



MEDFORD OREGON



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MEDFORD, OREGON

For the Fiscal Year Ended June 30, 2018

Prepared by:
City Finance Department

City of Medford
June 30, 2018
Table of Contents

	PAGE
Introductory Section	
Letter of Transmittal	i-iii
GFOA Certificate of Achievement for Excellence in Financial Reporting	iv
Officials of the City	v
Organizational Chart	vi
 Financial Section	
Report of Independent Auditors	1-3
Management's Discussion and Analysis	4-10
 Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
 Governmental Fund Financial Statements	
Balance Sheet	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
 Proprietary Fund Financial Statements	
Balance Sheet	17
Statement of Revenues, Expenses and Changes in Fund Net Position	18
Statement of Cash Flows	19
Notes to the Financial Statements	20-53
 Required Supplementary Information	
Schedule of the Proportionate Share of the Net OPEB Liability	54
Schedule of OPEB Contributions – Cost Sharing Plan	54
Schedule of Changes in the Employer Net OPEB Liability and Related Ratios – Single-employer Plan	54
Schedule of the Proportionate Share of the Net Pension Liability	55
Schedule of Pension Contributions	55
Notes to Required Supplemental Information	55
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) – General Fund	56
Notes to Required Supplementary Information – Basis of Budgeting	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis)	
Gas Tax Fund	58
Street SDC Fund	59

City of Medford
June 30, 2018
Table of Contents

	PAGE
Other Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) – Street Improvement Fund	60
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	62
Nonmajor Special Revenue Funds	
Combining Balance Sheet	63-64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	65-66
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Fire Public Safety Utility Fund	67
Park Dedication Fund	68
Cemetery Fund	69
Building Safety Fund	70
Police Department	71
State Forfeitures Fund	72
Federal Forfeitures Fund	73
Community Promotions Fund	74
Community Development Block Grant Fund	75
Veteran's Park Fund	76
Community Park Reserve Fund	77
Bear Creek Reconstruction Fund	78
Bear Creek Maintenance Fund	79
Parks Utility Fund	80
Street Utility Fund	81
Nonmajor Debt Service Funds	
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
General Debt Service Fund	84
Major Debt Service Funds	
MURA Debt Service Fund	85
Revenue Bond Fund	86

City of Medford
June 30, 2018
Table of Contents

	PAGE
Nonmajor Capital Projects Funds	
Combining Balance Sheet	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Greenway Construction Fund	89
Special Sidewalk Fund	90
Fire Apparatus Reserve	91
Aquatic Facilities Reserve	92
Park Southeast Area SDC Fund	93
Park Improvement Fund	94
MURA Capital Projects Fund	95
Enterprise Funds	
Combining Balance Sheet - Sewer Utility Fund	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position – Sewer Utility Fund	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Storm Drain SDC Fund	98
Storm Drain Utility Fund	99
Sewage Treatment Fund	100
Sewer Collection System SDC Fund	101
Sanitary Sewer Maintenance Fund	102
Sewage Treatment SDC Fund	103
Parking Facilities Fund	104
Internal Service Funds	
Combining Balance Sheet	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position	106
Combining Statement of Cash Flows	107
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Risk Management Fund	108
Fleet Maintenance Fund	109
Other Financial Schedules	
Schedule of Expenditures by Division – Budget and Actual	110

City of Medford
June 30, 2018
Table of Contents

	PAGE
Statistical Section	
Net Position by Component	111
Change in Net Position	112-113
Fund Balances – Governmental Funds	114
Changes in Fund Balances – Governmental Funds	115-116
Assessed and Estimated Actual Value of Taxable Property	117
Property Tax Rates – Direct and Overlapping Governments	118
Principal Property Taxpayers	119
Property Tax Levies and Collections	120
Ratios of Outstanding Debt by Type	121
Ratios of Net General Bonded Debt Outstanding	122
Direct and Overlapping Governmental Activities Debt – Paid by Property Taxes	123
Legal Debt Margin Information	124
Pledged Revenue Coverage	125
Demographic and Economic Statistics	126
Largest Employers	127
Number of Full Time (FT) Employees and FT Equivalent at each Fiscal Year	128
Operating Indicators by Function	129-130
Capital Asset Statistics by Function	131
Other Schedules Section	
Outstanding Obligations	132
Debt Information	133
Overlapping Debt	134
Future Debt Service for obligations guaranteed to be paid from the General Fund	135
Real Market Value of Taxable Property, Tax Collection Record and Impact of Tax Limitation on the City	136
Representative Consolidated Tax Rates for Levy Code Area 49-01	137
Compliance Section	
Report of Independent Auditors Required by Oregon State Regulations	138-139
Single Audit Reports and Schedules	
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 <i>Government Auditing Standards</i>	140-141
Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	142-143
Schedule of Findings and Questioned Costs	144-145
Schedule of Expenditures of Federal Awards	146-147
Corrective Action Plan	148

