415,739	-	1,270,634	2,898,911
Total Deferred Outflow of Resources	222,271	1,478,932	-	1,329,034	3,030,237
LIABILITIES					
Current Liabilities					
Accounts Payable	74,811	91,278	35,306	74,427	275,822
Salaries, withholdings and taxes payable	16,119	106,813	-	100,684	223,616
Compensated Absences	25,000	171,000	-	156,000	352,000
OPEB Liability	1,279	8,307	-	7,677	17,263
SBITA Liability	-	93,934	-	-	93,934
Total Current Liabilities	117,209	471,332	35,306	338,788	962,635
Long-Term Liabilities					
Compensated Absences	10,396	166,959	-	70,016	247,371
OPEB Liability	62,693	407,033	-	376,157	845,883
Net Pension Liability	466,937	3,110,320	-	2,791,530	6,368,787
Total Long-Term Liabilities	540,026	3,684,312	-	3,237,703	7,462,041
Total Liabilities	657,235	4,155,644	35,306	3,576,491	8,424,676
DEFERRED INFLOW OF RESOURCES					
Deferred Inflow - OPEB Items	23,705	153,907	-	142,233	319,845
Deferred Inflow - Pension Items	54,095	360,334	-	323,402	737,831
Deferred Inflow - Lease Items	-	103,264	-	-	103,264
Total Deferred Inflow of Resources	77,800	617,505	-	465,635	1,160,940
NET POSITION					
Net invested in capital assets	4,162,090	2,581,133	-	76,665	6,819,888
Restricted Net Position for Net OPEB Asset	8,881	57,658	-	53,285	119,824
Unrestricted	9,545,450	358,330	1,953,348	(1,201,300)	10,655,828
Total Net Position	\$ 13,716,421	\$ 2,997,121	\$ 1,953,348	\$ (1,071,350)	\$ 17,595,540

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2025**

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	INSURANCE SERVICES FUND	ADMINISTRATIVE SERVICES FUND	TOTAL
OPERATING REVENUES					
Charges for Services	\$ 3,353,120	\$ 5,602,763	\$ 1,625,443	\$ 4,839,885	\$ 15,421,211
Miscellaneous	56,647	79,842	39,691	23,522	199,702
Total Revenues	3,409,767	5,682,605	1,665,134	4,863,407	15,620,913
OPERATING EXPENSES					
Salaries, Wages, and Benefits	508,860	3,503,760	3,516	3,001,065	7,017,201
Operating Supplies	458,964	75,103	38,309	55,016	627,392
Repairs and Maintenance	62,523	426,754	-	177,727	667,004
Utilities	2,897	153,876	-	22,059	178,832
Professional Services	84,417	711,251	486,387	995,587	2,277,642
General, Administrative and Engineering	269,539	589,950	1,010,804	415,303	2,285,596
Depreciation and Amortization	633,163	90,533	-	15,273	738,969
Total Operating Expenses	2,020,363	5,551,227	1,539,016	4,682,030	13,792,636
Total Operating Income	1,389,404	131,378	126,118	181,377	1,828,277
NONOPERATING INCOME					
Gain (Loss) on Disposition of Assets	7,271	(25,709)	-	-	(18,438)
Intergovernmental	-	64,887	-	4,732	69,619
Interest Income	398,790	149,956	65,663	192,632	807,041
Total Nonoperating Income	406,061	189,134	65,663	197,364	858,222
Income Before Transfers	1,795,465	320,512	191,781	378,741	2,686,499
TRANSFERS					
Transfers In	-	612,077	-	-	612,077
Transfers Out	-	(75,000)	-	(167,000)	(242,000)
Capital Contributions	-	2,027,990	-	-	2,027,990
Total Transfers	-	2,565,067	-	(167,000)	2,398,067
Change in Net Position	1,795,465	2,885,579	191,781	211,741	5,084,566
Net Position-Beginning	11,920,956	111,542	1,761,567	(1,283,091)	12,510,974
Net Position-Ending	\$ 13,716,421	\$ 2,997,121	\$ 1,953,348	\$ (1,071,350)	\$ 17,595,540

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

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2025**

	FLEET OPERATIONS FUND	SUPPORT SERVICES FUND	INSURANCE SERVICES FUND	ADMINISTRATIVE SERVICES FUND	TOTAL
Cash Flows From Operating Activities:					
Receipts from customers	\$ 3,413,004	\$ 5,655,289	\$ 2,098,399	\$ 4,867,570	\$ 16,034,262
Payments to suppliers and service providers	(997,305)	(2,004,610)	(1,504,790)	(1,667,920)	(6,174,625)
Payments to employees for salaries and benefits	(481,077)	(3,223,892)	(4,478)	(2,907,627)	(6,617,074)
Net cash provided (Used) by operating activities	1,934,622	426,787	589,131	292,023	3,242,563
Cash Flows From Noncapital Financing Activities					
Intergovernmental and Taxes	-	64,887	-	4,732	69,619
Transfers In	-	612,077	-	-	612,077
Transfers Out	-	(75,000)	-	(167,000)	(242,000)
Net cash provided (Used) by noncapital financing activities	-	601,964	-	(162,268)	439,696
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(799,902)	(97,988)	-	-	(897,890)
Proceeds from Disposition of Capital Assets	61,983	-	-	-	61,983
Net cash provided (Used) by capital and related financing activities	(737,919)	(97,988)	-	-	(835,907)
Cash flows from investing activities					
Interest on Investments	398,790	149,956	65,663	192,632	807,041
Net cash provided (Used) by investing activities	398,790	149,956	65,663	192,632	807,041
Net increase (Decrease) in cash and investments	1,595,493	1,080,719	654,794	322,387	3,653,393
Cash and investments, beginning of year	6,826,414	2,158,850	1,333,860	1,040,057	11,359,181
Cash and investments, end of year	\$ 8,421,907	\$ 3,239,569	\$ 1,988,654	\$ 1,362,444	\$ 15,012,574
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	1,389,404	131,378	126,118	181,377	1,828,277
Depreciation and Amortization	633,163	90,533	-	15,273	738,969
(Increase) Decrease in Receivables	3,237	(27,316)	433,265	4,163	413,349
Increase (Decrease) in Payables	(118,965)	(47,676)	30,710	(2,228)	(138,159)
Increase (Decrease) in Payroll Liabilities	27,783	279,868	(962)	93,438	400,127
Net Cash Provided (Used) by Operating Activities	\$ 1,934,622	\$ 426,787	\$ 589,131	\$ 292,023	\$ 3,242,563

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	FLEET OPERATIONS FUND INTERNAL SERVICE FUND			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for Services	\$ 3,039,553	\$ 3,091,273	\$ 3,353,120	\$ 261,847
Interest on Investments	87,000	87,000	398,790	311,790
Miscellaneous	10,000	10,000	56,647	46,647
Total Revenues	3,136,553	3,188,273	3,808,557	620,284
EXPENDITURES				
Garage Operations	1,423,025	1,423,025	1,331,483	91,542
Equipment Replacement	3,450,000	3,501,720	833,135	2,668,585
Contingency	6,641,661	6,641,661	-	6,641,661
Total Expenditures	11,514,686	11,566,406	2,164,618	9,401,788
Excess of Revenues Over (Under) Expenditures	(8,378,133)	(8,378,133)	1,643,939	10,022,072
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	61,983	61,983
Total other financing uses	-	-	61,983	61,983
Net Change in Fund Balance	(8,378,133)	(8,378,133)	1,705,922	10,084,055
Beginning Fund Balance	8,378,133	8,378,133	8,261,362	(116,771)
Ending Fund Balance	\$ -	\$ -	9,967,284	\$ 9,967,284
Reconciliation to Net Position				
Capital Assets, net			4,162,090	
Net pension Asset (Liability)			(466,937)	
Total OPEB Liability			(63,972)	
Net pension deferred outflows			212,538	
Net OPEB deferred outflows			9,733	
Net pension deferred inflows			(54,095)	
Net OPEB deferred inflows			(23,705)	
Compensated absences			(35,396)	
Net OPEB Asset			8,881	
Total Net Position			\$ 13,716,421	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	SUPPORT SERVICES FUND INTERNAL SERVICE FUND			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Licenses and Permits	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Charges for Services	5,491,853	5,491,853	5,602,763	110,910
Intergovernmental	4,000	4,000	64,887	60,887
Interest on Investments	26,000	26,000	149,956	123,956
Miscellaneous	26,000	26,000	79,842	53,842
Total Revenues	<u>5,557,853</u>	<u>5,557,853</u>	<u>5,897,448</u>	<u>339,595</u>
EXPENDITURES				
Community Development Management	769,180	769,180	659,258	109,922
Public Works Administration	1,410,774	1,410,774	1,225,998	184,776
Engineering	1,264,949	1,264,949	1,294,570	(29,621)
Facilities Management	925,894	925,894	863,736	62,158
Facilities Replacement	518,160	718,160	185,381	532,779
Information Technology	1,195,695	1,195,695	1,145,832	49,863
Contingency	1,948,082	1,948,082	-	1,948,082
Total Expenditures	<u>8,032,734</u>	<u>8,232,734</u>	<u>5,374,775</u>	<u>2,857,959</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,474,881)</u>	<u>(2,674,881)</u>	<u>522,673</u>	<u>3,197,554</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	700,000	700,000	-	(700,000)
Transfers In	517,927	717,927	612,077	(105,850)
Transfers Out	(775,000)	(775,000)	(75,000)	700,000
Total Other Financing Sources (Uses)	<u>442,927</u>	<u>642,927</u>	<u>537,077</u>	<u>(105,850)</u>
Net Change in Fund Balance	<u>(2,031,954)</u>	<u>(2,031,954)</u>	<u>1,059,750</u>	<u>3,091,704</u>
Beginning Fund Balance	<u>2,031,954</u>	<u>2,031,954</u>	<u>2,190,465</u>	<u>158,511</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,250,215</u>	<u>\$ 3,250,215</u>
Reconciliation to Net Position				
Capital Assets, net			2,675,067	
Net pension Asset (Liability)			(3,110,320)	
Net lease receivable			110,307	
SBITA Liability			(93,934)	
Total OPEB Liability			(415,340)	
Net pension deferred outflows			1,415,739	
Net OPEB deferred outflows			63,193	
Net pension deferred inflows			(360,334)	
Net lease deferred inflows			(103,264)	
Net OPEB deferred inflows			(153,907)	
Compensated absences			(337,959)	
Net OPEB Asset			57,658	
Total Net Position			<u>\$ 2,997,121</u>	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

	INSURANCE SERVICES FUND INTERNAL SERVICE FUND			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for Services	\$ 1,540,777	\$ 1,540,777	\$ 1,625,443	\$ 84,666
Interest on Investments	15,000	15,000	65,663	50,663
Miscellaneous	7,500	7,500	39,691	32,191
Total Revenues	<u>1,563,277</u>	<u>1,563,277</u>	<u>1,730,797</u>	<u>167,520</u>
EXPENDITURES				
Workers' Compensation Insurance	520,500	520,500	484,646	35,854
General Insurance	1,162,856	1,162,856	1,011,425	151,431
Benefits Administration	87,100	87,100	43,620	43,480
Contingency	1,470,331	1,470,331	-	1,470,331
Total Expenditures	<u>3,240,787</u>	<u>3,240,787</u>	<u>1,539,691</u>	<u>1,701,096</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,677,510)</u>	<u>(1,677,510)</u>	<u>191,106</u>	<u>1,868,616</u>
Net Change in Fund Balance	<u>(1,677,510)</u>	<u>(1,677,510)</u>	<u>191,106</u>	<u>1,868,616</u>
Beginning Fund Balance	<u>1,677,510</u>	<u>1,677,510</u>	<u>1,762,242</u>	<u>84,732</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,953,348</u>	<u>\$ 1,953,348</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2025**

<u>ADMINISTRATIVE SERVICES FUND</u>				
INTERNAL SERVICE FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Services	\$ 4,857,239	\$ 4,857,239	\$ 4,839,885	\$ (17,354)
Intergovernmental	8,200	8,200	4,732	(3,468)
Interest on Investments	50,000	50,000	192,632	142,632
Miscellaneous	4,000	4,000	23,522	19,522
Total Revenues	<u>4,919,439</u>	<u>4,919,439</u>	<u>5,060,771</u>	<u>141,332</u>
EXPENDITURES				
Mayor and Council	354,552	354,552	233,483	121,069
Management	923,863	923,863	893,237	30,626
Finance	2,361,114	2,361,114	2,131,374	229,740
Legal	284,871	354,871	330,044	24,827
Human Resources	764,864	764,864	664,665	100,199
General Program Operations	438,847	438,847	341,985	96,862
Contingency	769,328	699,328	-	699,328
Total Expenditures	<u>5,897,439</u>	<u>5,897,439</u>	<u>4,594,788</u>	<u>1,302,651</u>
Excess of Revenues Over (Under) Expenditures	<u>(978,000)</u>	<u>(978,000)</u>	<u>465,983</u>	<u>1,443,983</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(167,000)	(167,000)	(167,000)	-
Total other financing uses	<u>(167,000)</u>	<u>(167,000)</u>	<u>(167,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,145,000)</u>	<u>(1,145,000)</u>	<u>298,983</u>	<u>1,443,983</u>
Beginning Fund Balance	<u>1,145,000</u>	<u>1,145,000</u>	<u>1,037,698</u>	<u>(107,302)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,336,681</u>	<u>\$ 1,336,681</u>
Reconciliation to Net Position				
Capital Assets, net			76,665	
Net pension Asset (Liability)			(2,791,530)	
Total OPEB Liability			(383,834)	
Net pension deferred outflows			1,270,634	
Net OPEB deferred outflows			58,400	
Net pension deferred inflows			(323,402)	
Net OPEB deferred inflows			(142,233)	
Compensated absences			(226,016)	
Net OPEB Asset			53,285	
Total Net Position			<u>\$ (1,071,350)</u>	

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2025**

	TRUST FUND	911 AGENCY FUND	TOTAL
ASSETS			
Current Assets			
Cash and Investments	\$ 4,471,874	\$ 2,203,577	\$ 6,675,451
Accounts Receivable	9,327	-	9,327
Total Assets	<u>4,481,202</u>	<u>2,203,577</u>	<u>6,684,779</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	79,890	-	79,890
Building Permit Suspense	30,157	-	30,157
Construction Excise Tax (School Districts)	19,744	-	19,744
Deferred Developer Agreements	1,933,633	-	1,933,633
Evidence Money	235,965	-	235,965
Forfeiture Trust Pending	111,286	-	111,286
Forfeiture Trust Available	458,673	-	458,673
Security Deposits	154,924	-	154,924
Tree Refund Trust	147,553	-	147,553
Public Safety K9 Officer Program	491	-	491
Public Safety Car Seat Program	682	-	682
Miscellaneous Trust Liabilities	1,308,205	-	1,308,205
Due to 911 Agency	-	2,203,577	2,203,577
Total Liabilities	<u>4,481,202</u>	<u>2,203,577</u>	<u>6,684,779</u>
NET POSITION			
Restricted for other governments	-	-	-
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Fiscal Year Ended June 30, 2025**

	TRUST FUND	911 AGENCY FUND	TOTAL
ADDITIONS			
Miscellaneous	\$ 1,301,386	\$ 2,119,177	\$ 3,420,564
Total Additions	<u>1,301,386</u>	<u>2,119,177</u>	<u>3,420,564</u>
DEDUCTIONS			
Emergency Communications	-	2,119,177	2,119,177
Disbursement of Trust	1,301,386	-	1,301,386
Total Deductions	<u>1,301,386</u>	<u>2,119,177</u>	<u>3,420,564</u>
Change in Net Position	-	-	-
Net Position-Beginning	-	-	-
Net Position-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATISTICAL SECTION

This section of the 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	115
<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>	
Revenue Capacity	120
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	127
<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>	
Demographic and Economic Information	135
<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>	
Operating Information	140
<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>	

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

The schedules were restated due to the implementation of GASB 68, GASB 71, and GASB 75.

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

NET POSITION BY COMPONENT

For the last ten fiscal years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net Investments in Capital Assets	\$ 164,871,200	\$ 171,831,510	\$ 175,249,983	\$ 175,423,372	\$ 181,592,982	\$ 179,267,325	\$ 178,514,356	\$ 179,984,509	\$ 182,555,144	\$ 186,615,962
Restricted for Capital/Other	6,461,707	4,945,081	6,113,971	8,535,460	8,706,239	12,768,500	14,539,786	12,130,366	22,530,999	26,688,097
Unrestricted	14,736,536	11,524,559	9,236,722	8,706,202	2,094,134	2,165,626	7,414,221	18,642,113	11,405,279	16,459,656
Total governmental activities net position	186,069,443	188,301,150	190,600,676	192,665,034	192,393,355	194,201,451	200,468,363	210,756,988	216,491,422	229,763,715
Business-Type Activities										
Net Investments in Capital Assets	89,483,723	92,373,203	94,187,314	97,196,774	99,669,158	104,800,236	108,512,577	114,280,410	115,086,820	125,913,483
Restricted	1,891,691	2,091,303	2,058,604	1,484,727	2,053,341	2,857,408	3,985,704	6,585,338	4,238,678	5,611,538
Unrestricted	19,190,928	20,291,680	21,593,537	23,544,407	27,066,100	27,004,346	33,687,981	34,154,440	47,257,211	52,024,741
Total business-type activities net assets	110,566,342	114,756,186	117,839,455	122,225,908	128,788,599	134,661,990	146,186,262	155,020,188	166,582,709	183,549,762
Primary government										
Net Investments in Capital Assets	\$ 254,354,923	\$ 264,204,713	\$ 269,437,297	\$ 272,620,146	\$ 281,262,140	\$ 284,067,561	\$ 124,976,840	\$ 294,264,919	\$ 297,641,964	\$ 312,529,445
Restricted for Capital Purposes	8,353,398	7,036,384	8,172,575	10,020,187	10,759,580	15,625,908	183,730,081	18,715,704	26,769,677	32,299,635
Unrestricted	33,927,464	31,816,239	30,830,259	32,250,609	29,160,234	29,169,972	37,947,704	52,796,553	58,662,490	68,484,397
Total primary government net position	\$ 296,635,785	\$ 303,057,336	\$ 308,440,131	\$ 314,890,942	\$ 321,181,954	\$ 328,863,441	\$ 346,654,625	\$ 365,777,176	\$ 383,074,131	\$ 413,313,477

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

CHANGES IN NET POSITION

For the last ten fiscal years (unaudited)