Introductory Section



City of Medford

Office of the City Manager

Medford ~ A Fantastic Place to Live, Work & Play

December 20, 2018

Honorable Mayor, City Council Members
And Citizens of the City of Medford, Oregon:

In accordance with State statutes and local Charter provisions, I hereby transmit the Comprehensive Annual Financial Report of the City of Medford, Oregon as of June 30, 2018 and for the year then ended.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State law requires the financial statements of the City of Medford be audited by a certified public accountant selected by the City Council. The accounting firm of Moss Adams LLP conducted the audit for the fiscal year ending June 30, 2018 and has issued an unmodified (“clean”) opinion. Their opinion is located in the Financial Section.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report in the Financial Section and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City:

The City of Medford, incorporated in 1885, is located in the southwestern part of Oregon. It currently occupies 26 square miles, has a population of just over 80,000 and an estimated service population of over 400,000. The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and eight council members, all elected on a non-partisan basis. The Council appoints the City Manager, who in turn appoints the heads of various departments. Council members, elected by ward, serve four-year terms, with four members elected every two years. The Mayor is elected at large for a four-year term.

The City of Medford provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities. It is

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www.cityofmedford.org

iv

also financially accountable for a legally separate Water Commission, which is reported separately within the City's financial statements. Additional information on the Water Commission can be found in the notes to the financial statements.

Local Economy:

The City of Medford continues to experience increases in revenues which can be directly tied to the improving economy. Existing businesses continue to lead job creation with the vast majority of net new jobs coming from existing business growth. Medford continues to have increasing numbers of inquiries from businesses considering relocation and expansion. The City's Electronic Commerce Zone has historically been the most active in the State. Medford had an increase in revenues from property taxes due to a 7.65% increase in tax assessed values (partly attributed to the Medford Urban Renewal Agency only collecting a partial levy). Since the largest share of City revenues comes from property taxes, any change is significant and is closely monitored.

Local, State and Federal governments continue to be major area employers. Outside of government, health care is still the largest single category of employment in Medford with Asante Health Systems being the largest in the category and community with more than 4,200 employees. Transient lodging tax revenues continue to increase. Even during the economic downturn, transient lodging tax revenue was consistently stable. The amount of money spent by visitors and business travelers to Jackson County and Medford continues to be a solid revenue factor for the region. The tourism industry and sports tourism continues to grow in Jackson County and Medford with the addition of U.S. Cellular Community Sports Park and the growing wine and craft beer industries.

Long-term financial planning:

The economic climate in Medford continues to improve. Development applications and building permits continue to increase to expand local business. The City embraces its core value of accountability by making the best use of taxpayer dollars; focusing on ways to conserve its existing assets while improving livability. The City accomplishes this goal by maintaining a three month contingency fund for personnel and operating expenses. Additionally, a number of Council approved long-range planning items were completed during this fiscal year. The most significant being the City's Urban Growth Boundary application. This accomplishment was approved by the State of Oregon and adds 1,658 acres of land for future development (residential and employment), Prescott and Chrissy parks totaling 1,877 acres, and 511 acres of developed or unbuildable land. This projected 20-year supply of land for future growth will help Medford meet the need for all forms of housing and employment development.

As Medford plans for this future growth, the Council also approved incentives for the development of affordable and work force housing. The Construction Excise Tax was approved in February 2018 and will be utilized as financial incentives for the construction of before mentioned housing units. Council also approved a System Development Charge Deferral Program that allows developers/builders to defer such payments until a Certificate of Occupancy is issued.

The completion of the Urban Growth Boundary Amendment along with the financial incentives will help provide housing and employment development which will become taxable income for the City to continue to provide services.

Awards and Acknowledgements:

This report has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement for Excellence in Financial Reporting to those governments whose annual financial reports are judged to conform substantially to the high standards of public financial reporting, including generally accepted accounting principles promulgated by the Government Accounting Standards Board.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Medford for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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 our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the dedicated effort of the Finance Department's staff, and the cooperation of all City departments. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Medford's finances.