Expenses	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Building	\$ 803,949	\$ 688,053	\$ 743,400	\$ 781,121	\$ 887,328	\$ 751,616	\$ 716,959	\$ 806,171	\$ 892,313	\$ 901,792
Development	2,461,645	2,310,355	2,624,359	2,609,346	3,668,800	4,779,867	3,394,303	4,621,005	4,188,447	4,188,421
General Government	2,342,794	1,827,318	538,708	369,262	459,184	360,746	280,545	375,551	53,483	420,719
Parks	2,723,357	2,305,051	2,466,369	2,672,208	3,091,122	3,039,536	2,609,313	3,076,677	3,547,978	3,728,870
Public Safety	26,168,284	23,632,006	24,339,039	26,485,800	29,504,209	28,141,697	25,527,448	27,171,041	30,853,062	33,543,112
Solid Waste	685,545	727,002	554,756	683,241	756,160	723,799	764,424	633,427	672,704	827,300
Transportation	3,329,800	2,489,298	2,649,528	2,185,238	2,430,635	2,035,455	1,744,403	1,916,404	1,862,356	1,858,713
Interest	171,500	125,100	87,114	46,289	194,546	517,500	504,146	506,951	901,969	512,069
Total Governmental Activities Expenses	38,686,974	34,104,183	34,003,673	33,532,505	40,977,784	40,550,296	33,541,541	39,107,227	42,972,312	45,980,996
Business-Type Activities										
Water	5,694,622	5,183,675	5,529,682	5,440,384	5,922,249	6,693,453	5,920,626	6,408,319	6,311,501	7,214,730
Wastewater	6,077,698	5,255,565	5,976,862	7,380,809	7,953,094	9,792,844	7,215,470	8,154,970	7,947,865	8,089,717
Stormwater	-	-	-	823,176	822,136	310,524	1,168,748	1,492,267	1,439,868	1,460,597
Total Business-Type Activities Expenses	11,772,320	10,439,240	13,506,544	14,697,479	16,796,821	14,300,844	16,065,556	15,639,234	16,765,044	16,765,044
Program Revenues										
Governmental Activities										
Charges for Service:										
Transportation	\$ 2,177,575	\$ 2,088,623	\$ 1,436,268	\$ 1,646,792	\$ 1,305,793	\$ 1,481,474	\$ 1,523,172	\$ 1,476,396	\$ 1,524,256	\$ 1,609,959
General Government	5,331,862	2,134,029	1,204,632	1,199,769	147,451	1,273,996	451,998	133,812	121,490	722,478
Other	1,935,884	1,968,433	2,206,866	2,728,547	1,836,539	2,316,278	2,058,718	2,124,795	2,356,859	5,470,648
Operating Grants and Contributions	147,652	348,625	440,851	523,337	535,337	628,905	371,989	1,556,953	540,086	380,868
Capital Grants	-	735,783	1,108,149	397,683	3,993,111	2,581,510	3,529,871	3,110,275	2,739,814	6,233,221
Total Governmental Activities Revenues	9,593,183	7,276,483	6,396,666	6,496,128	7,818,431	8,282,163	7,935,668	8,412,231	7,282,515	14,417,184
Business-Type Activities										
Charges for Service:										
Water	6,210,224	6,179,971	6,489,422	7,074,327	7,962,676	9,417,516	9,986,246	10,980,348	11,445,525	12,313,508
Wastewater	6,195,710	6,303,007	6,305,528	7,036,973	7,552,399	8,029,426	8,206,560	8,992,085	9,006,950	9,224,888
Storm Water	-	-	-	-	1,961,325	2,192,781	2,405,832	2,583,576	2,763,579	2,905,077
Operating Grants and Contributions	1,587,822	436,831	178,434	571,150	2,155,934	559,232	1,316,640	1,244,360	541,540	2,848,002
Total Business-Type Activities Revenues	13,993,756	12,919,809	12,973,384	14,682,450	19,632,334	20,198,955	21,915,278	23,380,369	23,757,594	27,291,475
Total Primary Government Revenues	\$ 23,586,939	\$ 20,196,302	\$ 19,370,250	\$ 21,178,578	\$ 27,450,765	\$ 28,481,118	\$ 30,327,509	\$ 31,792,600	\$ 31,040,109	\$ 41,708,659
Net (Expense)/Revenue										
Governmental Activities	\$ (29,093,791)	\$ (26,827,690)	\$ (27,606,807)	\$ (29,859,553)	\$ (33,159,353)	\$ (32,068,133)	\$ (30,694,996)	\$ (30,694,996)	\$ (35,688,797)	\$ (31,563,812)
Business-Type Activities	2,221,436	2,480,569	1,466,840	1,861,257	4,934,855	3,402,134	7,314,813	7,314,813	8,058,360	10,526,431
Total Primary Government Net Expense	\$ (26,872,355)	\$ (24,347,121)	\$ (26,139,967)	\$ (27,998,296)	\$ (28,224,498)	\$ (28,665,999)	\$ (23,380,183)	\$ (23,380,183)	\$ (27,631,437)	\$ (21,037,381)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes	\$ 23,419,126	\$ 24,207,947	\$ 25,387,071	\$ 25,942,513	\$ 26,223,384	\$ 27,580,060	\$ 29,993,133	\$ 31,303,107	\$ 31,895,553	\$ 33,627,827
Intergovernmental	3,696,770	3,871,370	5,146,317	5,506,198	4,874,336	5,803,103	5,717,071	6,334,415	6,716,479	7,343,979
Interest	318,164	397,547	485,801	892,134	786,312	316,859	81,902	1,306,594	2,816,466	3,497,413
Trust Receipts	94,755	164,417	178,518	111,210	72,032	32,027	72,946	15,584	10,992	48,558
Miscellaneous	704,468	587,537	746,520	233,880	731,610	191,745	319,822	475,509	737,635	806,568
Transfers	(82,836)	(169,421)	(252,891)	(200,000)	(47,565)	(2,301,360)	(2,301,360)	(347,678)	(488,240)	(488,240)
Total Governmental Activities	\$ 28,150,447	\$ 29,059,397	\$ 31,691,336	\$ 33,056,443	\$ 32,887,674	\$ 33,876,229	\$ 33,878,514	\$ 39,920,209	\$ 42,523,903	\$ 44,836,105
Business-Type Activities										
Intergovernmental	\$ 207,352	\$ 12,042	\$ 4,683	\$ 24,029	\$ 1,473	\$ 173,448	\$ 77,496	\$ 9,164	\$ 3,608	\$ 1,487,281
Interest	175,311	234,772	391,895	707,041	614,207	272,584	47,420	882,837	2,248,918	2,984,738
Trust Receipts	1,319,599	1,231,327	1,048,317	820,816	1,116,659	1,875,765	1,391,031	976,148	1,323,940	1,284,946
Miscellaneous	123,045	61,713	186,262	121,286	85,497	101,895	86,531	135,964	275,373	215,417
Transfers	62,636	169,421	252,891	(200,000)	(47,565)	2,301,360	(485,000)	(347,678)	(488,240)	(488,240)
Total Business-Type Activities	\$ 1,908,143	\$ 1,709,275	\$ 1,884,048	\$ 1,892,664	\$ 1,627,836	\$ 2,471,257	\$ 3,913,838	\$ 1,519,113	\$ 3,504,161	\$ 6,440,622
Total Primary Government	\$ 30,058,590	\$ 30,768,672	\$ 33,575,384	\$ 34,449,107	\$ 34,515,510	\$ 36,347,486	\$ 37,792,352	\$ 41,439,322	\$ 46,028,064	\$ 51,276,727
Change in Net Position										
Governmental Activities	\$ (3,100,078)	\$ 1,322,757	\$ 1,452,590	\$ 4,084,529	\$ 3,196,890	\$ 3,181,233	\$ 3,183,518	\$ 9,225,213	\$ 6,834,106	\$ 13,272,293
Business-Type Activities	3,833,046	4,388,712	3,176,115	3,350,888	3,293,921	12,155,432	11,228,651	8,833,926	11,562,521	16,967,053
Prior Period Adjustment	-	-	-	-	-	-	(5,729)	(36,260)	-	-
Total Primary Government	\$ 732,968	\$ 5,711,469	\$ 4,628,705	\$ 7,435,417	\$ 6,490,811	\$ 15,336,665	\$ 14,406,440	\$ 18,022,879	\$ 18,396,627	\$ 30,239,346

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

PROGRAM REVENUE BY FUNCTION

For the last ten fiscal years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues										
Governmental Activities										
Building *	\$ 821,100	\$ 798,590	\$ 1,371,677	\$ 631,456	\$ 678,761	\$ 1,095,801	\$ 656,012	\$ 859,318	\$ 654,257	\$ 680,999
Development	295,891	1,210,494	569,919	1,009,064	647,905	658,054	497,253	1,723,501	641,194	575,024
General Government	5,331,862	2,134,029	1,204,632	1,199,769	1,356,423	2,942,103	2,648,411	1,427,238	1,154,768	6,058,800
Parks	28,570	33,310	42,142	43,274	25,318	12,406	28,338	41,414	34,453	36,346
Public Safety	365,780	376,893	339,600	445,025	475,720	508,114	541,195	511,945	1,046,083	4,061,320
Solid Waste	469,853	497,818	652,788	496,148	544,372	670,808	707,829	1,090,516	520,968	497,827
Transportation	2,280,127	2,225,359	2,216,108	1,784,288	4,089,932	2,394,877	2,856,630	3,293,245	3,230,792	2,506,868
Subtotal Governmental Activities	9,593,183	7,276,493	6,396,866	5,609,024	7,818,431	8,282,163	7,935,668	8,947,177	7,282,515	14,417,184
Business-Type Activities										
Water	7,396,515	6,369,948	6,558,146	7,387,235	8,656,365	9,670,596	10,366,966	11,261,348	11,719,820	14,238,698
Wastewater	6,597,241	6,549,861	6,415,238	7,295,215	8,194,829	8,169,112	8,672,560	9,185,345	9,078,525	9,846,142
Storm Water	-	-	-	887,104	2,781,140	2,359,247	2,875,752	2,933,676	2,959,249	3,206,635
Subtotal Business-Type Activities	13,993,756	12,919,809	12,973,384	15,569,554	19,632,334	20,198,955	21,915,278	23,380,369	23,757,594	27,291,475
Total Primary Government	\$ 23,586,939	\$ 20,196,302	\$ 19,370,250	\$ 21,178,578	\$ 27,450,765	\$ 28,481,118	\$ 29,850,946	\$ 32,327,546	\$ 31,040,109	\$ 41,708,659

* 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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 38,223	\$ -	\$ 33,662	\$ 88,359	\$ 375,852	\$ 396,707	\$ 438,608	\$ 495,701	\$ 125,464	\$ 128,426
Restricted	967,956	1,225,615	1,517,009	1,541,301	1,602,124	2,266,690	2,216,195	2,491,038	226,751	-
Committed	-	-	-	76,523	72,510	7,378	19,540	8,678	-	-
Assigned	3,332,460	639,951	106,180	-	-	-	-	-	-	-
Unassigned	10,460,698	11,188,588	10,230,909	11,249,702	10,711,281	11,991,444	14,173,545	14,529,864	15,219,669	15,732,580
Total General Fund	14,799,337	13,054,154	11,887,760	12,955,885	12,761,767	14,662,219	16,847,888	17,525,281	15,571,884	15,861,006
All Other Governmental Funds										
Nonspendable	\$ 66,867	\$ 50,756	\$ 85,373	\$ 182,911	\$ 53,077	\$ 189,047	\$ 278,931	\$ 207,208	\$ 192,985	\$ 149,704
Restricted	5,236,092	3,428,072	4,596,962	6,994,159	9,730,927	16,019,921	20,969,233	12,226,958	27,786,151	27,732,128
Committed	480,526	511,476	598,611	12,190,869	5,378,476	4,609,486	2,935,854	16,799,588	6,542,039	13,364,153
Assigned	9,754,251	7,748,268	10,448,680	-	-	-	-	-	-	-
Unassigned	(1,450,079)	318,114	(546,092)	(496,567)	(46,912)	(496,567)	(496,566)	(496,566)	(496,566)	(496,567)
Total Other Governmental Funds	14,088,057	12,056,686	15,183,534	18,871,372	14,615,568	20,321,887	23,687,452	28,737,188	34,024,609	40,749,418
Total Governmental Funds	\$ 28,887,394	\$ 25,110,840	\$ 27,071,294	\$ 31,827,257	\$ 27,377,335	\$ 34,984,106	\$ 40,535,340	\$ 46,262,469	\$ 49,596,493	\$ 56,610,424

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

	For the last ten fiscal years (Unaudited)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Revenues									
Taxes	\$ 23,426,117	\$ 24,180,182	\$ 25,391,520	\$ 25,944,239	\$ 26,294,604	\$ 28,137,814	\$ 29,971,215	\$ 31,155,402	\$ 31,812,491	\$ 33,194,966
Licenses and Permits	649,613	570,927	645,118	447,252	519,541	785,838	503,054	628,424	497,315	470,572
Intergovernmental	3,843,822	4,956,084	6,691,033	6,425,504	6,187,182	8,601,283	8,851,901	9,042,787	9,544,754	13,148,775
Charges for Services	3,117,354	3,613,928	2,792,481	3,315,271	2,437,247	3,008,020	2,990,646	2,809,327	3,227,540	6,603,180
Fines and Forfeitures	204,658	209,456	217,788	284,791	287,422	229,514	203,960	194,984	222,726	175,281
Special Assessments	72,212	99,934	109,656	68,834	44,151	24,330	26,598	7,633	(19,377)	10,692
Interest	257,915	323,997	397,596	801,609	633,748	256,175	71,201	1,160,294	2,521,089	3,041,608
Other Revenues	844,060	632,563	790,650	688,320	518,340	230,739	426,394	356,782	672,209	700,869
Total Revenues	\$ 32,415,751	\$ 34,587,071	\$ 37,035,842	\$ 37,975,820	\$ 36,922,235	\$ 41,273,713	\$ 43,044,969	\$ 45,355,633	\$ 48,478,747	\$ 57,345,943
Expenditures										
General Governmental	\$ 1,579,775	\$ 1,475,670	441,017	319,169	375,239	288,727		339,816	149,440	372,458
Public Safety	17,619,029	19,096,908	20,317,074	21,807,949	23,275,947	23,606,652		25,559,730	27,591,150	30,381,711
Community Development	1,636,369	1,859,213	2,172,649	2,171,633	2,870,822	3,968,641	3,081,827	4,245,787	3,688,540	3,765,982
Debt Service										
Principal	930,000	1,010,000	1,095,000	770,000	-	365,000	370,000	380,000	790,000	410,000
Interest	171,600	125,100	87,114	46,289	194,546	152,580	134,146	126,951	111,969	102,669
Solid Waste	471,963	592,329	462,898	560,999	595,755	600,735	690,561	572,647	570,032	712,329
Capital Outlay	5,349,763	8,637,070	4,834,525	8,630,957	8,402,002	3,652,753	3,382,185	4,475,046	6,076,065	8,039,427
Transportation	2,134,827	1,965,624	2,170,407	1,882,622	1,830,871	1,743,839	1,614,697	1,633,034	1,729,221	1,768,204
Building	485,299	533,533	606,335	658,890	674,242	633,040	657,415	731,089	794,934	825,568
Parks	1,818,375	1,855,619	2,045,746	2,221,244	2,418,286	2,533,667	2,369,057	2,813,492	3,120,557	3,374,123
Total Expenditures	\$ 32,197,000	\$ 37,151,066	\$ 34,232,765	\$ 39,069,752	\$ 40,637,710	\$ 37,545,634	\$ 35,990,286	\$ 40,877,592	\$ 44,621,908	\$ 49,751,871
Other Financing Sources (Uses)										
Loan Proceeds	\$ -	\$ -	\$ -	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of Leases	-	-	-	-	-	-	-	553,340	24,831	-
Sale of Assets	5,545	-	-	-	-	3,737,099	471,353	10,361	65,685	523,996
Transfer In	4,996,641	7,631,785	5,938,086	5,372,128	5,495,640	3,816,911	5,878,244	6,565,727	8,480,026	18,650,142
Transfers Out	(4,915,641)	(7,731,784)	(6,148,086)	(5,080,628)	(5,062,640)	(3,675,318)	(7,847,317)	(5,825,727)	(8,540,017)	(19,729,448)
Total Other Financing Sources (Uses)	\$ 54,539	\$ (215,773)	\$ 86,545	\$ (99,999)	\$ (210,000)	\$ 6,291,500	\$ (1,497,720)	\$ 1,303,701	\$ 30,525	\$ (555,310)
Net Change in Fund Balances	\$ (2,206,526)	\$ 2,978	\$ (2,477,450)	\$ 2,703,078	\$ (1,745,537)	\$ 4,755,963	\$ 2,980,321	\$ 6,193,657	\$ 3,887,364	\$ 7,038,762
Debt Service as a Percentage of Noncapital Expenditures										
Debt Service	\$ 1,101,600	\$ 1,135,100	\$ 1,182,114	\$ 816,289	\$ 194,546	\$ 517,580	\$ 504,146	\$ 506,951	\$ 901,969	\$ 512,069
Total Expenditures	32,197,000	37,151,066	34,232,765	39,511,357	40,637,710	35,990,286	35,990,286	40,877,592	44,621,908	49,751,871
Capitalized Expenditures	3,311,076	7,160,873	4,050,897	7,170,393	6,597,094	2,551,647	2,028,922	2,759,322	4,614,903	4,691,545
	3.81%	3.78%	3.92%	2.52%	0.57%	1.51%	1.48%	1.25%	2.25%	1.14%

Source: Annual financial statements of the City of Grants Pass

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

TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS

Fiscal Year Ended June 30,	For the last ten fiscal years (Unaudited)						
	Property	Business	Franchise	Lodging Tax	Marijuana Tax	E911	Total
	2016	\$ 17,959,690	\$ 293,333	\$ 3,753,097	\$ 1,419,998	\$ -	\$ -
2017	18,519,978	293,863	3,908,733	1,457,608	-	-	24,180,182
2018	19,657,311	312,746	3,884,824	1,536,639	-	-	25,391,520
2019	20,087,735	310,840	3,991,530	1,527,672	24,737	-	25,944,239
2020	19,943,181	307,931	4,097,600	1,669,880	204,792	-	26,294,604
2021	21,045,836	302,412	4,231,202	1,717,573	283,037	-	28,137,814
2022	21,785,547	416,413	4,373,918	3,138,542	278,713	-	29,971,215
2023	23,161,435	549,364	4,691,063	2,722,379	178,866	-	31,155,402
2024	23,901,099	341,283	4,839,368	2,618,530	195,273	-	31,812,491
2025	25,228,235	566,246	5,065,027	2,582,825	185,494	-	33,194,966

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

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

PROPERTY TAX LEVIES AND COLLECTIONS

For the last ten fiscal years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied by Assessor	Current Tax Collections	Current Tax Collections as a		Total Tax Collections	Total Collections as a		Uncollected Taxes as a	
			Percentage of Current Levy	Delinquent Taxes Collected		Percentage of Current Levy	Uncollected Delinquent Taxes	Percentage of Current Levy	
2016	\$ 18,321,177	\$ 17,255,494	94%	\$ 704,195	\$ 17,959,689	98%	\$ 1,557,382	8.50%	
2017	18,988,868	17,919,577	94%	600,400	18,519,977	98%	1,545,166	8.14%	
2018	19,658,026	18,538,039	94%	540,148	19,078,187	97%	1,577,686	8.03%	
2019	19,870,264	18,876,812	95%	622,688	19,499,500	98%	1,041,668	5.24%	
2020	19,675,450	18,608,735	95%	506,571	19,115,306	97%	1,476,921	7.51%	
2021	20,321,340	19,509,925	96%	952,506	20,462,431	101%	945,186	4.65%	
2022	21,005,761	19,967,299	95%	434,793	20,402,092	97%	957,541	4.56%	
2023	21,776,289	20,660,473	95%	292,267	20,952,740	96%	1,047,624	4.81%	
2024	22,459,070	21,259,000	95%	479,205	21,738,205	97%	1,190,493	5.30%	
2025	23,332,463	21,829,733	94%	441,927	22,271,660	95%	1,593,516	6.83%	

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

**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
2016	6.31	5.92	0.39
2017	6.31	5.92	0.39
2018	6.31	5.92	0.39
2019	6.15	5.92	0.23
2020	5.92	5.92	-
2021	5.92	5.92	-
2022	5.92	5.92	-
2023	5.92	5.92	-
2024	5.92	5.92	-
2025	5.92	5.92	-

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

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

CONSOLIDATED TAX LEVIES

Fiscal Year Ended June 30,	For the last ten fiscal years (Unaudited)			
	Total	General Fund	Bond Debt/Service Fund	Grants Pass Urban Renewal Agency
2016	18,318,534	17,186,954	1,131,580	-
2017	18,982,898	17,819,876	1,163,022	-
2018	20,247,740	18,427,864	1,205,941	613,935
2019	20,615,197	19,118,380	748,180	748,637
2020	20,606,714	19,668,333	-	938,381
2021	21,443,626	20,321,345	-	1,122,281
2022	22,415,950	21,005,070	-	1,410,880
2023	23,789,765	21,776,289	-	2,013,476
2024	24,620,362	22,459,070	-	2,161,292
2025	25,967,878	23,332,463	-	2,635,415

Source: Josephine County

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

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year Ended June 30,	Total Direct Tax Rate	For the last ten fiscal years (Unaudited)					Real Market Value	Ratio AV/IMV
		Assessed Value						
		Real	Manufactured Structures	Personal	Utilities	Total		
2016	6.32	2,728,449,185	14,515,406	82,862,228	75,658,900	2,901,485,719	3,088,085,942	94%
2017	6.31	2,837,917,831	14,770,150	80,243,984	75,403,600	3,008,335,565	3,410,027,587	88%
2018	6.15	2,964,532,025	16,689,970	84,594,696	85,322,234	3,151,138,925	3,727,889,480	85%
2019	6.15	3,070,635,402	19,206,470	86,936,966	100,395,182	3,277,174,020	4,100,181,174	80%
2020	5.92	3,176,025,677	18,611,980	89,457,010	98,540,500	3,382,635,167	4,227,506,478	80%
2021	5.92	3,290,071,315	20,458,500	90,239,530	104,239,900	3,505,009,245	5,010,844,853	70%
2022	5.92	3,415,139,800	21,712,950	93,465,410	109,255,000	3,639,573,160	5,736,328,647	63%
2023	5.92	3,574,484,280	23,129,090	91,788,980	120,238,500	3,809,640,850	6,603,113,192	58%
2024	5.92	3,698,382,010	24,211,050	95,970,180	116,722,810	3,935,286,050	6,979,993,545	56%
2025	5.92	3,854,403,850	24,977,780	103,780,460	131,039,820	4,114,201,910	7,220,549,853	57%

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	Josephine Comm. Library District	4H Extension	Total	Measure 5 Total (2)
2016	5.92	0.39	6.31	0.81	4.52 (3)	0.51	0.35	-	0.05	12.55 (2)	12.01
2017	5.92	0.39	6.31	0.81	4.52 (3)	0.57	0.35	-	0.05	12.61 (2)	12.07
2018	5.92	0.39	6.31	1.74	4.52 (3)	0.57	0.35	0.39	0.05	13.93 (2)	13.40
2019	5.92	0.23	6.15	1.60	4.52 (3)	0.56	0.35	0.39	0.05	13.62 (2)	13.39
2020	5.92	-	5.92	1.60	4.52 (3)	0.56	0.35	0.39	0.05	13.39 (2)	13.39
2021	5.92	-	5.92	1.60	4.52 (3)	0.56	0.35	0.39	0.05	13.39 (2)	13.39
2022	5.92	-	5.92	1.60	4.52 (3)	0.56	0.35	0.39	0.05	13.38 (2)	13.38
2023	5.92	-	5.92	1.60	4.52 (3)	0.56	0.35	0.39	0.05	13.39 (2)	13.39
2024	5.92	-	5.92	1.63	4.52 (3)	0.56	0.35	0.39	-	13.37 (2)	13.37
2025	5.92	-	5.92	1.63	4.52 (3)	0.56	0.35	0.39	-	13.37 (2)	13.37

(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 Tax Certification

**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
2016	\$ 429,552	\$ -	\$ 29,983	\$ -	\$ 399,569	7.5%
2017	399,569	-	82,974	-	316,595	26.2%
2018	316,595	6,871	101,086	-	222,380	46.9%
2019	222,380	52,811	58,750	-	216,441	37.5%
2020	216,441	12,903	81,414	-	147,930	108.1%
2021	147,930	-	39,371	-	108,559	36.3%
2022	108,559	-	41,277	-	67,282	61.3%
2023	67,282	-	4,178	-	63,104	6.6%
2024	63,104	-	18,808	9,366	53,662	35.0%
2025	53,662	-	9,661	-	44,001	22.0%

Source: Internal accounting reports of the City of Grants Pass

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
	General Obligation Bonds	2019 FFC Public Safety Loan	Lease Liability	SBITAs Liability	2013 FFC Water Bonds	2009 Refunding Bonds	2017 Revenue Bonds	2018 Revenue Bonds	SZ3004 SDWRLF Loan	Y23003 WFWP Loan				
2016	\$ 2,875,000	\$ -	\$ -	\$ -	\$ 3,784,438	\$ 3,135,160	\$ -	\$ -	\$ -	\$ -	\$ 9,794,598	0.73%	267	
2017	1,865,000	-	-	-	3,359,799	2,725,520	-	-	-	-	7,950,319	0.57%	215	
2018	770,000	-	-	-	2,375,159	2,305,880	9,975,105	8,691,827	-	-	24,117,971	1.69%	663	
2019	-	6,000,000	-	-	1,940,519	1,871,240	9,878,684	7,978,901	-	-	27,669,344	1.80%	738	
2020	-	6,000,000	-	-	1,490,879	1,421,600	9,878,684	7,368,901	-	-	26,160,064	1.71%	729	
2021	-	5,635,000	-	-	1,026,239	956,960	9,830,474	6,677,437	-	-	24,126,110	1.32%	629	
2022	-	5,265,000	49,438	-	1,002,235	477,320	9,782,263	5,970,974	-	-	22,547,230	1.21%	574	
2023	-	4,885,000	14,890	8,677	546,960	10,745	9,734,053	5,244,511	-	-	20,444,835	1.10%	521	
2024	-	4,095,000	-	943,864	17,320	-	9,685,842	4,493,048	-	-	19,235,074	1.03%	504	
2025	-	3,685,000	-	840,186	-	-	9,637,632	3,711,584	4,400,000	725,000	22,999,402	1.24%	587	