Respectfully submitted,



Brian Sjothun
City Manager



Government Finance Officers Association

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

Presented to

**City of Medford
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

**City of Medford
Officials of the City
June 30, 2018**

		<u>Term Expires December 31</u>
Gary Wheeler	Mayor	2020
Kay Brooks	Council Member Ward 3	2020
Tim Jackle	Council Member Ward 1	2018
Dick Gordon	Council Member Ward 1	2020
Kim Wallan	Council Member Ward 4	2020
Tim D'Alessandro	Council Member Ward 2	2020
Michael Zarosinski	Council Member Ward 4	President 2018
Clay Bearson	Council Member Ward 2	2018
Kevin Stine	Council Member Ward 3	2018

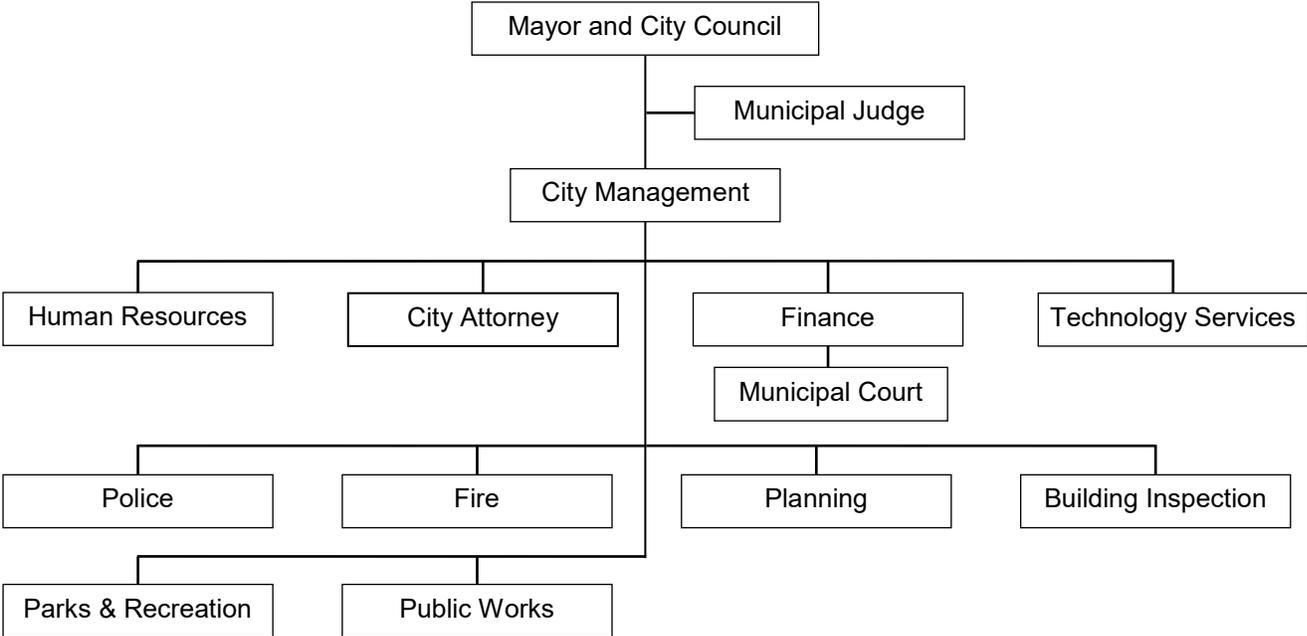
Principal Officials

Brian Sjothun, City Manager
Lori Cooper, City Attorney
Ryan Martin, Finance Director

City Address

City of Medford
411 West 8th Street
Medford, Oregon 97501

**City of Medford
Organization Chart
June 30, 2018**



Financial Section

Report of Independent Auditors

Honorable Mayor and City Council Members
City of Medford, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Medford, Oregon (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Medford Water Commission, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Medford Water Commission, are based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Medford Water Commission were noted audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, budgetary comparison information and notes on pages 56 through 60, OPEB, pension schedules and notes on pages 54 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information described above is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison 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 budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, schedule of expenditures by division – budget and actual, and 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) (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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 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

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

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

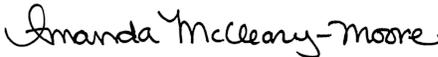
Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 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 Oregon Minimum Auditing Standards

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 20, 2018, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Amanda McCleary-Moore
Medford, Oregon
December 20, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis present the highlights of the financial position for the City of Medford, Oregon (“the City”). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. It focuses on current year activities and resulting changes.

Financial Highlights:

The City’s governmental activities assets totaled \$397.0 million at June 30, 2018 consisting of \$298.4 million in capital assets, \$89.3 million in cash and investments and \$8.7 million in receivables and other assets. The City’s governmental activities liabilities totaled \$139.4 million at June 30, 2018 consisting of \$84.3 million in noncurrent liabilities, \$12.1 million in accounts payable and other liabilities, and net pension liability of \$43.0. Total net position was \$270.6 million of which \$245.3 million were invested in capital assets, \$55.0 million were restricted and the remaining \$29.7 million were unrestricted.