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	Population	Assessed Value (In \$1,000)	General Bonded Debt	Gross Payable from Property Tax Levy Revenue	Bonded Debt Less Debt Service Monies Available	Net Bonded Debt	Ratio of	
							Net Bonded Debt per Assessed Value	Net Bonded Debt per Capita
2016	36,815	\$ 2,901,486	\$ 9,730,616	2,875,000	69,537	12,536,079	0.43%	341
2017	37,135	\$ 3,008,336	\$ 7,899,486	1,865,000	76,114	9,688,372	0.32%	261
2018	37,285	\$ 3,151,139	\$ 5,963,356	770,000	87,288	6,646,068	0.21%	178
2019	37,485	\$ 3,277,174	\$ 10,327,226	-	57,633	10,269,593	0.31%	274
2020	38,170	\$ 3,382,635	\$ 9,431,095	-	59,624	9,371,471	0.28%	246
2021	39,189	\$ 3,505,009	\$ 2,504,965	-	46,949	2,458,016	0.07%	63
2022	39,475	\$ 3,639,573	\$ 6,744,555	-	35,125	6,709,430	0.18%	170
2023	39,994	\$ 3,809,641	\$ 5,442,705	-	1,909	5,440,796	0.14%	136
2024	40,102	\$ 3,935,286	\$ 8,044,681	-	64	8,044,617	0.20%	201
2025	39,572	\$ 4,114,202	\$ 5,125,000	-	73	5,124,927	0.12%	130

(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, 2025

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, 2024 \$ 7,220,549,853
Less Non-Profit Housing (2,651,020)
\$ 7,217,898,833

Debt limit, 3% of total real market value - ORS 287A \$ 216,536,965

Amount of debt applicable to debt limit

Total bonded debt, including special assessment bonds \$ 21,280,000
and public safety general obligation bonds

Less other deductions allowed by law

Special assessment and revenue bonds 21,280,000

Total deductions 21,280,000

Total amount of debt applicable to debt limit -

Legal debt margin \$ 216,536,965

Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 102,238,042	\$ 111,901,353	\$ 122,938,828	\$ 111,768,080	\$ 133,033,756	\$ 157,771,025	\$ 172,017,077	\$ 198,018,430	\$ 209,322,592	\$ 216,536,965
Total net debt applicable to limit	2,875,000	1,835,000	770,000	-	-	-	-	-	-	-
Legal debt margin	\$ 99,363,042	\$ 110,066,353	\$ 122,168,828	\$ 111,768,080	\$ 133,033,756	\$ 157,771,025	\$ 172,017,077	\$ 198,018,430	\$ 209,322,592	\$ 216,536,965

Total net debt applicable to the limit as a percentage of debt limit 4.11% 2.81% 1.64% 0.63% 5.37% 4.51% 3.57% 3.06% 0.00% 0.00%

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, 2025

(Unaudited)

Jurisdiction	Gross	Percentage	Amount
	Property-Tax Backed Debt	Applicable to City of Grants Pass	Applicable to City of Grants Pass
Overlapping:			
Counties:			
Josephine	\$ -	0.00%	\$ 563,538
School Districts:			
Three Rivers School District	16,308,444	8.22%	1,340,717
Grants Pass School District #7	18,882,508	82.95%	15,662,700
Community Colleges:			
Rogue Community College	56,010,000	10.10%	4,591,399
		<i>Sub-total Overlapping Debt</i>	<u>22,158,354</u>
Direct:			
City of Grants Pass Property Tax Backed Bonded Debt			<u>4,525,186</u>
Total			<u>\$ 26,683,540</u>

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, special assessment bonds, and leases 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**

Year of Maturity	For the last ten fiscal years (Unaudited)		Total Debt Service	Total General Expenditures	Debt Service as a Percentage of General Expenditures
	Principal	Interest			
2016	\$ 930,000	\$ 171,600	\$ 1,101,600	\$ 32,197,000	3.42%
2017	1,010,000	125,100	1,135,100	37,151,066	3.06%
2018	1,095,000	74,600	1,169,600	34,232,765	3.42%
2019	222,380	52,811	816,289	37,545,634	2.17%
2020	216,441	12,903	-	-	0.00%
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-

Source: Annual financial statements of the City of Grants Pass

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

**SCHEDULE OF REVENUE BOND COVERAGE
WASTEWATER BONDS**

Fiscal Year Ended June 30	(3)	Rate Revenues	Other Revenues	Total Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Total Debt Service Requirements			Wastewater Revenue Bond Coverage	Coverage Rate for all Wastewater Debt Service (5)
							Revenue Bonds Principal and Interest	Full Faith & Credit, Other Debt Principal and Interest (4)	Total Debt Service		
2016	(3)	\$ 6,195,710	\$ 296,512	\$ 6,492,222	\$ 3,704,401	\$ 2,787,821	\$ -	\$ 931,485	\$ 931,485	n/a	2.99
2017	(3)	6,303,007	122,570	6,425,577	3,824,543	2,601,034	-	489,854	489,854	n/a	5.31
2018	(3)	6,305,528	273,311	6,578,839	4,087,728	2,491,111	374,502	484,822	859,324	6.65	2.90
2019	(3)	7,036,973	326,780	7,363,753	4,217,048	3,146,705	1,229,215	484,374	1,713,589	2.56	1.84
2020	(3)	7,552,399	308,654	7,861,053	3,986,567	3,874,486	1,231,076	483,352	1,714,428	3.15	2.26
2021	(3)	8,029,426	237,721	8,267,147	4,134,260	4,132,887	1,233,950	483,400	1,717,350	3.35	2.41
2022	(3)	8,206,560	21,192	8,227,752	4,053,729	4,174,023	1,229,825	481,200	1,711,025	3.39	2.44
2023	(3)	8,592,085	211,229	8,803,314	4,644,204	4,159,110	1,230,175	478,400	1,708,575	3.38	2.44
2024	(3)	9,006,950	647,830	9,654,780	4,729,318	4,925,462	1,231,400	-	1,231,400	4.00	4.00
2025	(3)	9,224,888	667,821	9,892,709	5,198,435	4,694,274	1,233,200	-	1,233,200	3.81	3.81

(1) Includes total operating revenue and interest income on a GAAP basis. Amount excludes revenues from System Development Charges.

(2) Includes total operating expenses, except for non-cash transactions such as depreciation and pension/OPEB expense accruals.

(3) Includes revenues and expenses from Wastewater Fund only.

(4) Principal and Interest displayed not actually pledged revenue. Debt service paid out of Wastewater Fund, however the borrowing is not secured by the revenues of the Wastewater System.

(5) Coverage Rate refers to the calculated coverage rate as if all the debt service paid out of the Wastewater Fund was secured by the revenues of the Wastewater System. Other than assuming that all bonds paid from the Wastewater Fund are secured by Wastewater Revenues, the coverage calculations above are according to the definitions of coverage as described in the Wastewater Revenue Bond Master Declaration.

Source: Annual financial statements of the City of Grants Pass

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF PRINCIPAL AND INTEREST TRANSACTIONS

For the year ended June 30, 2025

	Bond Transactions					Outstanding June 30, 2025
	Outstanding June 30, 2024	Issued	Forgiven	Matured	Paid	
Bonds						
2017 Wastewater Revenue Bonds	\$ 9,035,000	\$ -	\$ -	\$ -	\$ -	\$ 9,035,000
Amount Issued	\$ 222,380					
Interest Rates	4%					
Date of Issue	11/08/17					
2018 Wastewater Revenue Bonds	4,155,000	-	-	720,000	720,000	3,435,000
Amount Issued	\$ 7,985,000					
Interest Rates	3.0-4.0%					
Date of Issue	01/03/18					
Loans						
2019 Public Safety Full Faith and Credit Loan	4,095,000	-	-	410,000	410,000	3,685,000
Amount Issued	\$ 6,000,000					
Interest Rates	4%					
Date of Issue	06/12/19					
Water SDWRLF (S23004) Loan	2,482,361	2,567,639	650,000	-	-	4,400,000
Amount Issued	\$ 4,400,000					
Interest Rates	1%					
Date of Issue	6/14/2023					
Water WFWP (Y23003) Loan	1,450,000	-	725,000	-	-	725,000
Amount Issued	\$ 725,000					
Interest Rates	1.08%					
Date of Issue	6/14/2023					
Total Bonds	\$ 21,217,361	\$ 2,567,639	\$ 1,375,000	\$ 1,130,000	\$ 1,130,000	\$ 21,280,000

Interest Coupons

	June 30, 2024	Matured	Paid	Outstanding June 30, 2025
Series 2017 Wastewater Revenue bonds Issued 11/8/17				
Interest Rates		361,400	361,400	-
Series 2018 Wastewater Revenue bonds Issued 1/3/18				
Interest Rates		151,800	151,800	-
2019 Public Safety Full Faith and Credit Loan				
Interest Rates		107,375	107,375	-
Total Bonds	\$ -	\$ 620,575	\$ 620,575	\$ -

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

SCHEDULE OF FUTURE DEBT SERVICE

For the Year Ended June 30, 2025

Maturity	Governmental Activities										
	Loan		Loan		Loan		Revenue Bonds				
	Public Safety Facilities		SDWRLF S23004		WFWP Y23003		2017		2018		
	General Fund		Water Fund		Water Fund		Wastewater Fund		Wastewater Fund		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2025-2026	420,000	86,875	395,865	68,697	58,222	18,654			361,400	750,000	122,400
2026-2027	1,060,000	68,375	424,520	40,041	69,675	7,201			361,400	780,000	91,800
2027-2028	2,205,000	53,657	428,765	35,796	70,427	649			361,400	810,000	60,000
2028-2029			433,053	31,509	71,188	5,688			361,400	845,000	28,900
2029-2030			437,383	27,178	71,957	4,919	625,000	348,900	348,900	250,000	5,000
2030-2031			441,757	22,804	72,734	4,142	900,000	318,400			
2031-2032			446,175	18,387	73,519	3,357	950,000	281,400			
2032-2033			450,636	13,925	74,313	2,563	985,000	242,700			
2033-2034			455,143	9,418	75,116	1,760	1,025,000	202,500			
2034-2035			466,704	4,867	87,850	949	1,070,000	160,600			
2035-2036							1,115,000	116,900			
2036-2037							1,160,000	71,400			
2037-2038							1,205,000	24,100			
	\$ 3,685,000	\$ 208,907	\$ 4,400,000	\$ 272,622	\$ 725,000	\$ 49,881	\$ 9,035,000	\$ 3,212,500	\$ 3,435,000	\$ 306,100	

*The SDWRLF loan will not be finalized until FY25. At that point we will have the total loan amount and debt schedule

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
	2016	19	26,707,077	134	32,107,443	1,263,342	(4)	(4)
2017	27	26,361,840	143	30,742,751	1,394,752	(4)	(4)	(4)
2018	37	44,723,804	164	32,197,151	1,391,048	(4)	(4)	(4)
2019	18	5,267,056	120	22,561,913	1,473,376	(4)	(4)	(4)
2020	25	19,275,020	142	29,286,945	1,742,957	(4)	(4)	(4)
2021	18	15,498,562	176	42,156,761	2,003,836	(4)	(4)	(4)
2022	13	11,340,767	166	31,938,602	2,123,827	(4)	(4)	(4)
2023	12	14,960,710	169	38,359,478	1,951,790	(4)	(4)	(4)
2024	11	10,190,821	93	25,613,565	2,046,614	(4)	(4)	(4)
2025	11	6,423,184	93	26,298,970	1,994,099	(4)	(4)	(4)

Source: (1) City Building Division (Eric Wade - Business Ops Supervisor)
(2) FDIC, Credit Union not included - Data not available until 10/1
(3) City's value, per Josephine County
(4) Information not currently available

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

DEMOGRAPHIC STATISTICS

For the last ten fiscal years
(Unaudited)

Year Ended June 30,	Population (1)	Personal Income (thousands of dollars) (2)	Median Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2016	36,815	1,236,137,255	33,577	47.3 *	6,044	6.7%
2017	37,135	1,337,342,755	36,013	47.3 *	6,199	5.4%
2018	37,285	1,383,609,065	37,109	47.3 *	5,598	5.2%
2019	37,485	1,458,016,560	38,896	47.3 *	6,042	5.2%
2020	38,170	1,564,092,090	40,977	47.3 *	6,054	11.5%
2021	39,189	1,864,338,297	47,573	39.9 **	5,984	6.5%
2022	39,475	1,851,890,675	46,913	39.9 **	5,310	5.2%
2023	39,994	2,177,513,324	54,446	39.9 **	5,554	5.9%
2024	40,102	2,163,141,982	53,941	39.9 **	5,492	5.4%
2025	39,572	2,177,963,736	55,038	39.9 **	5,700	7.1%

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)

*From 2010 Census
**From 2020 Census

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

INSURANCE AND SURETY BONDS IN FORCE

June 30, 2025
(Unaudited)

Company	Policy Number	Amount	Coverage	Policy Term	Premium
City - County Insurance Svcs.	24LGSP	\$ 30,000,000	Comprehensive Gen. Liability	7/01/2024- 6/30/2025	\$ 569,126
City - County Insurance Svcs.	24APDGSP	Various	Auto Physical Damage	7/01/2024- 6/30/2025	77,702
City - County Insurance Svcs.	24PGSP	Per Filed Values	Property Insurance	7/01/2024- 6/30/2025	284,030
Philadelphia Insurance Co.	PHPA131970	50,000	Volunteer Accident	7/01/2024- 6/30/2025	309
Evanston Insurance Co.	MKLV5ENV103451	10,000,000	Pollution Legal Liability	12/31/2021 - 12/31/2026	137,181
Chartis Specialty Insurance Co.	EPP1957147	13,000,000	Solid Waste-Closure/Post	7/01/2024- 6/30/2025	6,756,809
City - County Insurance Svcs.	24LGSP	10,000,000	Auto Liability Coverage	7/01/2024- 6/30/2025	61,760
City - County Insurance Svcs.	24EQGSP	5,000,000	Excess Earthquake	7/01/2024- 6/30/2025	14,250
City - County Insurance Svcs.	24ECLGSP	50,000	Cyber Liability	7/01/2024- 6/30/2025	2,185

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

JOSEPHINE COUNTY PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago
(Unaudited)

Employer	Type of Business	2025		2016	
		Approximate Employment	Percentage of Total County	Approximate Employment	Percentage of Total County
Three Rivers Community Hospital	* Health Care	1,244	1 4.79%	968	1 3.83%
Grants Pass School District No. 7	* Education	950	2 3.66%	864	2 3.42%
Rogue Community College	Education	746	3 2.87%	576	4 2.28%
Three Rivers School District	Education	633	4 2.44%	602	3 2.38%
Options for Southern Oregon	* Medical-Mental Health	509	5 1.96%		
Josephine County	Insurance Agency/Brokerages	439	6 1.69%	321	9 1.27%
Master Brand Cabinets	* Wood Products Manufacturing	375	7 1.44%	450	6 1.78%
Wal-Mart	* Department Store	372	8 1.43%	451	5 1.79%
Rogue Valley Door	* Wood Products Manufacturing	320	9 1.23%	340	8 1.35%
Allcare Health	* Insurance Agency/Brokerages	300	10 1.15%		
Fire Mountain Gems				382	7 1.51%
First Call Resolution				294	10 1.16%
Total employees		5,888	22.65%	5,248	20.78%
Total Employment		25,990		25,260	

* 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**

		Current Year and Ten Years Ago (Unaudited)			
		2025		2015	
Name	Type of Business	City Assessed Value	Rank	City Assessed Value	Rank
		Percentage of Total City Assessed Value		Percentage of Total City Assessed Value	
Charter Communications	Utility	\$ 43,206,410	1	\$ 28,779,300	1
Masterbrand Cabinets Inc	Industrial	37,386,880	2	23,702,500	3
Pacifcorp	Utility	30,386,670	3	14,002,000	8
S-H Forty-Nine	Commercial	26,256,170	4	25,001,230	2
Hunter Comm	Utility	23,838,750	5	-	-
Avista Corp	Utility	23,396,830	6	14,589,000	6
Grants Pass Venture LLC	Commercial	22,721,740	7	-	-
Johnson Trust, Carl D	Developer	21,297,270	8	13,381,390	9
Asantle	Medical	17,555,940	9	15,619,527	5
Lynn-Ann Development LLC	Developer	17,895,590	10	13,566,951	10
Auerbach Grants Pass LLC & Freeman Grants Pass LLC	Commercial	-	-	19,249,720	4
Fred Meyer Stores Inc	Commercial	-	-	14,194,640	7
Total of top-ten taxpayers		263,942,250	6.39%	182,086,258	6.28%
Other Taxpayers		3,868,155,250	93.61%	2,717,367,561	93.72%
Source: Josephine County Assessor		\$ 4,132,097,500	100.00%	\$ 2,899,453,819	100.00%

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

OPERATING INDICATORS BY FUNCTION

		For the last ten fiscal years																			
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025										
Public Safety																					
Traffic stops ⁽¹⁾	(1)	4,434	5,884	5,534	5,701	5,555	3,535	3,109	3,452	2,957	38,010										
Warnings issued ⁽¹⁾	(1)	3,428	4,387	5,326	5,229	5,309	2,798	2,155	2,207	2,167	2,821										
Citations issued ⁽¹⁾	(1)	1,706	2,233	2,991	2,323	2,401	3,771	3,933	2,595	3,283	2,291										
Calls for service - Police Reactive ⁽¹⁾	(1)	33,516	35,059	32,576	38,093	37,568	34,593	36,114	36,881	34,182	31,119										
Calls for service - Police Proactive ⁽¹⁾	(1)	22,985	26,200	27,536	25,892	28,881	22,912	19,164	20,166	14,730	14,790										
Calls for service - Fire	(1)	4,577	4,576	4,502	4,545	4,379	4,696	5,006	5,188	5,230	5,283										
Businesses inspected	(1)	1,789	1,710	1,562	2,060	855	468	584	381	283	788										
Business self-inspections	(1)	51	51	46	46	32	37	35	47	20	22										
Citizen Public Safety Academy attendance	(1)	21	23	26	27	25	26	31	29	25	0										
Student Public Safety Academy attendance	(1)	16	15	24	23	0*	0*	0**	0**	0**	100										
Transportation																					
Street overlays (square yards)	(4)	28,750	15,297	19,800	19,798	13,616	15,091	-	-	-	11,092										
Street overlays (tons of asphalt)	(4)	1,620	2,481		2,362	2,620	1,797	-	-	-	2,087										
Chip Seal	(4)	n/a	n/a		n/a	n/a	1	n/a	n/a	n/a	n/a										
Signage additions	(4)	105	106	91	53	105	63	63	87	101	89										
Signage replacements	(4)	193	65	76	92	73	250	77	110	95	48										
Miles of restriping	(4)	10	13	17	18	19	8	1	3	0	18										
Building																					
Total Permits issued	(2)	3,609	2,484	2,866	1,774	2,288	3,168	3,018	2,569	2,456	2,421										
New single family permits	(2)	134	140	164	120	102	125	91	70	43	50										
New multi-family permits	(2)	1	3	0	0	0	2	14	13	34	1										
New commercial permits	(2)	19	27	37	18	15	13	17	19	16	12										
Total Inspections	(2)	5,447	7,456	7,947	7,221	6,058	6,073	7,401	7,127	7,335	6,408										
Parks																					
Swimming pool attendance	(5)	23,873	20,599	16,871	12,856	n/a	6,348	12,630	n/a***	10,083	14,950										
Rental of facilities	(5)	319	403	345	294	170	135	277	315	263	294										
Number of games scheduled	(5)	1,158	1,608	1,468	1,497	462	291	419	376	478	468										
Development																					
Total land use applications					149	184	186	166	156	147	400										
Subdivision final plats	(2)	5	2	5	6	3	6	11	9	4	17										
Commercial/Res. site plan review	(2)	41	42	54	23	35	42	31	40	27	26										
Water																					
New connections	(2)	159	162	169	172	159	207	141	149	102	115										
Number of accounts	(3)	11,028	11,051	11,173	11,320	11,692	11,728	11,895	11,983	12,144	12,281										
Total water produced (1000s of gallons)	(4)	2,041,754	2,032,417	2,129,799	2,154,636	2,125,837	2,375,785	2,074,488	2,057,298	1,975,410	2,102,143										
Total water billed (100 hcf)	(3)	2,624,237	3,030,825	2,495,910	2,550,296	2,457,677	2,521,422	2,444,970	2,432,378	2,408,170	2,538,963										
Average daily production (gallons)	(4)	5,593,845	5,598,946	5,145,240	5,903,113	5,808,299	6,509,002	5,683,529	5,636,434	5,397,294	5,759,296										
Wastewater																					
Wastewater treated (1000s of gallons)	(4)	2,358,500	2,639,670	1,877,540	2,279,420	2,279,420	2,182,160	2,082,870	2,131,670	2,256,540	2,563,600										

Sources:
 (1) City Public Safety Department (2) City Community Development Dep (3) City Administrative Services Department (4) City Public Works Department (5) City Community Services Department
 *No student academy due to COVID
 **Not enough enrollment
 ***Unable to obtain updated attendance