The City’s governmental activities net position increased by \$3.1 million or 1.2 percent. Overall governmental activities revenue decreased by \$1.1 million or 1.2 percent. The increase was most noticeable in taxes, which increased by \$4.1 million. The \$4.1 million increase was a reflection of assessed tax valuations increasing by 11.6 percent (higher than normal because the Medford Urban Renewal Agency (MURA) only took a partial division of taxes). The franchise and lodging taxes are also trending up with the improving economy.

The City’s business-type activities assets totaled \$119.5 million at June 30, 2018 consisting of \$83.3 million in capital assets, \$34.9 million in cash and investments and \$1.3 million in receivables and other assets. The City’s business-type activities liabilities totaled \$8.0 million at June 30, 2018 consisting of \$0.3 million in noncurrent liabilities, \$2.0 million in accounts payable and other liabilities, and net pension liability of \$5.4 million. Total net position was \$113.2 million of which \$83.3 million was invested in capital, \$11.3 million was restricted and the remaining \$18.6 million was unrestricted.

The City’s business-type activities net position increased by \$3.5 million or 3.4 percent. Business-type activities total revenue increased by \$1.6 million or 49.3 percent.

Report Layout:

The City’s annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

- **Management’s Discussion and Analysis.** This section of the report provides financial highlights and overviews.

- **Basic Financial Statements.** Includes Statement of Net Position, Statement of Activities, Fund Financial Statements, the Notes to the Financial Statements and Required Supplementary Information. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.
 - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference.
 - The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user’s analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues
 - Fund Financial Statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City’s major governmental funds are presented in their own column and the remaining funds are combined into a column titled “Other Governmental Funds.”
 - The Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City’s financial condition.
 - Required Supplementary Information contains budgetary comparison statements for the major governmental fund types, presented in a biennium format.

- **Supplementary Information.** Readers desiring additional information can find it in the Supplementary Information section of this report. Components within this section include:
 - Major Fund Budgetary Schedules
 - Special Revenue Funds (non major)
 - Debt Service Funds (non major)
 - Capital Projects Funds (non major)
 - Enterprise Funds (non major)
 - Internal Service Funds

- **Statistical Section.** This section includes trend information and demographics.

- **Reports by independent certified public accountants.** Supplemental communication on the City’s compliance and internal controls as required by Oregon statutes and the Single Audit Act.

Government-Wide Financial Statement:

TABLE 1
CITY OF MEDFORD - STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017
(In millions)

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2018	2017	2018	2017	2018	2017
Cash and investments	\$89.3	\$90.1	34.9	\$30.8	\$124.2	\$120.9
Other assets	8.7	7.6	1.3	1.1	10.0	8.7
Capital assets, net of depreciation	299.0	294.5	83.3	81.8	382.3	376.3
Total assets	<u>397.0</u>	<u>392.2</u>	<u>119.5</u>	<u>113.7</u>	<u>516.5</u>	<u>505.9</u>
Deferred outflows of resources	14.4	24.5	1.8	2.9	16.2	27.4
total assets and deferred	<u>\$411.4</u>	<u>\$416.7</u>	<u>\$121.3</u>	<u>\$116.6</u>	<u>\$532.7</u>	<u>\$533.3</u>
Other liabilities	\$12.1	\$9.2	2.0	\$1.3	\$14.1	\$10.5
Long-term debt outstanding	84.3	91.1	0.5	0.3	84.8	91.4
Net pension liability	43.0	49.0	5.4	5.8	48.4	54.8
Total Liabilities	<u>139.4</u>	<u>149.3</u>	<u>7.9</u>	<u>7.4</u>	<u>147.3</u>	<u>156.7</u>
Deferred inflow of resources	1.4	1.1	0.4	0.1	1.8	1.2
Net position:						
Net investment in capital	245.3	235.7	83.3	81.8	328.6	317.5
Restricted	55	31.1	11.3	10.8	66.3	41.9
Unrestricted	(30.0)	(0.4)	18.5	16.6	(11.5)	16.2
Total Net Position	<u>\$270.2</u>	<u>\$266.3</u>	<u>\$113.2</u>	<u>\$109.2</u>	<u>\$383.4</u>	<u>\$375.4</u>

TABLE 2
CITY OF MEDFORD - STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017
(In millions)