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

CAPITAL ASSETS STATISTICS BY FUNCTION

	For the last ten years (Unaudited)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police stations	(1)	5	5	5	6	1	1	1	1	1
Sub-stations	(1)	1	1	1	1	5	4	4	1	1
Marked Patrol Units	(1)	16	16	18	19	20	21	15	13	14
Un-marked Patrol Units	(1)	13	13	13	14	16	16	15	14	16
K-9 units	(1)	2	2	3	3	3	3	3	3	3
Motorcycles	(1)	3	3	3	3	3	3	3	2	2
Specialty Vehicles	(1)	7	7	7	7	7	7	7	5	5
T3	(1)	2	2	2	2	2	-	-	-	-
Equipment Trailers	(1)	6	6	6	6	7	7	9	10	10
Fire stations	(4)	3	3	3	3	3	3	3	3	3
Pumpers	(4)	6	5	5	5	5	5	5	5	5
Ladder Trucks	(4)	1	1	1	1	1	1	1	1	1
Wildland Engine	(4)	1	2	2	2	2	2	2	2	2
Transportation										
Streets (miles)	(2)	172	173	175	181	181	186	188	190	210
Streetlights	(2)	1,835	1,855	1,865	1,865	1,900	1,928	1,933	2,096	2,282
City Owned	(2)	184	184	184	184	190	217	217	181	31
PP&L Owned	(2)	1,651	1,671	1,681	1,685	1,710	1,711	1,716	1,915	2,251
Traffic signals	(2)	12	13	13	13	13	13	13	13	13
Parks										
Number of parks-developed	(3)	24	24	24	24	24	24	24	24	24
Number of parks-undeveloped	(3)	8	8	8	9	9	9	9	9	9
Acreage of parks-developed	(3)	195	196	196	196	196	196	196	196	196
Acreage of parks-undeveloped	(3)	313	313	313	759	759	505	507	467	467
Swimming pools	(3)	1	1	1	1	1	1	1	1	1
Playgrounds	(3)	13	13	13	13	13	13	13	13	13
Baseball/softball fields	(3)	12	12	12	12	12	12	12	12	12
Soccer fields	(3)	5	5	5	5	5	5	5	6	5
Tennis courts	(3)	14	14	14	14	14	14	12	11	11
Pickle courts	(3)	0	3	3	3	3	3	16	18	18
Water										
Water mains (miles)	(2)	193	193	193	199	199	211	195	205	205
Fire hydrants	(2)	1,634	1,634	1,678	1,680	1,665	1,699	1,681	1,753	1,753
Storage capacity (millions of gallons)	(2)	21	21	21	21	21	21	21	21	21
Reservoirs	(2)	8	8	8	8	8	8	8	8	9
Wastewater										
Sanitary sewers (miles)	(2)	180	180	180	187	187	189	189	189	197
Storm drains (miles)	(2)	107	108	108	108	111	194	194	209	295
Lift stations	(2)	2	2	2	2	2	2	2	2	2
Pumping Station	(2)	3	3	3	3	3	3	3	3	3
Treatment capacity (millions of gallons)	(2)	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4

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

Sources:
 (1) City Police Department (3) City Parks and Community Services Department
 (2) City Public Works Department (4) City Fire Department

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

WORKERS COMPENSATION FUND BALANCE & RESERVES

Fiscal Year Ended June 30,	For the last ten fiscal years (Unaudited)		
	Fund Balance	Loss Reserve	Total Fund Balance & Loss Reserve
2016	\$ 301,470	\$ 52,196	\$ 353,666
2017	318,755	61,989	380,744
2018	411,729	78,772	490,501
2019	600,912	83,936	684,848
2020	763,172	82,160	845,332
2021	964,814	75,737	1,040,551
2022*	1,172,553	-	1,172,553
2023	1,313,186	-	1,313,186
2024	1,101,562	-	1,101,562
2025	1,153,301	-	1,153,301

* The City of Grants Pass is no longer self-insured for workers' compensation effective July 1, 2022, and accordingly reduced the reserve balances in the workers compensation insurance fund effective June 30, 2021.

Source: Internal accounting reports of the City of Grants Pass

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

MISCELLANEOUS STATISTICS

	June 30, 2025 (Unaudited)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Date of Incorporation - 1887										
Form of government - Council/Manager										
Area (in Acres)	(2) 7,475	7,475	7,475	7,475	7,475	7,475	7,475	7,475	7,621	7,624
Police and officers	(1) 53	54	57	57	58	56	57	57	57	58
Firefighters and officers	(1) 27	29	30	30	31	31	31	31	31	31
Employees (Permanent)										
Classified service	(1) 183	182	188	185	188	179	178	180	184	185
Exempt	(1) 31	34	36	39	38	38	37	40	38	40

Sources:
(1) City Personnel Records
(2) City Community Development Department

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

STAFF ALLOCATION BY ACTIVITY*

Department/Activity	As of June 30th (Unaudited)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>Administration</i>										
Management	5.10	5.30	4.35	3.65	4.55	4.55	3.80	4.70	5.00	5.00
Legal	0.05	-	0.05	-	-	-	1.00	1.00	-	1.00
Information Technology	5.70	5.70	5.75	5.55	6.00	4.55	5.00	5.00	5.00	5.00
General Insurance	0.35	0.20	0.35	0.20	0.20	0.20	0.20	0.20	-	-
Economic Development	1.00	1.00	-	-	-	-	-	-	-	-
Tourism Development	0.08	0.08	-	-	-	-	-	-	-	-
Downtown	2.08	2.08	-	-	-	-	-	-	-	-
Facilities	2.00	2.00	-	-	-	-	-	-	-	-
	16.35	16.35	10.50	9.40	10.75	9.30	10.00	10.90	10.00	11.00
<i>Finance</i>										
Finance	13.50	14.00	14.00	14.00	14.00	13.00	11.00	14.00	12.00	14.00
	13.50	14.00	14.00	14.00	14.00	13.00	11.00	14.00	12.00	14.00
<i>Human Resources</i>										
Human Resources	2.99	2.99	2.99	2.99	2.65	2.65	2.65	3.45	4.00	4.00
Worker's Compensation	0.61	0.61	0.61	0.61	0.35	0.35	0.35	0.55	-	-
	3.60	3.60	3.60	3.60	3.00	3.00	3.00	4.00	4.00	4.00
<i>Community Development</i>										
Management	8.70	8.70	4.98	5.03	3.98	3.98	4.00	3.97	3.97	3.97
Engineering	5.50	6.50	6.00	-	-	-	-	-	-	-
Planning	3.00	3.00	3.70	4.00	4.00	4.00	5.00	6.00	5.00	5.00
Building & Safety	2.00	2.00	3.80	3.80	2.80	3.80	3.80	3.80	3.80	3.80
Park Maintenance	6.55	6.55	7.42	6.43	8.01	7.38	6.78	8.33	9.33	9.33
Aquatics	0.35	0.35	0.30	0.30	0.27	0.02	0.02	0.12	0.12	0.12
Recreation	0.15	0.15	0.15	0.15	0.20	0.20	1.70	1.55	1.55	1.55
Economic Development	-	-	1.20	1.10	1.20	1.20	1.10	2.30	1.76	1.76
Tourism Development	-	-	0.10	0.10	0.10	0.10	0.10	0.03	0.47	0.47
Downtown	-	-	2.62	2.63	2.63	2.05	2.40	2.00	2.00	2.00
Facilities	-	-	2.53	2.53	2.53	-	-	-	-	-
	26.25	27.25	32.80	26.05	25.72	22.73	24.90	28.10	28.00	28.00
<i>Public Works</i>										
Public Works Admin	-	-	-	-	4.00	4.00	4.00	4.00	4.00	4.00
Water Treatment	6.46	6.46	6.51	5.51	4.00	6.00	6.00	6.00	6.00	6.00
Water Distribution	5.66	5.66	5.66	5.66	5.66	5.66	5.66	8.84	9.84	9.34
Wastewater Collection	6.66	5.66	6.51	6.34	5.83	5.83	5.83	4.83	5.83	6.33
Wastewater Treatment	8.46	8.46	8.51	7.51	8.00	8.00	8.00	8.00	9.00	8.00
Capital Projects	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Solid Waste	0.16	0.16	0.21	0.21	0.50	0.05	-	0.05	0.05	0.05
Storm Water	-	-	-	-	2.43	1.93	4.83	4.98	4.98	3.98
Street Maintenance	6.56	7.56	7.61	5.61	4.35	5.85	2.50	0.80	2.80	1.80
GIS	-	-	-	0.95	1.00	2.00	2.00	2.00	2.00	3.00
Engineering	-	-	-	6.00	8.00	6.00	6.00	6.00	6.00	6.00
Garage Operations	3.00	3.00	4.24	4.16	4.00	4.00	4.00	4.00	4.00	4.00
Facilities	-	-	-	-	-	1.98	1.60	3.00	3.00	3.00
	40.10	41.10	44.10	46.64	50.95	54.48	54.60	52.50	57.50	55.50
<i>Public Safety</i>										
Fire/Rescue Operations	29.10	31.20	32.20	31.20	34.20	31.30	31.30	29.20	30.00	30.00
Police Operations	59.15	57.95	61.95	60.20	62.95	54.70	54.70	60.50	56.60	58.00
Support Operations	22.50	25.60	24.60	27.60	27.60	20.00	20.00	20.90	23.00	24.50
	110.75	114.75	118.75	119.00	124.75	106.00	106.00	110.60	109.60	112.50
Total	210.55	217.05	223.75	218.69	229.17	208.50	209.50	220.10	221.10	225.00

Sources:
(1) City Personnel Records

* Reporting full-time-equivalency (FTE) for all permanent positions.
This information is provided by the City's Personnel Records.

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

**WASTEWATER UTILITY
TEN LARGEST REVENUE SOURCES**

Customer (classification)	Current Year and Ten Years Ago (Unaudited)				2016*		
	2025		Total		Annual Revenue	Rank	Total Revenue
	Annual Revenue	Rank	Revenue	Revenue			
Three Rivers Hospital	\$ 125,794	1	1.37%	N/A		N/A	
Josephine County	81,548	2	0.89%	N/A		N/A	
School District 7	62,117	3	0.68%	N/A		N/A	
Volare Health Care Management	60,643	4	0.66%	N/A		N/A	
Drive Car Wash, Inc	59,169	5	0.65%	N/A		N/A	
Cascade living Group	53,854	6	0.59%	N/A		N/A	
City of Grants Pass	45,726	7	0.50%	N/A		N/A	
Options for Southern Oregon	37,194	8	0.41%	N/A		N/A	
Nunn, Marcia K	36,982	9	0.40%	N/A		N/A	
Riverwood Apartments	35,123	10	0.38%	N/A		N/A	
Sub-total	598,150		6.54%	N/A		N/A	
All other sources	8,553,050		93.46%	N/A		N/A	
Total Wastewater Revenues	\$ 9,151,200		100.00%	\$ 4,743,668 **		100.00%	

*Reporting began in FY17. Data by customer prior to FY17 not available due to system conversion.

**The "City of Grants Pass" customer category includes all departments of the City that have wastewater utility accounts including Public Safety, Public Works, Parks, and Property Management.

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

**WATER UTILITY
TEN LARGEST REVENUE SOURCES**

Customer (classification)	Current Year and Ten Years Ago (Unaudited)				2016				
	2025		Percent of Total Revenue		Annual Consumption Units (100 hcf)	Annual Revenue	Rank	Percent of Total Revenue	
	Annual Revenue	Rank	Revenue	Revenue					
City of Grants Pass (public)	171,753	\$ 518,491	1	4.73%		145,240	\$ 259,795	1	4.26%
School District 7 (public)	71,589	313,757	2	2.86%		130,755	172,438	2	2.83%
Three Rivers Hospital (commercial)	35,729	248,891	3	2.27%		31,042	95,330	3	1.56%
Josephine County (public)	27,391	219,432	4	2.00%		30,945	48,595	6	0.80%
Cascade Living Group (retirement)	24,311	180,702	5	1.65%		22,450	49,996	5	0.82%
Riverwood Apts (multi-family)	23,678	161,382	6	1.47%					
Volare Health Care	15,965	116,745	7	1.07%					
Fred Meyers	15,453	73,892	8	0.67%					
Wal-Mart (commercial)	13,916	73,893	9	0.67%		33,920	16,221	9	0.27%
Options for Southern Oregon	11,233	55,333	10	0.50%					
Timber Products (commercial)						32,302	54,556	4	0.89%
Countryside Partners (commercial)				0.00%		72,579	32,542	7	0.53%
Countryside Village (retirement)				0.00%			22,785	8	0.37%
Highland House Nursing Home (commercial)							12,149	10	0.20%
Sub-total	411,018	1,962,518		17.91%		499,233	764,407		12.53%
All other sources		8,997,830		82.09%			5,338,108		87.47%
Total Water Revenues	\$ 10,960,348			100.00%		\$ 6,102,515			100.00%

hcf = hundred cubic feet

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

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
2016	8,458	1,013	1,215	185	157	*	11,028
2017	8,523	1,010	1,178	86	169	85	11,051
2018	8,703	983	1,086	144	172	85	11,173
2019	8,786	1,021	1,094	161	174	84	11,320
2020	9,101	1,002	1,157	168	179	85	11,692
2021	9,152	1,022	1,122	188	179	65	11,728
2022	9,185	1,045	1,206	185	188	86	11,895
2023	9,242	1,055	1,237	188	192	69	11,983
2024	9,262	1,191	1,316	184	191	*	12,144
2025	9,334	1,235	1,323	201	188		12,281

Water Consumption (hcf)

Fiscal Year Ended June 30,	Residential	Multi-Family	Commercial	Public	Fire Protection	Outside City Surcharge	Total
2016	1,276,118	395,737	617,515	334,529	338	*	2,624,237
2017	1,545,716	431,464	570,120	483,162	363	*	3,030,825
2018	1,234,448	378,662	591,368	291,109	323	*	2,495,910
2019	1,264,174	381,509	595,965	307,907	741	*	2,550,296
2020	1,201,949	368,081	583,905	303,098	644	*	2,457,677
2021	1,363,773	397,028	433,205	326,605	811	*	2,521,422
2022	1,214,480	370,381	592,821	266,954	334	*	2,444,970
2023	1,226,816	355,807	572,990	276,403	362	*	2,432,378
2024	1,208,627	346,294	568,027	284,967	255	*	2,408,170
2025	1,250,624	370,075	593,184	324,121	959		2,538,963

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

City Services Rates
(Unaudited)

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 1.68% for 2015.

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 units	>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	\$ -
2	0.0996
3	0.2325
4	0.3321
5	0.4317

*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

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

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

City Services Rates
(Unaudited)

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 1.53% for 2014. (In addition, the second increase of Council Resolution 5995 was implemented. This increased base water rates and additional unit charges by 39% of 2012 fees.)

Water Rates as of January 1, 2017

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4" or less	\$ 17.31	\$ 6.49
1"	38.58	6.49
1.5"	72.80	6.49
2"	116.81	6.49
3"	225.29	6.49
4"	73.41	6.49
6"	709.26	6.49
8"	1,128.55	6.49
10"	1,748.12	6.49

Single Family Residential		
0-10	11-25 units	= >26 units
\$0.91	\$1.16	\$1.37

Customer Class	
Multi-Family & PUD	\$ 0.91
Commercial/Public	1.08
Interruptible Irrigation for Public Parks & Schools	0.91
Irrigation-All Classes	1.56
Standby-All Classes	1.56

Service Level Charge	
Service Level	Per Unit Chrg
1	\$ -
2	0.1006
3	0.2350
4	0.3356
5	0.4363

Sewer Rates as of January 1, 2017
(1st 2 units included in base charge)

Class	Per Month
Residential	
Monthly Service Charge	\$ 13.79
Volume Charge x awwc**	2.82
Multi-Family	
Monthly Service Charge	\$ 13.79
Volume Charge x awwc**	2.82
Commercial Normal Strength	
Monthly Service Charge	\$ 13.79
Volume Charge x awc***	2.82
Commercial High Strength	
Monthly Service Charge	\$ 13.79
Volume Charge x awc***	3.96
Public	
Monthly Service Charge	\$ 13.79
Volume Charge x awc***	2.82

Pump Station Rates as of January 1, 2017
(Based on total water usage)

Webster Pump Station	\$ 0.28
RSSSD Pump Station	0.55

*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

City Services Rates
(Unaudited)

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 1.53% for 2014. (In addition, the second increase of Council Resolution 5995 was implemented. This increased base water rates and additional unit charges by 39% of 2012 fees.)

Water Rates as of January 1, 2018

Customer Service Charge*		
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD
3/4" or less	\$ 17.67	\$ 6.62
1"	39.39	6.62
1.5"	74.32	6.62
2"	119.24	6.62
3"	229.98	6.62
4"	381.18	6.62
6"	724.01	6.62
8"	1,152.03	6.62
10"	1,784.48	6.62

Single Family Residential		
0-10	11-25 units	= >26 units
\$0.93	\$1.19	\$1.40

Customer Class	
Multi-Family & PUD	\$ 0.93
Commercial/Public	1.10
Interruptible Irrigation for Public Parks & Schools	0.93
Irrigation-All Classes	1.59
Standby-All Classes	1.59

Service Level Charge	
Service Level	Per Unit Chrg
1	\$ -
2	0.1027
3	0.2399
4	0.3426
5	0.4453

*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

Sewer Rates as of January 1, 2018
(1st 2 units included in base charge)

Customer Service Charge*		Class		Per
Standby Meter Size	Monthly Base Rate			
2"	\$ 27.89	Residential		
3"	38.56	Monthly Service Charge		\$ 15.05
4"	103.91	Volume Charge x awwc**		3.08
6"	138.42	Multi-Family		
8"	206.56	Monthly Service Charge		\$ 15.05
10"	287.48	Volume Charge x awwc**		3.08
		Commercial Normal Strength		
		Monthly Service Charge		\$ 15.05
		Volume Charge x awc***		3.08
		Commercial High Strength		
		Monthly Service Charge		\$ 15.05
		Volume Charge x awc***		4.32
		Public		
		Monthly Service Charge		\$ 15.05
		Volume Charge x awc***		3.08

Pump Station Rates as of January 1, 2018
(Based on total water usage)

Webster Pump Station	\$ 0.31
RSSSD Pump Station	0.60

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

City Services Rates
(Unaudited)

Annually the water and sewer rates will be increased by the 12-month average of Cost of Living Index which is 1.53% for 2014. (In addition, the second increase of Council Resolution 5995 was implemented. This increased base water rates and additional unit charges by 39% of 2012 fees.)

Water Rates as of January 1, 2019

Customer Service Charge*			Customer Service Charge*	
Meter Size	Monthly Base Rate	Add'l Unit Chrg for multi-family & PUD	Standby Meter Size	Monthly Base Rate
3/4" or less	\$ 18.87	\$ 7.07	2"	\$ -
1"	42.06	7.07	3"	34.55
1.5"	79.36	7.07	4"	53.98
2"	127.32	7.07	6"	107.96
3"	245.57	7.07	8"	172.73
4"	407.02	7.07	10"	248.30
6"	773.08	7.07		
8"	1,230.11	7.07		
10"	1,905.48	7.07		

Single Family			
0-5 unit	6-10 unit	11-25 unit	= >26 units
\$0.59	\$1.17	\$1.46	\$1.76

Customer Class	
Multi-Family & PUD	\$ 0.99
Commercial/Public	1.17
Interruptible Irrigation for Public	
Parks & Schools	0.99
Irrigation-All Classes	1.70
Standby-All Classes	1.70

Service Level Charge	
Service Level	Per Unit Chrg
1	\$ -
2	0.1107
3	0.2584
4	0.3691
5	0.4798

*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

City Services Rates
As of January 1, 2020
(Unaudited)

WATER RATES	COST OF LIVING SET BY COUNCIL ACTION	1.79%	60% Surcharge	WASTEWATER RATES	COST OF LIVING PLUS COUNCIL ACTION	COST OF LIVING PLUS COUNCIL ACTION
	2019	5.28% 2020	2020		9.46% 2019	8.79% 2020
WATER - FLAT RATES				OUTSIDE CITY LIMITS, NO S&A AGREEMENT		
WATER & IRRIGATION: METER SIZE					BASE RATE	
3/4"	\$ 18.87	\$ 20.20	12.12	Includes 1st 2 units	\$ 16.47	\$17.92
1"	\$ 42.06	\$ 45.03	27.02	REPORT REQUESTED 9/27/21	\$ 3.37	\$3.67
1.5"	\$ 79.36	\$ 84.97	50.98	HIGH STRENGTH VOLUME	\$ 4.73	\$5.14
2"	\$ 127.32	\$ 136.32	81.79	PUMP STATION CHARGES - PER UNIT: TOTAL CONSUMPTION		
3"	\$ 245.57	\$ 262.93	157.76	Webster	\$ 0.34	\$ 0.37
4"	\$ 407.02	\$ 435.80	261.48	RSSSD	\$ 0.66	\$ 0.72
6"	\$ 773.08	\$ 827.74	496.64			
8"	\$ 1,230.11	\$ 1,317.08	790.25			
10"	\$ 1,905.48	\$ 2,040.20	1224.12			
STANDBY: METER SIZE				TRANSPORTATION FEES		
2"	\$ -	\$ -	-	COST OF LIVING % 2.46% 2019 1.79% 2020		
3"	\$ 34.55	\$ 36.99	22.19	Single Family Residential	\$ 3.68	\$ 3.77
4"	\$ 53.98	\$ 57.8	34.58	Multi-Family Residential	\$ 2.45	\$ 2.51
6"	\$ 107.96	\$ 115.59	69.35	Condo and Mobile Homes	\$ 1.84	\$ 1.89
8"	\$ 172.73	\$ 184.94	110.96	Elder Care Facilities	\$ 0.92	\$ 0.94
10"	\$ 248.30	\$ 265.85	159.51	Major Home Occupation	\$ 3.68	\$ 3.77
AUC - Additional dwelling units				Commercial		
	\$ 7.07	\$ 7.57	4.54	A	\$ 12.23	\$ 12.53
STANDBY COMP				B	\$ 36.81	\$ 37.72
	\$ 23.19	\$ (24.83)		C	\$ 73.62	\$ 75.43
WATER CONSUMPTION RATES				Based on sq ft of space & type of business		
TIERED VOLUME RATES: SINGLE FAMILY RESIDENTIAL				D	\$ 110.46	\$ 113.18
1-5 units	\$ 0.59	\$ 0.63	0.38	E	\$ 184.08	\$ 188.61
6-10 units	\$ 1.17	\$ 1.25	0.75	F	\$ 368.17	\$ 377.23
11-25 units	\$ 1.46	\$ 1.56	0.94	G	\$ 136.33	\$ 139.68
26 units and more						
VOLUME RATES - ALL OTHER SERVICE CLASSES						
Multi Family	\$ 0.99	\$ 1.06	0.64			
Commercial/Pub	\$ 1.17	\$ 1.25	0.75			
Interruptible Irr.	\$ 0.99	\$ 1.06	0.64			
Irrigation all	\$ 1.70	\$ 1.82	1.09			
Stand-by all	\$ 1.70	\$ 1.82	1.09			
SERVICE LEVEL CHARGES						
Elevation Charges						
2	\$ 0.1107	\$ 0.1185	0.0711			
3	\$ 0.2584	\$ 0.2767	0.1660			
4	\$ 0.3691	\$ 0.3952	0.2371			
5	\$ 0.4798	\$ 0.5137	0.3082			
STORMWATER RATES assessed per impervious unit						
	2019	2020				
Stormwater	\$ 5.30	\$ 6.40				
Onsite Credit	\$ (2.23)	\$ (2.88)				
Water Plant Surcharge assessed by meter sized						
	2019	2020				
3/4"	\$ 2.70	\$ 5.40				
1"	\$ 6.02	\$ 12.04				
1.5"	\$ 11.36	\$ 22.71				
2.0"	\$ 18.22	\$ 36.44				
3.0"	\$ 35.14	\$ 70.28				
4.0"	\$ 58.24	\$ 116.49				
6.0"	\$ 110.63	\$ 221.26				
8.0"	\$ 176.67	\$ 352.66				
10"	\$ 272.67	\$ 545.34				