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2018	2017	2018	2017	2018	2017
REVENUES						
General revenues:						
Taxes	\$54.5	\$52.5	\$-	\$-	\$54.5	\$52.5
Other	1.2	1.0	0.4	0.3	1.6	1.3
Program revenues:						
Charges for services	19.4	20.7	17.8	16.4	43.3	37.1
Operating	13.8	11.8	-	-	11.6	11.8
Capital Grants/Contributions	6.0	4.1	2.5	2.7	4.1	6.8
Total revenues	94.9	90.1	20.7	19.4	115.7	109.5
EXPENSES						
General government	11.1	10.2	-	-	11.1	10.2
Public safety	44.0	41.4	-	-	44.0	41.4
Highways and streets	15.2	14.1	-	-	15.2	14.1
Culture and recreation	13.2	9.8	-	-	13.2	9.8
Community development	5.2	7.8	-	-	5.2	7.8
Interest on long-term debt	4.2	4.9	-	-	4.2	4.9
Sewer services	-	-	14.6	15.4	14.6	15.4
Parking services	-	-	0.6	0.6	0.6	0.6
Total expenses	92.9	88.2	15.2	16.0	108.1	104.2
Increase (decrease) in net position before transfers	2.0	1.9	5.5	3.4	7.5	5.4
Transfers	1.0	1.0	(1.0)	(1.0)	-	-
Change in net position	3.0	2.9	4.5	2.4	7.5	5.3
Beginning Net Position restated	267.2	263.4	108.7	106.6	375.9	370.0
Ending Net Position Restated	\$270.2	\$266.3	\$113.2	\$109.1	\$383.4	\$375.4

Financial Analysis:

Governmental Funds. As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$80.6 million, a decrease from the prior year of \$2.2 million.

The Revenue Bond fund is used to pay debt service for the 2011B limited tax refunding bonds and the 2013 Police, Fire, and Parks limited tax revenue bonds. The total revenue bonds outstanding as of June 30, 2018 was \$38.9 million. The ending fund balance for the Revenue Bond Fund for 2018 was \$381.0 more than 2017.

As of June 30, 2018, the MURA Debt Service Fund had a total liability and fund balance of \$2.8 million. This is a decrease of \$1.5 million compared to 2017 and is due to the continuing reduction of the interfund advance from the City General Fund.

The Gas Tax Fund had a \$1.6 million increase in fund balance during the current fiscal year. This is due to projects in the first year of the biennium not proceeding as budgeted.

The Street SDC Fund had a \$0.2 million increase in fund balance during the current fiscal year. This is due to the street development fees collected exceeding the current year street projects.

The Street Improvement Fund, fund balance decreased by \$0.02 million. This is due to the current year street project expenses exceeding the grants and other revenue collected.

Proprietary Funds. The City has two enterprise funds: the Sewer Utility Fund and the Parking Facilities Fund. As of the end of the current year, the Sewer Utility Fund had unrestricted net position of \$17.5 million, restricted net position of \$11.3 million and invested in capital assets of \$80.6 million. Net position increased \$4.3 million to \$109.4 million. The Parking Facilities Fund had total net position \$3.7 million of which \$1.0 million is unrestricted. Net position increased by \$0.1 million.

Budgetary Highlights:

The City's final budget differed from the original budget in that it contains supplemental appropriations approved during the fiscal year. The budget for the General Fund resources increased by \$1.0 million.

TABLE 3
CITY OF MEDFORD - CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017
(In millions)

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2018	2017	2018	2017	2018	2017
Land	\$24.2	\$36.0	\$1.7	\$1.7	\$25.9	\$37.7
Land rights of way	95.7	82.5	-	-	95.7	82.5
Construction in progress	6.7	4.1	3.1	0.8	9.8	4.9
Buildings	48.4	45.6	3.1	3.3	51.5	48.9
Improvements	24.8	24.1	13.7	14.4	38.5	38.5
Equipment	7.4	7.2	11.9	12.5	19.3	19.7
Sewers	-	-	17.7	17.4	17.7	17.4
Storm drains	-	-	32.0	31.6	32.0	31.6
Infrastructure	91.7	95.0	-	-	91.7	95.0
Total	<u>\$299.0</u>	<u>\$294.5</u>	<u>\$83.2</u>	<u>\$81.7</u>	<u>\$382.3</u>	<u>\$376.2</u>

Capital Assets and Debt Administration:

Capital Assets. As of June 30, 2018, the City had \$382.3 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$6.1 million.

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

TABLE 4
CITY OF MEDFORD - CHANGE IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017
(In millions)

	Governmental	Business-	Total
	Activities	Activities	
Beginning balance	\$294.5	\$81.7	\$376.2
Additions	41.6	6.5	\$47.5
Transfers and Deletions	-22.3	-1.5	\$(27.0)
Depreciation	-14.8	-3.5	\$(18.3)
Ending Balance	<u>\$299.0</u>	<u>\$83.2</u>	<u>\$382.3</u>

Capital assets, net of depreciation for governmental activities increased \$26.2 million. Additions included acquisition of land of \$0.6 million, buildings and building improvements of \$7.0 million, equipment purchases of \$2.4 million, infrastructure of \$5.9 million, and construction in progress of \$12.4 million. Offsetting these additions were depreciation of \$14.8 and transfers and deletions of \$22.3 million.