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

City Services Rates
As of January 1, 2023
(Unaudited)

WATER RATES	COST OF LIVING 3.77%	COST OF LIVING 8.03%	60% Surcharge 2023	WASTEWATER RATES	COST OF LIVING 3.77%	COST OF LIVING 8.03%
WATER - FLAT RATES				OUTSIDE CITY LIMITS, NO S&A AGREEMENT		
WATER & IRRIGATION: METER SIZE				2022		
3/4"	\$22.33	\$	24.12	14.47		
1"	\$49.77	\$	53.77	32.26		
1.5"	\$93.91	\$	101.45	60.87		
2.0"	\$150.66	\$	162.75	97.65		
3.0"	\$290.58	\$	313.91	188.35		
4.0"	\$481.62	\$	520.29	312.17		
6.0"	\$914.77	\$	988.23	592.94		
8.0"	\$1,456.57	\$	1,572.45	943.47		
10"	\$2,254.73	\$	2,435.78	1461.47		
STANDBY: METER SIZE				PUMP STATION CHARGES - PER UNIT: TOTAL CONSUMPTION		
2"	\$	\$	\$	Webster	\$	0.37
3"	\$	\$	\$	RSSD	\$	0.72
4"	\$	\$	\$			
6"	\$	\$	\$			
8"	\$	\$	\$			
10"	\$	\$	\$			
AUC - Additional dwelling units	\$	8.06	8.37	\$	5.02	
STANDBY COMP	\$	(27.44)	(29.65)			
WATER CONSUMPTION RATES				Average City Utility Bill		
TIERED VOLUME RATES: SINGLE FAMILY RESIDENTIAL				2022		
1-5 units	\$	0.70	\$	0.75	\$	0.45
6-10 units	\$	1.38	\$	1.50	\$	0.90
11-25 units	\$	1.73	\$	1.87	\$	1.12
26 units +	\$	2.08	\$	2.25	\$	1.35
VOLUME RATES - ALL OTHER SERVICE CLASSES				Franchise		
Multi Family	\$	1.17	\$	1.27	\$	0.76
Commercial/Pub	\$	1.38	\$	1.50	\$	0.90
Interruptible Irr.	\$	1.17	\$	1.27	\$	0.76
Irrigation all	\$	2.01	\$	2.17	\$	1.30
Stand-by all	\$	2.01	\$	2.17	\$	1.30
SERVICE LEVEL CHARGES				WAQ (Winter Average Quarter) 5 months		
Elevation Charges				November thru March		
2	\$	0.1310	\$	0.1415	\$	0.0849
3	\$	0.3060	\$	0.3304	\$	0.1982
4	\$	0.4370	\$	0.4718	\$	0.2831
5	\$	0.5680	\$	0.6133	\$	0.3680
STORMWATER RATES assessed per impervious unit				TRANSPORTATION FEES		
Stormwater				COST OF LIVING %		
Onsite Credit	\$	(3.50)	\$	(3.78)		
Water Plant Surcharge assessed by meter sized				2022		
3/4"	\$	10.80	\$	13.50	\$	3.94
1"	\$	24.08	\$	30.09	\$	2.62
1.5"	\$	45.42	\$	56.76	\$	1.97
2.0"	\$	72.88	\$	91.10	\$	0.99
3.0"	\$	140.57	\$	175.71	\$	3.94
4.0"	\$	232.98	\$	291.22	\$	
6.0"	\$	442.52	\$	553.15	\$	
8.0"	\$	704.13	\$	880.16	\$	
10"	\$	1,090.68	\$	1,365.35	\$	
				Commercial		
				A		
				B		
				C		
				D		
				E		
				F		
				G		
				H		

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

City Services Rates
As of January 1, 2024
(Unaudited)

WATER RATES	COST OF LIVING 8.03%	COST OF LIVING 4.73%	60% Surcharge 2024	WASTEWATER RATES	COST OF LIVING 8.03%	COST OF LIVING 4.73%
WATER - FLAT RATES				OUTSIDE CITY LIMITS, NO S&A AGREEMENT		
WATER & IRRIGATION: METER SIZE				2023		
3/4"	\$24.12	\$	25.26	15.16		
1"	\$53.77	\$	56.31	33.79		
1.5"	\$101.45	\$	106.25	63.75		
2.0"	\$162.75	\$	170.45	102.27		
3.0"	\$313.91	\$	328.76	197.26		
4.0"	\$520.29	\$	544.90	326.94		
6.0"	\$988.23	\$	1,034.97	620.98		
8.0"	\$1,572.45	\$	1,646.83	988.10		
10"	\$2,435.78	\$	2,550.99	1530.59		
STANDBY: METER SIZE				PUMP STATION CHARGES - PER UNIT: TOTAL CONSUMPTION		
2"	\$	\$	\$	Webster	\$	0.42
3"	\$	\$	\$	RSSD	\$	0.81
4"	\$	\$	\$			
6"	\$	\$	\$			
8"	\$	\$	\$			
10"	\$	\$	\$			
AUC - Additional dwelling units	\$	9.04	9.47	\$	5.68	
STANDBY COMP	\$	(29.65)	(31.05)			
WATER CONSUMPTION RATES				Average City Utility Bill		
TIERED VOLUME RATES: SINGLE FAMILY RESIDENTIAL				2023		
1-5 units	\$	0.75	\$	0.79	\$	0.47
6-10 units	\$	1.50	\$	1.57	\$	0.94
11-25 units	\$	1.87	\$	1.96	\$	1.18
26 units +	\$	2.25	\$	2.36	\$	1.42
VOLUME RATES - ALL OTHER SERVICE CLASSES				Franchise		
Multi Family	\$	1.27	\$	1.33	\$	0.80
Commercial/Pub	\$	1.50	\$	1.57	\$	0.94
Interruptible Irr.	\$	1.27	\$	1.33	\$	0.80
Irrigation all	\$	2.17	\$	2.27	\$	1.36
Stand-by all	\$	2.17	\$	2.27	\$	1.36
SERVICE LEVEL CHARGES				WAQ (Winter Average Quarter) 5 months		
Elevation Charges				November thru March		
2	\$	0.1415	\$	0.1482	\$	0.0889
3	\$	0.3304	\$	0.3460	\$	0.2076
4	\$	0.4718	\$	0.4941	\$	0.2965
5	\$	0.6133	\$	0.6423	\$	0.3854
STORMWATER RATES assessed per impervious unit				TRANSPORTATION FEES		
Stormwater				COST OF LIVING %		
Onsite Credit	\$	(3.78)	\$	(3.96)		
Water Plant Surcharge assessed by meter sized				2023		
3/4"	\$	13.50	\$	13.50	\$	4.25
1"	\$	30.09	\$	30.09	\$	2.86
1.5"	\$	56.76	\$	56.76	\$	2.13
2.0"	\$	91.10	\$	91.10	\$	1.07
3.0"	\$	175.71	\$	175.71	\$	4.25
4.0"	\$	291.22	\$	291.22	\$	
6.0"	\$	553.15	\$	553.15	\$	
8.0"	\$	880.16	\$	880.16	\$	
10"	\$	1,365.35	\$	1,365.35	\$	
				Commercial		
				A		
				B		
				C		
				D		
				E		
				F		
				G		
				H		

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

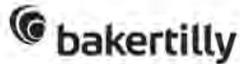
Water and Wastewater Rates
As of January 1, 2025
(Unaudited)

<u>WATER RATES</u>				<u>COST OF LIVING</u>		<u>COST OF LIVING</u>		<u>WASTEWATER RATES</u>		<u>COST OF LIVING</u>		<u>COST OF LIVING</u>	
				4.73%		3.02%				4.73%		3.02%	
				2024		2025				2024		2025	
						60% Surcharge							
WATER - FLAT RATES				SURCHARGE OUTSIDE CITY				BASE RATE					
WATER & IRRIGATION: METER SIZE								Includes 1st 2 units		\$ 20.37		\$ 21.97	
3/4"	\$	25.26	\$	26.02	\$	15.61		VOLUME	\$	4.37	\$	4.50	
1"	\$	56.31	\$	58.01	\$	34.81		HIGH STRENGTH					
1.5"	\$	106.25	\$	109.46	\$	65.68		VOLUME	\$	6.13	\$	6.32	
2.0"	\$	170.45	\$	175.60	\$	105.36		PUMP STATION CHARGES -					
3.0"	\$	328.76	\$	338.69	\$	203.21		PER UNIT: TOTAL CONSUMPTION					
4.0"	\$	544.90	\$	561.36	\$	336.82		Webster	\$	0.44	\$	0.45	
6.0"	\$	1,034.97	\$	1,066.23	\$	639.74		RSSSD	\$	0.85			
8.0"	\$	1,646.83	\$	1,696.56	\$	1,017.94							
10"	\$	2,550.99	\$	2,628.03	\$	1,576.82							
STANDBY: METER SIZE								TRANSPORTATION FEES		COST OF LIVING %			
2"	\$	-	\$	-	\$	-		2024		3.02%		2025	
3"	\$	46.26	\$	47.66	\$	28.60		Single Family Residential	\$	4.25	\$	4.58	
4"	\$	72.26	\$	74.44	\$	44.66		Multi-Family Residential	\$	2.86	\$	3.05	
6"	\$	144.54	\$	148.91	\$	89.35		Condo and Mobile Homes	\$	2.13	\$	2.30	
8"	\$	231.24	\$	238.22	\$	142.93		Elder Care Facilities	\$	1.07	\$	1.15	
10"	\$	332.41	\$	342.45	\$	205.47		Major Home Occupation	\$	4.25	\$	4.58	
AUC - Additional dwelling units		9.04		9.76		5.86		Commercial					
WATER CONSUMPTION RATES								A		\$	14.19	\$	15.31
TIERED VOLUME RATES: SINGLE FAMILY RESIDENTIAL								B		\$	42.58	\$	45.94
1-5 units	\$	0.79	\$	0.81	\$	0.49	C		\$	85.16	\$	91.88	
6-10 units	\$	1.57	\$	1.62	\$	0.97	D		\$	127.77	\$	137.85	
11-25 units	\$	1.96	\$	2.02	\$	1.21	E		\$	212.93	\$	229.73	
26 units +	\$	2.36	\$	2.43	\$	1.46	F		\$	425.87	\$	459.48	
VOLUME RATES - ALL OTHER SERVICE CLASSES								G		\$	851.73	\$	918.96
Multi Family	\$	1.62	\$	1.62	\$	1.62	H		\$	1.62	\$	1.62	
Commercial/Pub	\$	1.57	\$	1.62	\$	0.97	PUBLIC SAFETY UTILITY FEE 2025 COLA 3.02%						
Interruptible Irr.	\$	1.33	\$	1.37	\$	0.82	2024		2025				
Irrigation all	\$	2.27	\$	2.34	\$	1.40	ECF PUBLIC SAFETY	\$	3.00	\$	3.11		
Stand-by all	\$	2.27	\$	2.34	\$	1.40	CMHP PUBLIC SAFETY	\$	6.00	\$	6.21		
SERVICE LEVEL CHARGES								SFR PUBLIC SAFETY		\$	12.00	\$	12.42
Elevation Charges								MHO PUBLIC SAFETY		\$	12.00	\$	12.42
2	\$	0.1482	\$	0.1527	\$	0.0916	MFR PUBLIC SAFETY		\$	7.92	\$	8.20	
3	\$	0.3460	\$	0.3564	\$	0.2138	PUBLIC SAFETY A		\$	39.96	\$	41.36	
4	\$	0.4941	\$	0.5090	\$	0.3054	PUBLIC SAFETY B		\$	120.00	\$	124.20	
5	\$	0.6423	\$	0.6617	\$	0.3970	PUBLIC SAFETY C		\$	240.00	\$	248.40	
STORMWATER RATES assessed per impervious unit								PUBLIC SAFETY D		\$	360.00	\$	372.60
Stormwater	\$	8.81	\$	9.08	\$	9.08	Average City Utility Bill						
Onsite Credit	\$	(3.96)	\$	(4.08)	\$	(4.08)	2024		2025				
Water Plant Surcharge assessed by meter sized								Franchise	\$	4.10	\$	4.26	
3/4"	\$	13.50	\$	13.50	\$	13.50	Meter Base	\$	25.26	\$	26.02		
1"	\$	30.09	\$	30.09	\$	30.09	Water Use (Tier 1, 5 units)	\$	3.75	\$	4.05		
1.5"	\$	56.76	\$	56.76	\$	56.76	Water Use (Tier 2, 1 unit)	\$	1.57	\$	1.62		
2.0"	\$	91.10	\$	91.10	\$	91.10	Water Plant Surcharge	\$	13.50	\$	13.50		
3.0"	\$	175.71	\$	175.71	\$	175.71	Stormwater	\$	8.81	\$	9.08		
4.0"	\$	291.22	\$	291.22	\$	291.22	Sewer Base	\$	20.37	\$	21.97		
6.0"	\$	553.15	\$	553.15	\$	553.15	Sewer Volume	\$	17.48	\$	18.00		
8.0"	\$	880.16	\$	880.16	\$	880.16	Transportation	\$	4.25	\$	4.45		
10"	\$	1,365.35	\$	1,365.35	\$	1,365.35	Total Avg Res. Bill	\$	99.09	\$	102.95		

1 Unit = 1 HCF (Hundred Cubic Feet) = 748 gallons

CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON

COMPLIANCE SECTION



Report of Independent Auditors Required by Oregon State Regulations

Honorable Mayor and City Council Members
City of 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, Oregon (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Grants Pass, Oregon's basic financial statements, and have issued our report thereon dated December 17, 2025.

Compliance

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

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

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

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In connection with our testing, except as noted below, 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 grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

The City experienced budgetary over-expenditures which are disclosed in Note 1 to the financial statements.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Purpose of this Report

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

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

Amanda Moore, Principal, for
Baker Tilly US, LLP
Medford, Oregon
December 17, 2025



Report of Independent Auditors 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*

The Honorable Mayor and City Council Members
City of Grants Pass, Oregon

We have audited, in accordance with the 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, 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, Oregon (the City), as of and for the year ended June 30, 2025, 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 17, 2025. The financial statements of the discretely presented component unit, Josephine County Solid Waste Agency (the Agency), were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance association with the Agency.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Report on Compliance and Other Matters

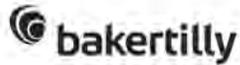
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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.

Baker Tilly US, LLP

Medford, Oregon
December 17, 2025



Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Honorable Mayor and City Council Members
City of Grants Pass, Oregon

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Grants Pass, Oregon (the City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

**City of Grants Pass, Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Baker Tilly US, LLP

Medford, Oregon
December 17, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of the major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>Federal Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
66.202	Congressionally Mandated Projects	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

**CITY OF GRANTS PASS
JOSEPHINE COUNTY, OREGON**
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH AGREEMENT NUMBER	PASS-THROUGH SUBRECIPIENT EXPENDITURES	EXPENDITURES
US DEPARTMENT OF JUSTICE				
Equitable Sharing Program	16.922		\$ -	\$ 80
Bullet Proof Vest Partnership	16.607		-	464
TOTAL US DEPARTMENT OF JUSTICE			-	544
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Grants Pass Community Development Block Grant CDBG Entitlement Grants Cluster	14.218		-	358,952
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	358,952
US DEPARTMENT OF TRANSPORTATION				
Federal Transit Administration				
Pass-through Oregon Department of Transportation				
Enhanced Mobility of Seniors and Individuals with Disabilities				
Transit Services Programs Cluster	20.513	30792	-	137,500
National Highway Transportation Safety Administration and Federal Highway Administration				
Pass-through Oregon Department of Transportation				
Highway Safety Cluster				
State and Community Highway Safety	20.600	N/A	-	6,716
Transportation Safety Office	20.616	N/A	-	3,320
Total Highway Safety Cluster			-	10,036
TOTAL US DEPARTMENT OF TRANSPORTATION			-	147,536
US DEPARTMENT OF THE TREASURY				
COVID-19 State and Local Fiscal Recovery Funds "ARPA"	21.027			4,931,241
Equitable Sharing Program	21.016	N/A	-	4,859
TOTAL US DEPARTMENT OF THE TREASURY			-	4,936,100
US DEPARTMENT OF HOMELAND SECURITY				
Homeland Security Grant Program	97.067		-	22,471
State and Local Cybersecurity Grant Program	97.137		-	62,855
TOTAL US DEPARTMENT OF HOMELAND SECURITY			-	85,326
EXECUTIVE OFFICE OF THE PRESIDENT				
High Intensity Drug Trafficking Areas Program	95.001		-	123,444
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			-	123,444
ENVIRONMENTAL PROTECTION AGENCY				
Congressionally Mandated Projects	66.202		-	1,486,149
TOTAL ENVIRONMENTAL PROTECTION AGENCY			-	1,486,149
US DEPARTMENT OF AGRICULTURE FOREST SERVICE				
Urban and Community Forestry Program	10.727		-	450
TOTAL US DEPARTMENT OF AGRICULTURE FOREST SERVICE			-	450
TOTAL FEDERAL EXPENDITURES			\$ -	\$ 7,138,501

See Notes to Schedule of Expenditures of Federal Awards

City of Grants Pass, Oregon
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal grant activity of the City under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable, or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operation of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City received federal awards both directly from federal agencies and indirectly from pass through entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting when they become a demand on currently available financial resources. The City of Grants Pass's summary of significant accounting policies is presented in Note 1 in the basic financial statements. Pass-through entity identifying numbers are presented where available.

3. INDIRECT COST RATE

The City has elected to use the de minimis indirect cost rate allowed under the Uniform Guidance.

4. LOAN

In August 2025, Council approved through resolution a \$5,000,000 loan from the Oregon Business Development Department for the financing of the construction of the Jason M. Canady Water Treatment Plant. The interest rate is 1.0 percent and payment will be made from the Water Fund. These would be eligible through Safe Drink Water Revolving Loan Fund, Environmental Protection Agency (66.468). Reimbursements will be requested, and a payment schedule will be determined when the obligations are completed. Due to timing of application through approval some costs incurred in fiscal year 2024-25 may be eligible, yet the contract was signed after the close of the fiscal year and clear reimbursement amounts have not been defined as there have been a review of our initial reimbursement request to date.

Appendix C

Book Entry Only System

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**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

[\$[Principal Amount]]
City of Grants Pass, Oregon
Water System Revenue Bonds
Series 2026

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the City of Grants Pass, Oregon (the “Issuer”) in connection with the issuance of the above-captioned Bonds (the “Securities”).

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer, and constitutes the Issuer’s written undertaking for the benefit of the Bondowners and to assist the underwriter of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the “Rule”).

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

“Agency” means the City of Grants Pass Urban Renewal Agency, currently an “obligated person” as defined in the Rule.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

“Bondowners” means the registered owners of the Securities, as shown on the bond register maintained by the paying agent and registrar for the Securities, and any Beneficial Owners.

“Commission” means the United States Securities and Exchange Commission.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org/>.

“MSRB” means the United States Municipal Securities Rulemaking Board or any successor to its functions.

“Official Statement” means the final official statement for the Securities dated _____, 2026.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Issuer Financial Information. The Issuer, as an “obligated person,” agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the Issuer:

A. The Issuer’s annual financial statements prepared in accordance with Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement in Appendix B entitled “Financial Statements.”

B. To the extent not provided in the annual financial statements, historical financial information and operating data related to the Issuer’s water system of the type set forth in the following tables in the Official Statement:

i. The total number of water accounts for the most recently completed Fiscal Year of the type shown in the table titled “Customer Accounts by Classification”;

ii. Historical information for the most recently completed Fiscal Year of the type shown in the table titled “Customer Water Consumptions History”;

iii. Historical information for the most recently completed Fiscal Year of the type shown in the table titled “Top Ten Water Consumers”; and

iv. Historical information for the most recently completed Fiscal Year of the type shown in the table titled “Net Revenues and Debt Service Coverage” and including debt service coverage.

Section 4. Agency Financial Information. So long as the Agency remains an “obligated person” under the Rule, the Issuer agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the Agency:

A. The Agency’s annual financial statements prepared in accordance with Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors).

B. To the extent not provided in the annual financial statements, historical financial information and operating data related to the Agency of the type set forth in the following tables in the Official Statement:

ii. Historical information for the most recently completed Fiscal Year of the type shown in the table titled “Grants Pass Urban Renewal Area Historical Values”;

iv. Historical information for the most recently completed Fiscal Year of the type shown in the table titled “Grants Pass Urban Renewal Area Top Ten Property Owners”; and

v. Historical information for the most recently completed Fiscal Year of the type shown in the table titled “Grants Pass Urban Renewal Area Historical Revenues.”