Business-type activities capital assets, net of depreciation decreased \$0.7 million. Additions included sewers of \$0.8 million, equipment and other additions of \$0.5 million, and construction in progress of \$3.8 million. Offsetting these additions were depreciation of \$3.5 million and transfers and dispositions of \$1.5 million. For more detailed information on the City’s capital asset activity, refer to Note III (B) of the financial statements.

Debt Administration. As of year-end, the City had \$85.4 million in debt outstanding compared to \$91.3 million last year. For more detailed information, refer to Note III (C) of the financial statements.

TABLE 5
CITY OF MEDFORD - OUTSTANDING DEBT AT FISCAL YEAR END
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017
(In millions)

	Governmental Activities	Business-type Activities	Total
Bonds & notes payable	\$76.3	\$-	\$76.3
Unamortized premium	1.8	-	1.8
Compensated absences	2.8	0.3	3.1
Total	<u>\$80.9</u>	<u>\$0.3</u>	<u>\$81.2</u>

Economic Factors and the Biennium Budget:

The improving economy is positively impacting the City’s revenues; the City saw noticeable increased tax valuations in the first year of the biennium, and increasing revenues in several other funds.

For the first year of the biennium the assessed tax valuation for property taxes was \$7.3 billion. The tax collection rate of 94.2% was quite a bit lower than the historical average for tax collection rates.

Financial Contact:

The City’s financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City’s finances and to demonstrate Medford’s accountability. If you have questions about the report or need additional financial information, please contact the City’s Finance Director at (541) 774-2030 or Room 380, 411 West 8th Street, Medford, Oregon 97501.

Basic Financial Statements

City of Medford
Statement of Net Position
June 30, 2018

	Primary Government			Component Unit Medford Water Commission
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 89,343,285	\$ 34,949,839	\$ 124,293,124	\$ 18,207,744
Receivables				
Accounts	4,460,276	1,247,601	5,707,877	1,807,980
Taxes	3,183,033	-	3,183,033	-
Inventory	846,190	25,985	872,175	1,180,450
Prepaid expenses	-	-	-	84,781
Restricted cash and cash equivalents	216,745	-	216,745	314,940
Notes receivable	-	-	-	2,592,267
Capital assets not being depreciated	126,665,151	4,825,566	131,490,717	7,480,788
Depreciable capital assets, net	172,295,090	78,488,745	250,783,835	123,819,645
Total assets	397,009,770	119,537,736	516,547,506	155,488,595
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	148,819	16,618	165,437	-
Pension related	14,271,760	1,762,888	16,034,648	1,524,276
Total deferred outflows of resources	14,420,579	1,779,506	16,200,085	1,524,276
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 411,430,349	\$ 121,317,242	\$ 532,747,591	\$ 157,012,871
LIABILITIES				
Accounts payable	\$ 4,756,365	\$ 1,131,845	\$ 5,888,210	\$ 1,598,073
Payroll and related accruals	2,680,291	289,978	2,970,269	-
Retainage payable	47,524	66,999	-	-
Deposits	3,272,642	499,977	3,772,619	381,765
Accrued interest payable	988,285	-	988,285	-
Claims payable	394,067	-	394,067	-
Long-term liabilities				
Due within one year				
Bonds payable	5,144,340	-	5,144,340	-
Compensated absences	590,112	75,740	665,852	354,492
Due in more than one year				
Bonds payable, including unamortized premium of \$1,765,923	72,936,618	-	72,936,618	-
Compensated absences	2,387,688	189,755	2,577,443	88,623
Net OPEB liability	3,640,214	406,468	4,046,682	-
Net pension liability	42,960,280	5,306,573	48,266,853	4,588,312
Total liabilities	139,798,426	7,967,335	147,765,761	7,011,265
DEFERRED INFLOWS OF RESOURCES				
OPEB related	67,805	7,567	75,372	-
Pension related	1,297,682	160,293	1,457,975	138,597
Total deferred inflows of resources	1,365,487	167,860	1,533,347	138,597
NET POSITION				
Net investment in capital assets	245,269,283	83,314,311	328,583,594	131,300,433
Restricted for				
Future system development	-	11,298,926	11,298,926	-
Public safety	1,906,792	-	1,906,792	-
Highways and streets	41,318,842	-	41,318,842	-
Culture and recreation	6,479,986	-	6,479,986	-
Community development	5,065,787	-	5,065,787	-
Debt service	249,367	-	249,367	961,226
Unrestricted	(30,023,621)	18,568,810	(11,454,811)	17,601,350
Total net position	270,266,436	113,182,047	383,448,483	149,863,009
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 411,430,349	\$ 121,317,242	\$ 532,747,591	\$ 157,012,871

City of Medford
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Medford Water Commission
PRIMARY GOVERNMENT								
Governmental activities								
General government	\$ 11,109,819	\$ 2,536,443	\$ 6,364,348	\$ 3,844,520	\$ 1,635,492	\$ -	\$ 1,635,492	\$ -
Public safety	43,996,831	5,377,194	39,354	-	(38,580,283)	-	(38,580,283)	-
Highways and streets	15,166,454	7,892,045	5,595,574	1,637,227	(41,608)	-	(41,608)	-
Culture and recreation	13,165,281	1,598,283	834,389	540,000	(10,192,609)	-	(10,192,609)	-
Community development	5,206,836	2,033,871	964,441	-	(2,208,524)	-	(2,208,524)	-
Interest on long-term debt	4,216,335	-	-	-	(4,216,335)	-	(4,216,335)	-
Total governmental activities	92,861,556	19,437,836	13,798,106	6,021,747	(53,603,867)	-	(53,603,867)	-
BUSINESS-TYPE ACTIVITIES								
Sewer services	14,633,336	17,085,810	-	2,484,548	-	4,937,022	4,937,022	-
Parking services	615,381	760,500	-	-	-	145,119	145,119	-
Total business-type activities	15,248,717	17,846,310	-	2,484,548	-	5,082,141	5,082,141	-
TOTAL PRIMARY GOVERNMENT	\$ 108,110,273	\$ 37,284,146	\$ 13,798,106	\$ 8,506,295	(53,603,867)	5,082,141	(48,521,726)	-
COMPONENT UNITS								
Medford Water Commission	\$ 13,869,711	\$ 16,243,669	\$ 110,478	\$ 2,654,479				\$ 5,138,915
GENERAL REVENUES								
Property taxes - City of Medford					39,245,039	-	39,245,039	-
Use taxes					15,239,513	-	15,239,513	-
Unrestricted investment earnings					1,184,690	444,107	1,628,797	242,037
Total general revenues					55,669,242	444,107	56,113,349	242,037
TRANSFERS								
					1,049,775	(1,049,775)	-	-
Total general revenues and transfers					56,719,017	(605,668)	56,113,349	242,037
CHANGE IN NET POSITION								
					3,115,150	4,476,473	7,591,623	5,380,952
NET POSITION, beginning of year (as restated)								
					267,151,286	108,705,574	375,856,860	144,482,057
NET POSITION, end of year								
					\$ 270,266,436	\$ 113,182,047	\$ 383,448,483	\$ 149,863,009

**City of Medford
Balance Sheet
Governmental Funds
June 30, 2018**

	General Fund	Gas Tax Fund - 530	Street SDC Fund - 520	Street Improvement Fund - 550	Revenue Bond Fund - 161	MURA Debt Service Fund 902	Nonmajor Governmental Funds	Total
ASSETS								
Cash and investments	\$ 22,002,328	\$ 18,460,428	\$ 12,851,113	\$ 4,936,111	\$ 382	\$ 2,415,236	\$ 24,574,456	\$ 85,240,054
Receivables								
Accounts	2,249,316	656,885	-	45,422	-	390,416	1,375,609	4,717,648
Taxes	2,758,639	-	-	-	-	-	33,978	2,792,617
Inventories	40,549	-	-	-	-	-	-	40,549
Restricted cash and cash equivalents	75,556	-	-	-	-	-	32,843	108,399
Advances to other funds	3,651,519	-	-	-	-	-	-	3,651,519
Total assets	\$ 30,777,907	\$ 19,117,313	\$ 12,851,113	\$ 4,981,533	\$ 382	\$ 2,805,652	\$ 26,016,886	\$ 96,550,786
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION								
Liabilities								
Accounts payable	\$ 1,259,461	\$ 279,911	\$ 10,917	\$ 71,720	\$ -	\$ -	\$ 2,213,780	\$ 3,835,789
Payroll and related accruals	2,016,524	84,844	11,468	-	-	-	231,068	2,343,904
Retainage payable	25,568	21,956	-	-	-	-	226,308	273,832
Customer deposits	99,647	1,112,260	-	2,060,735	-	-	-	3,272,642
Advances from other funds	-	-	-	-	-	2,890,000	761,519	3,651,519
Total liabilities	3,401,200	1,498,971	22,385	2,132,455	-	2,890,000	3,432,675	13,377,686
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	2,184,057	-	-	-	-	354,620	27,901	2,566,578
FUND BALANCES								
Nonspendable								
Inventory	40,549	-	-	-	-	-	-	40,549
Advances to other funds	3,651,519	-	-	-	-	-	-	3,651,519
Restricted for								
Public safety	-	-	-	-	-	-	1,906,792	1,906,792
Highways and streets	-	17,618,342	12,828,728	2,849,078	-	-	8,022,694	41,318,842
Culture and recreation	-	-	-	-	-	-	6,479,986	6,479,986
Community development	-	-	-	-	-	-	5,065,787	5,065,787
Debt service	-	-	-	-	382	-	248,985	249,367
Committed for								
Public safety, police	-	-	-	-	-	-	408,691	408,691
Culture and recreation	-	-	-	-	-	-	1,218,416	1,218,416
PERS debt	4,156,965	-	-	-	-	-	-	4,156,965
Assigned								
2017-19 Budget	17,411,900	-	-	-	-	-	-	17,411,900
Unassigned	(68,283)	-	-	-	-	(438,968)	(795,041)	(1,302,292)
Total fund balances (deficits)	25,192,650	17,618,342	12,828,728	2,849,078	382	(438,968)	22,556,310	80,606,522
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICITS)	\$ 30,777,907	\$ 19,117,313	\$ 12,851,113	\$ 4,981,533	\$ 382	\$ 2,805,652	\$ 26,016,886	\$ 96,550,786