Section 5. Timing. The information described in Section 3 and Section 4 of this Certificate shall be provided by the Issuer for each of the fiscal years in which the Securities are outstanding. The Issuer shall provide that information on or before nine months after the end of

each fiscal year, commencing no later than March 31, 2027, for the fiscal year ended June 30, 2026. The information described in Section 3 and Section 4 of this Certificate will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. If the information described in Section 3 or Section 4 of this Certificate is initially provided in the form of unaudited financial statements, the Issuer shall provide audited financial statements promptly after they become publicly available. The Issuer's current fiscal year ends June 30. The Issuer may adjust its fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Issuer may cross-reference to other documents provided to the MSRB.

Section 6. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (note: for the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan

of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a financial obligation of the obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material. For the purposes of this paragraph 15 and paragraph 16 below, “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); the term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule;

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Securities, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 7. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the Issuer to provide the annual financial information described in Section 3 or Section 4 of this Certificate on or prior to the time set forth in Section 5 of this Certificate.

Section 8. Termination. The Issuer’s obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision of this Certificate, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision of this Certificate, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 9. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

A. An amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or type of business conducted; and

B. If this Certificate, as amended, would, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment does not materially impair the interest of the Bondowners as determined either by parties unaffiliated with the Issuer (such as nationally recognized bond counsel) or by approving vote of the Bondowners pursuant to the terms of the governing instrument for the Securities as it is in effect at the time of the amendment.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 or Section 4 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 of this Certificate, and (ii) the annual filing pursuant to Section 3 or Section 4 of this Certificate for the first fiscal year that is affected by the change in accounting principles should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Bondowner's Remedies Under This Certificate. Bondowners may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed a default or an event of default under the documents authorizing issuance of the Securities, and no monetary damages shall arise or be payable hereunder, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

Section 11. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB.

Section 12. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of EMMA, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 13. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 14. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 15. Venue. If any action, claim or other legal proceeding is commenced to enforce or interpret the terms and provisions of this Certificate, such proceeding shall be conducted in the Circuit Court for Josephine County of the State of Oregon, or, if a federal forum is required, in the federal courts of the State of Oregon; provided, however, the Issuer does not waive any defenses or immunities related to jurisdiction of the federal courts that may be available to it.

Dated as of the ____ day of _____, 2026.

City of Grants Pass, Oregon

City Official

Appendix E

Form of Master Water System Revenue Bond Declaration

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**MASTER WATER SYSTEM REVENUE
BOND DECLARATION**

City of Grants Pass, Oregon

Water Revenue Bonds

Series 2026

Executed by the City Official of the City of Grants Pass, Oregon

As of [Closing Date]

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MASTER WATER SYSTEM REVENUE BOND DECLARATION

THIS MASTER WATER SYSTEM REVENUE BOND DECLARATION is executed as of [Closing Date], by an authorized City Official of the City of Grants Pass, Oregon pursuant to the authority granted to the City Official by the Ordinance to establish the terms under which the City's Water Revenue Bonds, Series 2026 and future Parity Bonds may be issued.

Section 1. Findings.

The City finds that it enacted the Ordinance pursuant to Oregon Revised Statutes ("ORS") Section 287A.150 and related provisions of ORS Chapter 287A. The Ordinance authorizes the City to issue water revenue bonds in an amount that is sufficient to provide net proceeds of up to \$[65] million to pay for projects described in the Ordinance, plus additional amounts that are required to pay capitalized interest, fund bond reserves, if any, and pay costs related to the financing, and to enter into this Master Declaration. This Master Declaration establishes the terms under which the City's Water Revenue Bonds, Series 2026 are issued and the terms under which future obligations may be issued on a parity with the Series 2026 Bonds and the Existing Borrowings.

Section 2. Definitions.

Unless the context clearly requires otherwise, capitalized terms that are used in this Master Declaration shall have the meanings defined for those terms in this Section 2.

"Adjusted Coverage Revenues" means the Coverage Revenues, adjusted for purposes of Section 7.1.C(ii) as provided in Section 7.3.

"Adjusted Net Revenues" means the Net Revenues, adjusted for purposes of Section 7.1.C(ii) as provided in Section 7.3.

"Annual Bond Debt Service" means in any Fiscal Year the amount of principal and interest required to be paid in that Fiscal Year on all Outstanding Bonds, adjusted as follows:

- (a) Interest which is to be paid from Bond Proceeds shall be subtracted;
- (b) Bonds which are subject to scheduled, noncontingent redemption/prepayment or tender shall be deemed to mature on the dates and in the amounts which are subject to mandatory redemption/prepayment or tender, and only the amount scheduled to be Outstanding on the final maturity date shall be treated as maturing on that date;
- (c) Interest subsidies shall be subtracted from the interest due on Interest Subsidy Bonds as provided in Section 6.5;
- (d) Bonds which are subject to contingent redemption/prepayment or tender shall be treated as maturing on their stated maturity dates; and,
- (e) Each Balloon Payment shall be assumed to be paid according to its Balloon Debt Service Requirement.

"Auditor" means a person authorized by the State Board of Accountancy to conduct municipal audits pursuant to ORS 297.670.

“Balloon Debt Service Requirement” means the Committed Debt Service Requirement for a Balloon Payment or, if the City has not entered into a firm commitment to sell Bonds or other obligations to refund that Balloon Payment, the Estimated Debt Service Requirement for that Balloon Payment.

“Balloon Payment” means any principal payment for a Series of Bonds which comprises more than twenty-five percent of the original principal amount of that Series, but only if that principal payment is designated as a Balloon Payment in the closing documents for the Series.

“Base Period” means the alternative selected by the City from the following two options: (a) any twelve consecutive months selected by the City or Qualified Consultant out of the most recent eighteen months preceding the delivery of a Series of Parity Bonds; or (b) the most recently completed Fiscal Year for which audited financial statements are available.

“BEO” means “book-entry-only” and refers to a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

“Bond” or “Bonds” means the Existing Borrowings, Series 2026 Bonds and any Parity Bonds.

“Bond Counsel” means a law firm selected by the City and having knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds.

“Bond Reserve Account” means the Bond Reserve Account in the Water Fund described in Section 5.3 of this Master Declaration.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

“City” means the City of Grants Pass in Josephine County, Oregon, a municipal corporation of the State of Oregon.

“City Council” means the City Council of the City.

“City Official” means the City Manager, Finance Director, or a designee of either of those officials authorized to act on behalf of the City under this Master Declaration.

“Closing” means the date on which a Series of Bonds is delivered in exchange for payment.

“Code” means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated thereunder.

“Committed Debt Service Requirement” means the schedule of principal and interest payments for a Series of Bonds or other obligations which refund a Balloon Payment, as shown in the documents evidencing the City’s firm commitment to sell that Series. A “firm commitment to sell” means a bond purchase agreement or similar document which obligates the City to sell, and

obligates a purchaser to purchase, the Series of refunding Bonds or other obligations, subject only to the conditions which customarily are included in such documents.

“Coverage Revenues” means the Net Revenues less System Development Charges.

“Credit Facility” means a letter of credit, a municipal bond insurance policy, standby bond purchase agreement or other credit enhancement device which is obtained by the City to secure payment in full of Bonds, and which is issued or provided by a Credit Provider.

“Credit Provider” means the person or entity that is: (i) obligated to make or guarantee payments under a Credit Facility or Reserve Credit Facility; and (ii) whose long-term debt obligations or claims-paying ability (as appropriate) are rated, at the time the Credit Facility or Reserve Credit Facility is issued, in one of the two highest rating categories by Moody’s, S&P, or Fitch. Under rating systems in effect on the date of this Master Declaration, a rating in one of the two highest rating categories by a Rating Agency would be a rating of [“AA-/Aa3”] or better.

“Debt Service Account” means the Debt Service Account described in Section 5.2 of this Master Declaration.

“DTC” means The Depository Trust Company or any other qualified securities depository designated by the City as its successor.

“Estimated Debt Service Requirement” means the schedule of principal and interest payments for a hypothetical Series of Bonds that refunds a Balloon Payment, that is prepared by the City Official and that meets the requirements of Section 6.4.

“Event of Default” means any event specified in Section 11.2 of this Master Declaration.

“Existing Borrowings” means the following borrowings outstanding on the date of this Master Declaration which are secured by a lien on Net Revenues of the Water System: (1) the Safe Drinking Water Revolving Loan Fund Financing Contract No. S23004 and related Promissory Note dated as of January 2023, between the City and the State of Oregon (the “State”) acting through the Oregon Infrastructure Finance Authority (“IFA”) of Oregon Business Development Department (“OBDD”), (2) the Water Fund Water Project Financing Contract No. Y23003 and related Promissory Note dated as of January 2023 between the City and the State acting through the IFA of OBDD, (3) the Safe Drinking Water Revolving Loan Fund Financing Contract No. S25002 and related Promissory Note dated as of September 2025, as amended, between the City and the State acting through the IFA of OBDD, (4) the Water Fund Water Project Financing Contract No. Y25002 and related Promissory Note dated as of September 2025, as amended, between the City and the State acting through the IFA of OBDD, and (5) the Safe Drinking Water Revolving Loan Fund Financing Contract No. S26003 and related Promissory Note dated as of October 2025 between the City and the State acting through the IFA of OBDD.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by State law.

“Fitch” means Fitch Investors Service, Inc., its successors and assigns.

“Fund” or “Account” refers to any fund, account, or other accounting concept that permits the City to account accurately for amounts that are credited to it under this Master Declaration. A “Fund” in this Master Declaration does not need to appear as a “fund” in the City’s budget and an “Account” in this Master Declaration does not need to appear as an “account” in the City’s budget.

“Government Obligations” means (a) direct, noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury and principal-only and interest-only strips that are issued by the U.S. Treasury); or (b) noncallable obligations the principal of and interest on which are secured by the full faith and credit of the United States of America or are unconditionally guaranteed by the United States of America.

“Gross Revenues” means all fees and charges and other revenues that are properly accrued under generally accepted accounting principles as revenues of the Water System, including System Development Charges, revenues from product sales and interest earnings on Gross Revenues in the Water Fund. Gross Revenues shall be increased by any withdrawals from the Rate Stabilization Account as provided in Section 5.5.B, and shall be reduced by any deposits to the Rate Stabilization Account as provided in Section 5.5.A. However, the term “Gross Revenues” shall not include:

- (a) The interest income or other earnings derived from the investment of any escrow fund established for the defeasance or refunding of outstanding indebtedness of the City;
- (b) Any gifts, grants, donations or other amounts received by the City from any State or Federal Agency or other person if such amounts are restricted by law or the grantor to uses inconsistent with the payment of Bonds;
- (c) The proceeds of any borrowing;
- (d) The proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues);
- (e) The proceeds of any casualty insurance which the City intends to utilize for repair or replacement of the Water System;
- (f) The proceeds derived from the sales of assets pursuant to Section 10.9 of this Master Declaration;
- (g) Any ad valorem or other taxes imposed by the City (except charges or payments for Water System services which become “taxes” within the meaning of Article XI, Section 11b of the Oregon Constitution only because they are imposed on property or property owners);
- (h) Any income, fees, charges, receipts, profits or other amounts derived by the City from its ownership or operation of any Separate Utility System;
- (i) Installment payments of City line and branch charges, connection fees, or local improvement district assessments that have been pledged as security for a borrowing other than a Bond; or
- (j) Any federal interest subsidies the City receives for Interest Subsidy Bonds.

“Interest Payment Date” means any date on which Bond interest is scheduled to be paid, and any date on which Bonds are called for redemption/prepayment.

“Interest Subsidy Bonds” means Bonds for which the City is eligible to receive federal interest rate subsidies that are similar to the interest subsidies that were available for Build America Bonds.

“Master Declaration” means this Master Water System Revenue Bond Declaration, including any amendments made pursuant to Section 12.

“Maximum Annual Bond Debt Service” means the greatest amount of Annual Bond Debt Service that is due in any Fiscal Year, beginning with the Fiscal Year for which the calculation is made, and ending with the last Fiscal Year in which Outstanding Bonds are scheduled to be paid.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns.

“Net Revenues” means the Gross Revenues less the Operating Expenses.

“Operating Expenses” means all costs which are properly treated as expenses of operating and maintaining the Water System under generally accepted accounting principles. However, Operating Expenses do not include:

- (a) Any rebates or penalties paid from Gross Revenues under Section 148 of the Code;
- (b) Payments of judgments against the City and payments for the settlement of litigation;
- (c) Depreciation and amortization of property values or losses, and other non-cash expenses, including non-cash expenses related to pensions and postemployment benefits;
- (d) All amounts eligible to be treated for accounting purposes as payments for capital expenditures;
- (e) Interest and other debt service payments, paying agent fees, broker-dealer fees and similar charges for the maintenance of borrowings;
- (f) The expenses of owning, operating or maintaining any Separate Utility System;
- (g) Expenditures made from any liability insurance proceeds;
- (h) Expenditures made from any casualty insurance proceeds used to pay for costs of repairing or replacing portions of the Water System;
- (i) Expenditures made from grant funds, regardless of whether such grant funds are dedicated to a specific purpose or available for the general operation, maintenance and repair or replacement of the Water System;
- (j) Extraordinary, non-recurring expenses of the Water System; or
- (k) Expenditures allocable to any other funding source which does not constitute Gross Revenues of the Water System.

“Ordinance” means Ordinance No. 25-5940 enacted by the City Council on December 17, 2025.

“ORS” means the Oregon Revised Statutes.

“Outstanding” refers to all Bonds except Bonds that have been defeased pursuant to Section 13 of this Master Declaration, paid in full in cash or canceled, and Bonds which have matured and not been presented for payment (provided that sufficient funds to pay those Bonds have been transferred to the Paying Agent).

“Owner” means a registered owner of a Bond.

“Parity Bonds” means the Series 2026 Bonds, the Existing Borrowings, and any obligation that is secured by the Net Revenues on an equal basis with the Bonds and is issued in accordance with Section 7.

“Paying Agent” means the paying agent and registrar for the Bonds, which is U.S. Bank National Association on the date of this Master Declaration.

“Payment Date” means a Principal Payment Date or an Interest Payment Date.

“Permitted Investments” means any investments which the City is permitted to make under the laws of the State.

“Principal Payment Date” means any date on which any Bonds are scheduled to be retired, whether by virtue of their maturity or by mandatory sinking fund redemption/prepayment prior to maturity, and the redemption/prepayment date of any Bonds which have been called for redemption/prepayment.

“Qualified Consultant” means an independent engineer, an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the area for which such person or firm is retained by the City for purposes of performing activities specified in this Master Declaration or any Supplemental Declaration.

“Rate Stabilization Account” means the Rate Stabilization Account established in the Water Fund pursuant to Section 5.5.

“Rating Agency” means Fitch, Moody’s, S&P, or any other nationally recognized financial rating Agency which has rated Outstanding Bonds or a Credit Facility at the request of the City.

“Record Date” for the Series 2026 Bonds means the fifteenth day of the month preceding the month in which each Interest Payment Date occurs, whether or not a Business Day and for other series of publicly offered Bonds the date that is established in the proceedings related to that series.

“Reserve Credit Facility” means any arrangement in which the City pays a fee in exchange for an agreement of a Credit Provider to advance money to the City in the future that the City will use in lieu of using cash or Permitted Investments credited to a subaccount in the Bond Reserve Account. “Reserve Credit Facility” does not include guaranteed investment contracts, master repurchase agreements and similar Permitted Investments.

“Reserve Credit Facility Rating” means a long-term debt, financial strength or claims-paying ability rating assigned by a Rating Agency to: (a) a provider of a Reserve Credit Facility, or (b) to any reinsurer of the obligations of a provider of a Reserve Credit Facility.

“Reserve Requirement” means a set of rules for funding a subaccount in the Bond Reserve Account. Each Reserve Requirement shall indicate the amount that is required to be credited to the subaccount, the dates by which that amount must be credited to the subaccount, and the requirements for restoring amounts to the subaccount if amounts are withdrawn to pay Bonds that

are secured by the subaccount. The Series 2026 Bonds is not secured by the Bond Reserve Account or any subaccount therein.

“S&P” means S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and their assigns.

“Separate Utility System” means any utility property which is declared by the City to constitute a system which is distinct from the Water System in accordance with Section 9.

“Series” refers to all Bonds authorized by a single authorizing action or declaration and delivered in exchange for payment on the same date, regardless of variations in maturity, interest rate or other provisions, unless the closing documents for the Series provide otherwise.

“Series 2026 Bonds” means the City’s Water Revenue Bonds, Series 2026 issued pursuant to Section 17 of this Master Declaration.

“State” means the State of Oregon.

“Subordinate Obligations” means obligations having a lien on the Net Revenues which is subordinate to the lien of the Bonds. Restrictions on Subordinate Obligations are described in Section 8. On the date of this Master Declaration, the City has no borrowings outstanding with a subordinate lien on the Net Revenues.

“Subordinate Obligations Account” means the Subordinate Obligations Account of the Water Fund which is described in Section 5.4.

“Supplemental Declaration” means any declaration, resolution or other document which supplements or amends this Master Declaration, entered into by the City in compliance with Section 12.

“System Development Charges” means the fees on development imposed by the City pursuant to ORS Chapter 223 or subsequent statutes and which are legally permitted to be used to pay the Bonds.

“Tax Maximum” means, for any Series of Bonds, the least of: the greatest amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on such Series; 125% of average amount of principal, interest and premium, if any, required to be paid on such Series during all Fiscal Years in which such Series will be Outstanding, calculated as of the date of issuance of such Series; or, ten percent of the proceeds of such Series, as “proceeds” is defined for purposes of Section 148(d) of the Code.

“Valuation Date” means the date or dates on which a subaccount of the Bond Reserve Account shall be valued as prescribed in the Supplemental Declaration authorizing the establishment of such subaccount.

“Water Fund” means the collection of funds and accounts used by the City to hold the Gross Revenues and the proceeds of Bonds.

“Water System” means all utility property now or hereafter used by the City to supply water within or without the corporate limits of the City, except property described in the following sentence. The Water System does not include any Separate Utility System or any joint ventures which the City may enter into after the date of this Master Declaration unless the City Official declares in writing in a publicly available document that such joint venture is included in the definition of the Water System.

Section 3. Rules of Construction.

In determining the meaning of the provisions of this Master Declaration, the following rules shall apply unless the context clearly requires application of a different meaning:

- A. References to section numbers shall be construed as references to sections of this Master Declaration.
- B. References to one gender shall include all genders.
- C. References to the singular include the plural, and references to the plural include the singular.

Section 4. Deposit, Pledge and Use of Gross Revenues.

- 4.1. All Gross Revenues shall be deposited to and maintained in the Water Fund, and shall be used only as described in this Section as long as any Bonds remain Outstanding. The City shall apply Gross Revenues in the Water Fund on or before the following dates for the following purposes in the following order of priority:
 - A. At any time to pay Operating Expenses which are then due;
 - B. At least one Business Day prior to each Payment Date, to transfer Net Revenues to the Debt Service Account in an amount sufficient (considering amounts available in the Debt Service Account, including any other legally available revenues the City has elected to deposit in the Debt Service Account) to pay in full all Bond principal, interest and premium, if any, which is due to be paid on that Payment Date;
 - C. On the Closing date for a Series of Bonds and on the first day of the month following a Valuation Date for any subaccount in the Bond Reserve Account, if the balance in any subaccount of the Bond Reserve Account is determined to be less than the applicable Reserve Requirement, to transfer Net Revenues to the Bond Reserve Account in the amounts required by the provisions creating the subaccounts in the Bond Reserve Account until the balances in all subaccounts of the Bond Reserve Account are equal to their Reserve Requirement;
 - D. On the day on which any rebates or penalties for Bonds are due to be paid to the United States pursuant to Section 148 of the Code, an amount of Net Revenues that is sufficient, with other available funds, to pay the amounts due to the United States;

- E. On the dates specified in any proceedings authorizing Subordinate Obligations, the City shall transfer to the Subordinate Obligations Account the Net Revenues required by those proceedings; and,
 - F. On any date, the City may transfer Net Revenues to the Rate Stabilization Account or spend Net Revenues for any other lawful purpose relating to the Water System or to providing water, but only if all deposits and payments that are required to be made on or before that date and that have a higher priority under this Section have been made.
- 4.2. The City hereby pledges the Net Revenues and federal interest subsidies the City receives for Interest Subsidy Bonds to the payment of principal of, premium, if any, and interest on all Bonds. Pursuant to ORS 287A.310, these pledges made by the City shall be valid and binding from the Closing of the Series 2026 Bonds. The Net Revenues and federal interest subsidies so pledged and hereafter received by the City shall immediately be subject to the lien of such pledges without any physical delivery or further act. The lien of these pledges shall be superior to all other claims and liens except liens and claims for the payment of Operating Expenses. The City covenants and agrees to take such action as is necessary from time to time to perfect or otherwise preserve the priority of the pledges.
- 4.3. If a Reserve Credit Facility is permitted to fund a subaccount in the Bond Reserve Account, the City may pledge the Net Revenues available for transfer to that subaccount of the Bond Reserve Account to pay amounts due under any Reserve Credit Facility securing that subaccount.

Section 5. Bond Funds and Accounts.

- 5.1. So long as Bonds are Outstanding, the City shall maintain the Debt Service Account as a discrete account in the Water Fund.
- 5.2. **Debt Service Account.** The City shall hold the Debt Service Account. Until all Bonds are paid or defeased, amounts in the Debt Service Account shall be used only to pay Bonds.
- A. After the transfer described in Section 4.1.B, if the balance in the Debt Service Account is less than the amount of Bond principal, premium, if any, and interest that is due on that Payment Date, the City shall credit to the Debt Service Account an amount equal to the deficiency from any Net Revenues in the Subordinate Obligations Account.
 - B. If, after the credit described in Section 5.2.A, the amounts available to pay Debt Service Account is not sufficient to pay all amounts due on the Payment Date, the City shall allocate the available amounts:
 - (i) First, to pay Bond interest, and pro rata based on the amount due on Bonds if the available amount is not sufficient to pay all Bond interest that is due on that Payment Date; and,
 - (ii) Second, to pay Bond principal and premium that is due on that Payment Date, and pro rata based on the amount of principal and premium due on each Bond if

the available amount is not sufficient to pay all Bond principal and premium that is due on that Payment Date.

- C. If, after the allocation described in Section 5.2.B, there is not enough to pay all principal, interest and premium allocated to pay Bonds that are secured by a subaccount in the Bond Reserve Account, the City shall apply any amounts available in the subaccounts in the Bond Reserve Account, but only to pay the principal, interest and premium on the Bonds that are secured by those subaccounts.
- D. The City shall transfer sufficient amounts from the Debt Service Account to the Paying Agent in time to permit the Paying Agent to pay of all Bond principal, interest and premium, if any, when due in accordance with the Bonds.
- E. Amounts in the Debt Service Account shall be invested only in Permitted Investments. Earnings on the Debt Service Account shall be credited to the Water Fund.

5.3. Bond Reserve Account.

- A. If the City determines to secure Bonds with the Bond Reserve Account and so long as those Bonds are Outstanding, the City shall maintain the Bond Reserve Account as a discrete account in the Water Fund held by the City. The City may create one or more subaccounts in the Bond Reserve Account to secure Series of Bonds and covenant to make deposits into any subaccounts it creates; however, the City is not obligated to create any subaccounts in the Bond Reserve Account, and is not obligated to secure any Series of Bonds with a subaccount in the Bond Reserve Account.
- B. When a subaccount in the Bond Reserve Account is created, the City shall determine whether the subaccount will secure one or more Series of Bonds. If the City creates a subaccount in the Bond Reserve Account, the City shall, when it issues the first Series of Bonds that is secured by that subaccount: a) establish the Reserve Requirement for that subaccount; b) pledge amounts credited to that subaccount to pay the Bonds that are secured by that subaccount; and c) determine if the Reserve Requirement for that subaccount may be funded with Reserve Credit Facilities and the requirements for those Reserve Credit Facilities, and the valuation and replenishment provisions that apply to that subaccount.
- C. The City shall not create any subaccounts in the Bond Reserve Account for any purpose except securing Bonds in accordance with this Master Declaration.
- D. None of the Series 2026 Bonds or the Existing Borrowings are secured by the Bond Reserve Account or any subaccount therein.

- 5.4. Subordinate Obligations Account.** The City shall create and maintain the Subordinate Obligations Account in the Water Fund as long as Subordinate Obligations are Outstanding. The Subordinate Obligations Account may be divided into subaccounts, and the City may establish priorities for funding the subaccounts in the Subordinate Obligations Subaccount. Net Revenues shall be deposited into the Subordinate Obligations Account

only as permitted by Section 4.1.E. Earnings on the Subordinate Obligations Account shall be credited as provided in the proceedings authorizing the Subordinate Obligations.

- 5.5. **Rate Stabilization Account.** The City may create a Rate Stabilization Account in the Water Fund and if created will maintain that account as long as Bonds are Outstanding. Net Revenues may be transferred to the Rate Stabilization Account at the option of the City as permitted by Section 4.1.F. Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which the Gross Revenues may be used.
- A. Deposits to the Rate Stabilization Account decrease Gross Revenues in the Fiscal Year for which the deposit is made.
 - B. Withdrawals from the Rate Stabilization Account increase Gross Revenues in the Fiscal Year for which the withdrawal is made.
 - C. The City may adjust deposits to and withdrawals from the Rate Stabilization Account for a Fiscal Year up until 180 days after the end of that Fiscal Year.
 - D. Earnings on the Rate Stabilization Account shall be credited to the Water Fund.

Section 6. Rate Covenant; Calculations Relating to Balloon Payments and Interest Subsidy Bonds.

- 6.1. The City covenants for the benefit of the Owners that it will establish and maintain rates and charges in connection with the operation of the Water System which are sufficient to permit the City to pay all Operating Expenses and all lawful charges against the Net Revenues, and to make all transfers required by this Master Declaration to the Debt Service Account, the Bond Reserve Account and the Subordinate Obligations Account.
- 6.2. The City covenants for the benefit of the Owners of all Bonds that it shall charge rates and fees in connection with the operation of the Water System which, when combined with other Gross Revenues are adequate to generate:
 - A. Coverage Revenues each Fiscal Year at least equal to one hundred fifteen percent (115%) of Annual Bond Debt Service due in that Fiscal Year; and,
 - B. Net Revenues each Fiscal Year at least equal to one hundred twenty-five percent (125%) of Annual Bond Debt Service due in that Fiscal Year.
- 6.3. Not later than six months after the end of each Fiscal Year, the City shall prepare a report that demonstrates whether the City has complied with Section 6.2 during that Fiscal Year and shall file that report in the City records. If the report demonstrates that the City has not complied with Section 6.2 during that Fiscal Year, it shall not constitute a default under this Master Declaration if, within thirty (30) days after the report is filed, the City files a certificate of a City Official that specifies the actions that the City has taken and will take within the next ninety (90) days to permit the City to comply with Section 6.2 for the remainder of the Fiscal Year in which the report is filed, and for the succeeding Fiscal

Year, and the City takes the actions specified by the City Official, or actions having a comparable effect.

- 6.4. The Estimated Debt Service Requirement for Balloon Payments shall be calculated in accordance with this Section 6.4.
- A. For the Rate Covenants: For each Balloon Payment that is Outstanding on May 1 of any Fiscal Year, the City Official shall prepare a schedule of principal and interest payments for a hypothetical Series of Bonds that refunds that Balloon Payment in accordance with Section 6.4.D. The City Official shall prepare that schedule as of that first day of May, and that schedule shall be used to determine compliance with the rate covenant in Section 6.2 for the following Fiscal Year.
 - B. For Parity Bonds: Whenever a Balloon Payment will be Outstanding on the date a Series of Parity Bonds is issued, the City Official shall prepare a schedule of principal and interest payments for a hypothetical Series of Bonds that refunds each Outstanding Balloon Payment in accordance with Section 6.4.D. The City Official shall prepare that schedule as of the date the Parity Bonds are sold, and that schedule shall be used to determine compliance with the tests for Parity Bonds in Section 7.1.
 - C. For the Reserve Requirement: Whenever a Series of Bonds that contains a Balloon Payment is issued, the City Official shall prepare a schedule of principal and interest payments for a hypothetical Series of Bonds that refunds each Balloon Payment in that Series in accordance with Section 6.4.D. The City Official shall prepare that schedule as of the date the Series is sold, and that schedule shall be combined with the schedule for payment of any debt service on Bonds that are secured by the same subaccount, and that combined schedule shall be used to determine the Reserve Requirement as long as that Series is Outstanding.
 - D. Each hypothetical Series of refunding Bonds shall be assumed to be paid in equal annual installments of principal and interest that are sufficient to amortize the principal amount of the Balloon Payment over the term selected by the City Official; however, the City Official shall not select a term that exceeds the lesser of: 30 years from the date the Balloon Payment is originally scheduled to be paid; or, the City's estimate of the remaining weighted average useful life (expressed in years and rounded to the next highest integer) of the assets which are financed with the Balloon Payment. The annual installments shall be assumed to be due on the anniversaries of the date the Balloon Payment is originally scheduled to be paid, with the first installment due on the first anniversary of the date the Balloon Payment is scheduled to be paid. Each installment shall be assumed to bear interest at a rate that is estimated by the City from the Bond Buyer Revenue Bond Index (or if the Bond Buyer Revenue Bond Index is not available, a reasonably comparable index selected by the City) for a revenue bond with a term determined as described above. When the City prepares a schedule described in Section 6.4.A, Section 6.4.B or Section 6.4.C, the City shall use the index that is available to the City on the date the City is required to prepare that schedule.

- 6.5. Interest Subsidy Bonds. The amounts assumed to be paid on Interest Subsidy Bonds shall be calculated as follows:
- A. When calculating Annual Bond Debt Service for the rate covenant in Section 6.2, the City shall subtract from interest to be paid on Interest Subsidy Bonds the federal interest subsidies on Interest Subsidy Bonds that the City reasonably expects, at the beginning of the Fiscal Year, to receive during that Fiscal Year.
 - B. When calculating Annual Bond Debt Service and Maximum Annual Bond Debt Service for the tests for issuing Parity Bonds in Section 7, the City shall subtract from the scheduled payments of interest on Interest Subsidy Bonds the amount of federal interest subsidies that the City reasonably expects, at the time the Parity Bonds are issued, to receive.
 - C. When calculating the amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on a Series of Interest Subsidy Bonds to determine the Tax Maximum for Interest Subsidy Bonds that are secured by a subaccount in the Bond Reserve Account, the City shall subtract from the scheduled payments of interest on Interest Subsidy Bonds the federal interest subsidies that the City reasonably expects, at the time the Series of Interest Subsidy Bonds is issued, to be paid to the City for the Series of Interest Subsidy Bonds. The City shall not be required to increase the amount the City is required to hold in a subaccount in the Bond Reserve Account if federal interest subsidies are not paid when or in the amounts expected. However, if the City reduces the amount it holds in a subaccount of the Bond Reserve Account because Bonds secured by that subaccount have been paid, the City must take into account its reasonable expectations of the amount of federal interest subsidies it expects to receive at the time of reduction in determining the amount that the City must retain in a subaccount of the Bond Reserve Account.

Section 7. Parity Bonds.

- 7.1. The City may issue Parity Bonds to provide funds for any purpose relating to the Water System or to providing water, but only if:
- A. No Event of Default under this Master Declaration or any Supplemental Declaration has occurred and is continuing;
 - B. At the time of the issuance of the Parity Bonds there is no deficiency in the Debt Service Account and all required deposits to all subaccounts in the Bond Reserve Account have been made;
 - C. There shall have been filed with the City either:
 - (i) A certificate of the City Official stating that both:
 - (a) Coverage Revenues (adjusted as provided in Section 7.2) for the Base Period were not less than one hundred fifteen percent (115%) of Maximum Annual Bond Debt Service on all then Outstanding Bonds, calculated as of the date the Parity Bonds are issued and with the proposed Parity Bonds treated as Outstanding; and

- (b) Net Revenues (adjusted as provided in Section 7.2) for the Base Period were not less than one hundred twenty five percent (125%) of Maximum Annual Bond Debt Service on all then Outstanding Bonds, calculated as of the date the Parity Bonds are issued and with the proposed Parity Bonds treated as Outstanding; or
- (ii) A certificate or opinion of a Qualified Consultant:
 - (a) Stating the amount of the Adjusted Coverage Revenues and the Adjusted Net Revenues for each of the five Fiscal Years after the last Fiscal Year for which interest on the Parity Bonds is, or is expected to be, capitalized, or, if interest will not be capitalized, for each of the five Fiscal Years after the proposed Parity Bonds are issued; and
 - (b) Concluding that the respective amounts of Adjusted Coverage Revenues in each of the first four Fiscal Years described in Section 7.1.C(ii)(a) are at least equal to one hundred fifteen percent (115%) of the Annual Bond Debt Service for each of those respective Fiscal Years on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; and,
 - (c) Concluding that the respective amounts of Adjusted Net Revenues in each of the first four Fiscal Years described in Section 7.1.C(ii)(a) are at least equal to one hundred twenty-five percent(125%) of the Annual Bond Debt Service for each of those respective Fiscal Years on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; and,
 - (d) Concluding that the amount of Adjusted Coverage Revenues in the fifth Fiscal Year described in Section 7.1.C(ii)(a) is at least equal to one hundred fifteen percent (115%) of the Maximum Annual Bond Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; and,
 - (e) Concluding that the amount of Adjusted Net Revenues in the fifth Fiscal Year described in Section 7.1.C(ii)(a) is at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Bond Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding.

7.2. The City may adjust Coverage Revenues and Net Revenues for purposes of Section 7.1.C(i) by adding any Coverage Revenues or Net Revenues the City Official calculates the City would have had during the Base Period because of increases in Water System rates, fees and charges which have been adopted by the City and are in effect on or before the date the Parity Bonds are issued. The City shall adjust Coverage Revenues and Net Revenues for the Base Period by eliminating the effect of any withdrawals from or deposits to the Rate Stabilization Account.

7.3. The Qualified Consultant shall calculate Adjusted Net Revenues and Adjusted Coverage Revenues for purposes of Section 7.1.C(ii) as provided in this Section 7.3:

A. The City shall provide the Qualified Consultant with the following information:

- (i) The Base Period, the Coverage Revenues and Net Revenues for the Base Period and the amounts of any withdrawals from or deposits to the Rate Stabilization Account for Fiscal Years that are included in the Base Period;
- (ii) Information regarding any Water System utility properties that are being acquired with Parity Bonds and that have an earnings record;
- (iii) Any changes in rates and charges which have been adopted by the City since the beginning of the Base Period and the dates on which they are scheduled to take effect;
- (iv) Any changes in customers since the beginning of the Base Period; and,
- (v) A description of any extensions or additions to the Water System that were in the process of construction at the beginning of the Base Period or commenced construction after the beginning of the Base Period, the expected date of completion of those extensions or additions, the estimated operating and capital costs of those extensions or additions, and any other changes to the Gross Revenues or Operating Expenses that the City reasonably expects to result from the completion and operation of those extensions or additions.

B. Using the information provided by the City pursuant to Section 7.3.A and any additional information the Qualified Consultant determines is necessary, the Qualified Consultant shall adjust the Coverage Revenues and Net Revenues for the Base Period to eliminate the effect of any withdrawals from or deposits to the Rate Stabilization Account in the manner described in Section 7.2 and may adjust the Coverage Revenues and Net Revenues for the Base Period:

- (i) To reflect any changes that the Qualified Consultant projects will result from the acquisition of Water System utility properties that are being financed with the Parity Bonds and that have an earnings record;
- (ii) To reflect any changes in rates and charges which have been adopted by the City and which are scheduled to take effect during the period described in Section 7.1.C(ii)(a), or which increase rates and charges for inflation at a level which the Qualified Consultant determines is reasonable;
- (iii) To reflect any changes in customers of the Water System that occurred after the beginning of the Base Period and prior to the date of the Qualified Consultant's certificate; and
- (iv) To reflect any changes to Coverage Revenues or Net Revenues not included in the preceding paragraphs that are projected to result from the completion and

operation of additions and extensions to the Water System that were under construction at the beginning of the Base Period, or commenced construction after the beginning of the Base Period.

- 7.4. The City may issue Parity Bonds to refund Outstanding Bonds without complying with Section 7.1 if the refunded Bonds are legally or economically defeased on the date of delivery of the refunding Parity Bonds and if the Annual Bond Debt Service on the refunding Parity Bonds does not exceed the Annual Bond Debt Service on the refunded Bonds in any Fiscal Year by more than \$5,000.
- 7.5. Bonds shall be treated as “legally defeased” for purposes of Section 7.4 if they are defeased as provided in Section 13. Bonds shall be treated as “economically defeased” for purposes of Section 7.4 if the City has irrevocably deposited money with the Paying Agent or Owner of the refunded Bonds, as applicable, and the money has been calculated to be sufficient, without reinvestment, to pay those Bonds.
- 7.6. All Parity Bonds issued in accordance with this Section 7 shall have a lien on the Net Revenues which is equal to the lien of all other Outstanding Bonds.

Section 8. Subordinate Obligations.

The City may issue Subordinate Obligations only if:

- 8.1. The Subordinate Obligations are payable solely from amounts permitted to be deposited in the Subordinate Obligations Account pursuant to Section 4.1.E;
- 8.2. The Subordinate Obligations state clearly that they are secured by a lien on or pledge of the Net Revenues which is subordinate to the lien on, and pledge of, the Net Revenues for the Bonds.

Section 9. Separate Utility System.

The City may declare property which the City owns and is part of the Water System (but has a value of less than five percent of the Water System at the time of the declaration), and property which the City has not yet acquired but would otherwise become part of the Water System, to be part of a Separate Utility System. The City may pay costs of acquiring, operating and maintaining Separate Utility Systems from Net Revenues, but only if there is no deficit in the Debt Service Account or the Bond Reserve Account. The City may issue obligations which are secured by the revenues produced by the Separate Utility System, and may pledge the Separate Utility System revenues to pay those obligations. In addition, the City may issue Subordinate Obligations to pay for costs of a Separate Utility System, and may pledge the revenues of the Separate Utility System to pay the Subordinate Obligations.

Section 10. General Covenants.

The City hereby covenants and agrees with the Owners of all Outstanding Bonds as follows:

- 10.1. The City shall promptly cause the principal, premium, if any, and interest on the Bonds to be paid as they become due in accordance with the provisions of this Master Declaration and any Supplemental Declaration.
- 10.2. The City shall maintain complete books and records relating to the operation of the Water System and all City funds and accounts in accordance with generally accepted accounting principles, shall cause such books and records to be audited annually at the end of each Fiscal Year, and shall have an audit report prepared by the Auditor and made available for the inspection of Owners.
- 10.3. The City shall not issue obligations which have a lien on the Net Revenues that is superior to the lien of the Bonds except for obligations to pay Operating Expenses.
- 10.4. The City shall promptly deposit the Gross Revenues and other amounts described in this Master Declaration into the funds and accounts specified in this Master Declaration.
- 10.5. The City shall work in good faith to cause the Water System to be operated at all times in a safe, sound, efficient and economic manner in compliance with all health, safety and environmental laws, regulatory body rules, regulatory body orders and court orders applicable to the City's operation and ownership of the Water System.
- 10.6. The City shall maintain the Water System in good repair, working order and condition.
- 10.7. The City shall not enter into any new agreements or arrangements or make any new offers to provide Water System products or services at a discount from published rate schedules or provide free Water System products or services except: a) for City-owned facilities, b) in case of emergencies, c) where the City exchanges services with other water systems, or d) where in the reasonable judgment of the City such action does not materially reduce the Gross Revenues received by the City.
- 10.8. The City shall at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties.
 - A. The net proceeds of insurance against material accident to or material destruction of the Water System shall be used to repair or rebuild the damaged or destroyed Water System, and to the extent not so applied, will be applied to the payment or redemption/prepayment of the Bonds.
 - B. The insurance described in Section 10.8 shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the City, or in the form of self-insurance by the City. The City shall establish such fund or funds or reserves which it deems are necessary to provide for its share of any such self-insurance.
- 10.9. The City shall not voluntarily, nor shall it permit others to, sell, mortgage or otherwise permanently dispose of all or any portion of the Water System except:

- A. The City may dispose of all or substantially all of the Water System, only if the City pays all Bonds or defeases them pursuant to Section 13.
- B. Except as provided in Section 10.9.C or 10.9.D, the City will not voluntarily dispose of any part of the Water System in excess of 10% of the value of the Water System in service unless prior to such disposition either:
 - (i) There has been filed with the City a certificate of a Qualified Consultant or City Official stating that such disposition will not impair the ability of the City to comply with the rate covenants contained in Sections 6.1 and 6.2 of this Master Declaration; or
 - (ii) Provision is made for the payment, redemption/prepayment or other defeasance of a principal amount of Bonds equal to the greater of the following amounts:
 - (a) An amount which will be in the same proportion to the net principal amount of Bonds then Outstanding (defined as the total principal amount of Bonds then Outstanding less the amount of cash and investments in the Debt Service Account, the Bond Reserve Account, and the Subordinate Obligations Account) that the Gross Revenues attributable to the part of the Water System sold or disposed of for the 12 preceding months bears to the total Gross Revenues for such period; or
 - (b) An amount which will be in the same proportion to the net principal amount of Bonds then Outstanding that the book value of the part of the Water System sold or disposed of bears to the book value of the Water System immediately prior to such sale or disposition.
- C. The City may dispose of any portion of the Water System that has become unserviceable, inadequate, obsolete, or unfit to be used or no longer necessary for use in the operation of the Water System.
- D. If the ownership of all or part of the Water System is transferred from the City through the operation of law, the City shall to the extent authorized by law, reconstruct or replace such transferred portion using any proceeds of the transfer unless the City reasonably determines that such reconstruction or replacement is not in the best interest of the City and the Owners, in which case any proceeds shall be used for the payment, redemption/prepayment or defeasance of the Bonds.

Section 11. Events of Default and Remedies.

- 11.1. **Continuous Operation Essential.** City Official hereby finds and determines that the continuous operation of the Water System and the collection, deposit and disbursement of the Net Revenues in the manner provided in this Master Declaration and in any Supplemental Declaration are essential to the payment and security of the Bonds, and the failure or refusal of the City to perform the covenants and obligations contained in this Master Declaration or any such Supplemental Declaration will endanger the necessary

continuous operation of the Water System and the application of the Net Revenues to the operation of the Water System and the payment of the Bonds.

11.2. **Events of Default.** The following shall constitute “Events of Default” so long as they are occurring and have not been cured in accordance with the terms of this Master Declaration:

- A. If the City shall fail to pay any Bond principal or interest when due.
- B. Except as provided in Section 11.3, if the City shall default in the observance and performance of any other of its covenants, conditions and agreements in this Master Declaration and the default continues for ninety (90) days after the City receives a written notice, specifying the Event of Default and demanding the cure of such default, from a Credit Provider or from the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding.
- C. If the City shall sell, mortgage or otherwise permanently dispose of all or any portion of the Water System in violation of Section 10.9.
- D. If an order, judgment or decree shall be entered by any court of competent jurisdiction:
 - (i) Appointing a receiver, trustee or liquidator for the City or the whole or any part of the Water System;
 - (ii) Approving a petition filed against the City seeking the bankruptcy, arrangement or reorganization of the City under any applicable law of the United States or the State; or
 - (iii) Assuming custody or control of the City or of the whole or any part of the Water System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated) within sixty (60) days from the date of the entry of such order, judgment or decree.
- E. If the City shall:
 - (i) Admit in writing its inability to pay its debts generally as they become due;
 - (ii) File a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law;
 - (iii) Consent to the appointment of a receiver of the whole or any part of the Water System; or
 - (iv) Consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City or of the whole or any part of the Water System.

11.3. **Exception.** It shall not constitute an Event of Default under Section 11.2.B if the default cannot practicably be remedied within ninety (90) days after the City receives notice of the default, so long as the City promptly commences reasonable action to remedy the default after the notice is received, and continues reasonable action to remedy the default until the default is remedied.

11.4. **Remedies.** If an Event of Default occurs, any Owner may exercise any remedy available at law or in equity including mandamus where applicable. However, the Bonds shall not be subject to acceleration.

A. Books of City Open to Inspection.

(i) The City covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the City and all other records relating to the Water System shall at all reasonable times be subject to the inspection and use of any persons holding at least twenty percent (20%) of the principal amount of Outstanding Bonds and their respective agents and attorneys.

(ii) The City covenants that if the Event of Default shall happen and shall not have been remedied, the City will continue to account, as a trustee of an express trust, for all Net Revenues and other amounts, securities and funds pledged under this Master Declaration.

B. Appointment of Trustee. Whenever any Event of Default exists, Owners representing 51 percent or more of the Outstanding Bonds may appoint a commercial bank or other financial institution with a reported capital and surplus in excess of \$50 million as trustee (the "Trustee") to represent the interests of the Owners.

11.5. Trustee Duties Upon Default.

A. Upon the occurrence of an Event of Default the Trustee may pursue any other available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Master Declaration.

B. In addition, upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Master Declaration, the Trustee will be entitled, as a matter of right to the fullest extent permitted by Oregon law, to the appointment of a receiver or receivers of the Net Revenues and other amounts pledged under the Master Declaration, pending such proceedings, with such powers as the court making such appointment may confer.

C. If an Event of Default has occurred and is continuing and if requested so to do by the Owners of at least 25% in aggregate principal amount of Outstanding Bonds and indemnified as provided in the Master Declaration, the Trustee will be obligated to exercise any of the rights and powers conferred by this Master Declaration, as the Trustee, being advised by counsel, deems most expedient in the interest of the Owners.

- D. If a Trustee has been appointed pursuant to Section 11.4.B, no Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Master Declaration, unless:
- (i) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
 - (ii) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise its powers under the Master Declaration;
 - (iii) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
 - (iv) the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.
- E. If the Trustee takes any judicial or other action in an Event of Default the Trustee has full power in its direction with respect to any continuance, discontinuance, withdrawal, compromise, settlement or other disposition of such action, unless opposed by the written request of the Owners of a majority in aggregate principal amount of the Outstanding Bonds. The Trustee is appointed attorney-in-fact of the Owners for the purpose of bringing any suit action or proceedings in an Event of Default.
- F. Waivers of Event of Default.
- (i) No delay or omission of any Owner or of the Trustee to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Section 11 to the Owners and to the Trustee may be exercised from time to time and as often as may be deemed expedient by the Owners and/or the Trustee as applicable.
 - (ii) The owners of not less than fifty percent (50%) in principal amount of the affected Bonds that are at the time Outstanding, or their attorneys-in-fact duly authorized, or the Trustee may, on behalf of the Owners of all of affected Bonds, waive any past default under this Master Declaration with respect to such Bonds and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.
 - (iii) If a default occurs under Section 6 and that default has not become an Event of Default, that default shall be deemed waived at the end of the first Fiscal Year following that default in which the City has complied with Section 6.

11.6. Remedies Granted in Master Declaration Not Exclusive.

No remedy by the terms of this Master Declaration conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Declaration or existing at law or in equity or by statute on or after the date of execution of this Master Declaration. However, the Bonds shall not be subject to acceleration.

Section 12. Amendment of Master Declaration.

12.1. This Master Declaration may be amended by Supplemental Declaration without the consent of any Owners for any one or more of the following purposes:

- A. To cure any ambiguity or formal defect or omission in this Master Declaration;
- B. To add to the covenants and agreements of the City in this Master Declaration, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Master Declaration as theretofore in effect;
- C. To authorize issuance of Bonds or Subordinate Obligations as permitted by this Master Declaration;
- D. To modify, amend or supplement this Master Declaration or any Supplemental Declaration to qualify this Master Declaration under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of any Bonds for sale under the securities laws of any of the states of the United States of America;
- E. To confirm, as further assurance, any security interest or pledge created under this Master Declaration or any Supplemental Declaration;
- F. To make any change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the owners of any Outstanding Bonds;
- G. So long as a Credit Facility (other than a Reserve Credit Facility) is in full force and effect with respect to the Bonds affected by such Supplemental Declaration, to make any other change which is consented to in writing by the issuer of such Credit Facility other than any change which:
 - (i) Would result in a downgrading or withdrawal of the rating then assigned to the affected Bonds by the Rating Agencies;
 - (ii) Changes the maturity (except as permitted herein), the Interest Payment Dates, interest rates, redemption/prepayment and purchase provisions, and provisions regarding notices of redemption/prepayment and purchase applicable to the affected Bonds or diminishes the security afforded by such Credit Facility;
 - (iii) Materially and adversely affects the rights and security afforded to the Owners of any Outstanding Bonds not secured by such Credit Facility; or

- H. To modify any of the provisions of this Master Declaration or any Supplemental Declaration in any other respect whatever, as long as the modification shall take effect only after all affected Outstanding Bonds cease to be Outstanding.
- 12.2. This Master Declaration may be amended for any other purpose only upon consent of Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding; provided, however, that no amendment shall be valid without the consent of Owners of 100 percent (100%) of the aggregate principal amount of the Bonds Outstanding which:
 - A. Extends the maturity of any Bond, reduces the rate of interest upon any Bond, extends the time of payment of interest on any Bond, reduces the amount of principal payable on any Bond, or reduces any premium payable on any Bond, without the consent of the affected Owner; or
 - B. Reduces the percent of Owners required to approve Supplemental Declarations.
- 12.3. For purposes of Section 12.2, and subject to Section 12.4, the initial purchaser of a series of Bonds may be treated as the Owner of that Series at the time that series of Bonds is delivered in exchange for payment.
- 12.4. Except as otherwise expressly provided in Section 12.5, Section 12.6 or a Supplemental Declaration, as long as a Credit Facility securing all or a portion of any Outstanding Bonds is in effect, the issuer of such Credit Facility shall be deemed to be the Owner of the Bonds secured by such Credit Facility for the purpose of the execution and delivery of a Supplemental Declaration of any amendment, change or modification of this Master Declaration or the initiation by Owners of any action which under this Master Declaration requires the written approval or consent of or can be initiated by the Owners of at least a majority in principal amount of the affected Bonds at the time Outstanding, or following an Event of Default for all other purposes.
- 12.5. The issuer of a Credit Facility shall not be deemed to be an Owner for purposes of any amendment, change or modification of this Master Declaration which:
 - A. Would result in a downgrading or withdrawal of the rating then assigned to the affected Bonds by the Rating Agencies; or
 - B. Changes the maturity (except as expressly permitted herein), the Interest Payment Dates, interest rates, redemption/prepayment and purchase provisions, and provisions regarding notices of redemption/prepayment and purchase applicable to the affected Bonds or diminishes the security afforded by such Credit Facility; or
 - C. Reduces the percentage or otherwise affects the classes of affected Bonds, the consent of the Owners of which is required to effect any such modification or amendment.
- 12.6. No issuer of a Credit Facility shall be entitled to act as an Owner during any period in which:

- A. The issuer's Credit Facility is not in full force and effect;
 - B. The issuer of a Credit Facility shall have filed a petition or otherwise sought relief under any federal or state bankruptcy or similar law;
 - C. The issuer of the Credit Facility shall, for any reason, have failed or refused to honor a proper demand for payment under such Credit Facility; or
 - D. An order or decree shall have been entered, with the consent or acquiescence of the issuer of a Credit Facility, appointing a receiver or receivers or the assets of the issuer of a Credit Facility, or if such order or decree having been entered without the consent or acquiescence of the issuer of a Credit Facility, shall not have been vacated or discharged or stayed within ninety (90) days after the entry thereof.
- 12.7. For purposes of determining the percentage of Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Master Declaration, the Owners of Bonds which pay interest only at maturity, and mature more than one year after they are issued shall be treated as Owners of Bonds in an aggregate principal amount equal to the accreted value of such Bonds as of the date the notice is sent requesting consent, waiver or other action as provided herein.

Section 13. Defeasance.

- 13.1. The City shall be obligated to pay Bonds which are defeased pursuant to this Section solely from the money and Government Obligations deposited with the escrow agent or trustee, and the City shall have no further obligation to pay the defeased Bonds from any source except the amounts deposited in the escrow. Bonds shall be deemed defeased if the City:
- A. Irrevocably deposits money or Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient without reinvestment for the payment of Bonds which are to be defeased;
 - B. Files with the escrow agent or trustee a certificate from an independent, certified public accountant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due; and
 - C. Files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause interest on the defeased Bonds to be includable in gross income under the Code.

Section 14. BEO System.

- 14.1. Unless otherwise provided by a Supplemental Declaration or Section 17, all Bonds shall be subject to the BEO System pursuant to the provisions of this Section 14.1.
- 14.2. The Bonds shall be initially issued as a BEO security issue with no Bonds being made available to the Owners upon the execution and delivery of the letter of representations

among the Paying Agent, DTC and the City. Ownership of the Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on the DTC BEO system. The Bonds shall be initially issued in the form of separate single fully registered typewritten Bonds for each maturity of the Bonds (the “Global Bonds”) in substantially the form attached hereto as Exhibit A with such changes as the City Official may approve. Each Global Bond shall be registered in the name of Cede & Co., as nominee (the “Nominee”) of DTC (DTC and any other qualified securities depository designated by the City as a successor to DTC, collectively the “Depository”) as the “Registered Owner”, and such Global Bonds shall be lodged with the Depository until early redemption or maturity of the Bond issue. The Paying Agent shall remit payment for the maturing principal and interest on the Bonds to the Owner for distribution by the Nominee for the benefit of the owners (the “Beneficial Owner” or “Record Owner”) by recorded entry on the books of the Depository participants and correspondents. While the Bonds are in BEO form, the Bonds will be available in denominations of \$5,000 or any integral multiple thereof within a maturity.

- 14.3. In the event the Depository determines not to continue to act as securities depository for the Bonds, or the City determines that the Depository shall no longer so act, then the City will discontinue the BEO system with the Depository. If the City fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a BEO system, the Bonds shall no longer be a BEO issue but shall be registered in the registration books maintained by the Paying Agent in the name of the Owner as appearing on the Bond register and thereafter in the name or names of the Owners of the Bonds transferring or exchanging Bonds.
- 14.4. While the Bonds are in BEO form, the City and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Registered Owner on behalf of which such participants or correspondents act as agent for the Owner with respect to:
 - A. The accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the Bonds;
 - B. The delivery to any participant or correspondent or any other person, other than an Owner as shown in the registration books maintained by the Paying Agent, of any notice with respect to the Bonds, including any notice of redemption/prepayment;
 - C. The selection by the Depository of the beneficial interest in Bonds to be redeemed prior to maturity; or
 - D. The payment to any participant, correspondent, or any other person other than the owner of the Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal of or interest on the Bonds.
- 14.5. Notwithstanding the BEO system, the City may treat and consider the Owner in whose name each Bond is registered in the registration books maintained by the Paying Agent as the Owner and absolute owner of such Bond for the purpose of payment of principal and

interest with respect to such Bond, or for the purpose of giving notices of redemption and other matters with respect to such Bond, or for the purpose of registering transfers with respect to such Bond, or for all other purposes whatsoever. The City shall pay or cause to be paid all principal and interest on the Bonds only to or upon the order of the Registered Owner, as shown in the registration books maintained by the Paying Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligation with respect to payment thereof to the extent of the sum or sums so paid.

- 14.6. Upon delivery by the Depository to the City and to the Owner of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Master Declaration shall refer to such new nominee of the Depository, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Paying Agent. The Depository shall tender the Bonds it holds to the Paying Agent for re-registration.

Section 15. Redemption of Bonds.

- 15.1. Unless otherwise provided by a Supplemental Declaration or Section 17, all Bonds shall be subject to the redemption terms of this Section 15.
- 15.2. The City reserves the right to purchase Bonds in the open market.
- 15.3. If Bonds are subject to mandatory redemption the Paying Agent shall, without further action by the City, select the particular Bonds to be redeemed in accordance with the mandatory redemption schedule, by lot within each maturity, call the selected Bonds, and give notice of their redemption in accordance with this Section 15.
- 15.4. If certain maturities of Bonds are subject to both optional and mandatory redemption, the City may elect to apply the Bonds which it has previously optionally redeemed to any mandatory redemption maturity. In addition, if the City purchases Bonds which are subject to mandatory redemption, the City may elect to apply against the mandatory redemption requirement any such Bonds which it has previously purchased. If the City makes such an election, it shall notify the Paying Agent not less than sixty days prior to the mandatory redemption date to which the election applies.
- 15.5. For as long as the Bonds are in BEO form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. If the Bonds are no longer held in book-entry only form, then the Paying Agent will select Bonds for redemption by lot.
- 15.6. So long as the BEO System remains in effect with respect to the Bonds, and unless DTC consents to a shorter period, the Paying Agent shall provide not less than 20 days' nor more than 60 days' notice of redemption, and shall provide such information in connection therewith as required by the letter of representations submitted to DTC in connection with the issuance of the Bonds. Unless waived by the Paying Agent, the City shall give written

notice of the intended redemption of the Bonds to the Paying Agent not later than five Business Days before the date notice of redemption of the Bonds is required to be made.

- 15.7. During any period in which the BEO System is not in effect with respect to the Bonds, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bonds to be redeemed, at the address shown on the Bond register or at such other address as is furnished in writing by such owner to the Paying Agent. Unless waived by the Paying Agent, the City shall give written notice of the intended redemption of Bonds to the Paying Agent not later than five Business Days before the date notice of redemption of the Bonds is required to be made. All such official notices of redemption shall be dated and shall state:
 - A. The redemption date;
 - B. The redemption price;
 - C. If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
 - D. That on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and
 - E. The place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.
- 15.8. The City shall deposit with the Paying Agent, on or before the redemption date, an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.
- 15.9. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price or unless the notice was conditional as described in Section 15.10) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Paying Agent and shall not be reissued. Notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any such Bonds. From and after such notice having been given and such deposit having been made, the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the City shall be under no further liability in respect thereof.

- 15.10. Any notice of optional redemption given for the Bonds pursuant to this Section 15 may state that the optional redemption is conditional upon receipt by the Paying Agent of amounts sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected owners of the Bonds as promptly as practicable.

Section 16. Authentication, Registration and Transfer.

- 16.1. The provisions of this Section 16 apply only if the Bonds cease to be a BEO issue, and unless otherwise specified in a Supplemental Declaration or Section 17 herein.
- 16.2. No Bond shall be entitled to any right or benefit under this Master Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all Bonds to be delivered at Closing, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Master Declaration.
- 16.3. All Bonds shall be in registered form. U.S. Bank National Association is hereby appointed to serve as Paying Agent for the Bonds. A successor Paying Agent may be appointed for the Bonds by ordinance or resolution of the City. The Paying Agent shall provide notice to Owners of any change in the Paying Agent not later than the Bond payment date following the change in Paying Agent.
- 16.4. The ownership of all Bonds shall be entered in the Bond register maintained by the Paying Agent and the City and Paying Agent may treat the person listed as owner in the Bond register as the owner of the Bond for all purposes.
- 16.5. The Paying Agent shall mail each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Owner, as that name and address appear on the Bond register as of the Record Date. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.
- 16.6. Bonds may be exchanged for an equal principal amount of Bonds of the same Series and maturity which are in different authorized denominations, and Bonds may be transferred to other owners if the Owner submits the following to the Paying Agent:
- A. Written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and
 - B. The Bonds to be exchanged or transferred.
- 16.7. The Paying Agent shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment

date; however, such Bonds shall be exchanged or transferred promptly following the payment date.

- 16.8. The Paying Agent shall not be required to exchange or transfer any Bonds which have been designated for redemption if such Bonds are submitted to it during the fifteen-day period preceding the designated redemption date.
- 16.9. For purposes of this Section, Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 16.6.
- 16.10. The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 17. The Series 2026 Bonds.

- 17.1. Pursuant to the authority of the Ordinance and this Master Declaration, the City has issued its Series 2026 Bonds, in the aggregate principal amount of \$[Principal Amount]. The Series 2026 Bonds shall be Bonds as defined in this Master Declaration. The Series 2026 Bonds shall bear interest payable on April 1 and October 1 of each year at the following rates calculated on a 30/360 basis, commencing October 1, 2026, and shall mature and be subject to redemption as outlined in the Official Statement for the Series 2026 Bonds.
- 17.2. The Series 2026 Bonds shall be special obligations of the City, and shall be payable solely from the Net Revenues and other amounts deposited in the Debt Service Account as provided by this Master Declaration. The Series 2026 Bonds are not general obligations of the City and are payable solely from the amounts described in the previous sentence. The Series 2026 Bonds are not secured by the Bond Reserve Account or any subaccount therein.
- 17.3. The Series 2026 Bonds shall be in substantially the form attached as Exhibit A and shall be signed with the facsimile or manual signature of the City Official.
- 17.4. The Series 2026 Bond proceeds shall be used as permitted by the Ordinance.

[signature follows]

EXECUTED ON BEHALF OF THE CITY OF GRANTS PASS BY AN AUTHORIZED CITY OFFICIAL AS OF [CLOSING DATE].

City of Grants Pass, Oregon

By: _____
City Official

Exhibit A
Form of Series 2026 Bond

No. R-«BondNumber»

\$«PrincipalAmtNumber»

United States of America
State of Oregon
County of Josephine
City of Grants Pass
Water Revenue Bond
Series 2026

Dated Date: [Closing Date]
Interest Rate Per Annum: «CouponRate»%
Maturity Date: April 1, «MaturityYear»
CUSIP Number: [_____] «CUSIPNumbr»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

THE CITY OF GRANTS PASS, in Josephine County, State of Oregon (the “City”), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, but solely from the sources indicated below, the Principal Amount on the Maturity Date together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above. Interest is payable semiannually on April 1 and October 1 in each year until maturity or prior redemption, commencing October 1, 2026. Payment of each installment of interest shall be made on the payment date to the Registered Owner hereof whose name appears on the registration books of the City maintained by the City’s paying agent and registrar, which is currently U.S. Bank Trust Company, National Association (the “Paying Agent”), as the Registered Owners appear on the registration books as of the 15th day of the month immediately preceding the applicable interest payment date. For so long as this Series 2026 Bond is subject to a book-entry-only system, principal and interest payments shall be paid on each payment date to the nominee of the securities depository for this Series 2026 Bond. On the date of issuance of this Series 2026 Bond, the securities depository for this Series 2026 Bond is The Depository Trust Company, New York, New York (“DTC”), and Cede & Co. is the nominee of DTC. Such payments shall be made payable to the order of “Cede & Co.” Capitalized terms used but not defined in this Bond have the meanings defined for such terms in the Master Water System Revenue Bond Declaration dated [Closing Date] (the “Declaration”).

This Series 2026 Bond is one of a series of \$[Principal Amount] aggregate principal amount of Water Revenue Bonds, Series 2026 of the City (the “Series 2026 Bonds”), and is issued by the City for the purpose of financing water projects as outlined in the authorizing action for the Series 2026 Bonds in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City.

This Series 2026 Bond is not a general obligation or liability of the City, is issued as a “Bond” under the Declaration, and is payable solely from the Net Revenues of the Water System and other amounts deposited into the Debt Service Account as provided in the Declaration. The City covenants and agrees with the owner of this Series 2026 Bond that it will keep and perform all of the covenants in this Series 2026 Bond and in the Declaration. The City has pledged the Net Revenues of the Water System to the payment of principal and interest on this Series 2026 Bond. The City has previously issued and reserves the right to issue additional Parity Bonds with an equal lien on the Net Revenues. This Series 2026 Bond is not secured by the Bond Reserve Account or any subaccount therein.

The Series 2026 Bonds are initially issued as a book-entry-only security issue with no certificates provided to the owners of the Series 2026 Bonds. Records of Series 2026 Bond ownership will be maintained by the Paying Agent and DTC and its participants. Should the book-entry-only security system be discontinued, the City shall cause the Paying Agent to authenticate and deliver replacement Series 2026 Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees, as provided in the Declaration.

The Series 2026 Bonds are subject to redemption as described in the Official Statement for the Series 2026 Bonds.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Letter of Representations to DTC, as referenced in the Declaration. Interest on any Series 2026 Bond so called for redemption shall cease on the redemption date designated in the notice unless the notice is conditional, as permitted by the Declaration. The Paying Agent will notify DTC of any Series 2026 Bond called for redemption not less than 20 days prior to the date fixed for redemption unless DTC consents to a shorter period. If the book-entry-only system is discontinued, notice of redemption shall be given by first-class mail, postage prepaid at least 20 days and not more than 60 days prior to the date fixed for redemption to the registered owner of each Series 2026 Bond to be redeemed at the address shown on the Series 2026 Bond register or at such other address as is furnished in writing by such owner to the Paying Agent.

Any exchange or transfer of this Series 2026 Bond must be registered, as provided in the Declaration, upon the Series 2026 Bond register kept for that purpose by the Paying Agent. The exchange or transfer this Series 2026 Bond may be registered only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Paying Agent and which is executed by the registered owner or their duly authorized attorney. Upon registration, a new registered Series 2026 Bond or Series 2026 Bonds, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Declaration. The Paying Agent and the City may treat the person in whose name this Series 2026 Bond is registered as its absolute owner for all purposes, as provided in the Declaration.

Unless this Series 2026 Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Series 2026 Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

This Series 2026 Bond shall remain in the Paying Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and DTC.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Series 2026 Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and the Charter of the City; that the issue of which this Series 2026 Bond is a part, and all other obligations of the City, are within every debt limitation and other limits prescribed by such Constitution, Statutes, and Charter.

IN WITNESS WHEREOF, the City Council of the City of Grants Pass, Oregon, has caused this Series 2026 Bond to be signed by facsimile signature of an authorized City Official as of the date indicated above.

City of Grants Pass, Oregon

City Official

THIS SERIES 2026 BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE INDICATED BELOW.

CERTIFICATE OF AUTHENTICATION

This Series 2026 Bond is one of a series of \$[Principal Amount] aggregate principal amount of Water Revenue Bonds, Series 2026, of the City, issued pursuant to the Declaration described herein.

Date of authentication: [Closing Date].

U.S. Bank National Association, as Paying Agent

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto: _____

(Please insert social security or other identifying number of assignee)

this Series 2026 Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Series 2026 Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Series 2026 Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Series 2026 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

OREGON CUSTODIANS use the following:

_____ CUST UL OREG _____ MIN

as custodian for (name of minor)

OR UNIF TRANS MIN ACT

under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.