City of Medford

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2018

FUND BALANCES - total governmental funds		\$ 80,606,522
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets, cost	498,709,435	
Less accumulated depreciation	<u>(200,031,118)</u>	
		298,678,317
Certain items, such as liabilities and deferred outflows of resources are reported on the statement of net position, however, if they are not due and payable in the current period, they are not recorded in the governmental funds.		
Revenues earned but not available	2,566,578	
Deferred outflow of resources	<u>14,237,470</u>	
		16,804,048
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(988,285)	
Compensated absences	(2,950,558)	
Net OPEB liability	(3,598,532)	
Bonds payable	(76,315,035)	
Unamortized bond premium	(1,765,923)	
Net pension liability	(42,414,217)	
Deferred inflow of resources	<u>(1,348,213)</u>	
		(129,380,763)
Internal service funds are used by management to charge costs of insurance, risk management, and fleet management services to individual funds. Their assets and liabilities are included in the statement of net position.		
		<u>3,558,312</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 270,266,436</u>

City of Medford
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2018

	General Fund	Gas Tax Fund - 530	Street SDC Fund - 520	Street Improvement Fund - 550	Revenue Bond Fund - 161	MURA Debt Service Fund - Fund - 902	Nonmajor Governmental Funds	Total
REVENUES								
Taxes								
Property	\$ 37,477,503	\$ -	\$ -	\$ -	\$ -	\$ 1,090,975	\$ 422,091	\$ 38,990,569
Franchise and lodging	12,379,382	-	-	-	-	-	2,639,396	15,018,778
Fuel	-	5,104,891	-	-	-	-	-	5,104,891
Other	220,735	-	-	-	-	-	-	220,735
Charges for services	1,557,927	90,120	-	-	-	-	40,445	1,688,492
Fines and penalties	1,443,791	-	-	-	-	-	-	1,443,791
Intergovernmental	4,855,378	-	-	-	-	-	61,786	4,917,164
Licenses, permits, and fees	629,593	-	-	-	-	-	14,474,645	15,104,238
Investment earnings	340,675	222,649	158,344	59,160	431	1,222	402,208	1,184,689
Grants and contributions	1,508,970	225,369	35,344	205,743	-	-	1,824,119	3,799,545
Other revenue	348,922	-	-	14,417	-	-	814,481	1,177,820
Capital contributions and donations	-	-	1,637,227	-	-	-	-	1,637,227
Total revenues	60,762,876	5,643,029	1,830,915	279,320	431	1,092,197	20,679,171	90,287,939
EXPENDITURES								
Current								
General government	9,261,282	-	-	-	-	-	-	9,261,282
Public safety	37,549,143	-	-	-	-	-	1,357,153	38,906,296
Highways and streets	-	2,374,116	515,313	271,753	-	-	4,377,242	7,538,424
Culture and recreation	7,691,724	-	-	-	-	-	526,699	8,218,423
Community development	1,726,257	-	-	-	-	-	3,345,670	5,071,927
Debt service								
Debt service principal	-	-	-	-	12,328,983	-	1,525,000	13,853,983
Debt service interest	-	-	-	-	4,675,965	132,000	1,614,062	6,422,027
Capital outlay	2,770,454	1,447,348	1,063,335	-	-	-	9,174,473	14,455,610
Total expenditures	58,998,860	3,821,464	1,578,648	271,753	17,004,948	132,000	21,920,299	103,727,972
Excess (deficiency) of revenues over (under) expenditures	1,764,016	1,821,565	252,267	7,567	(17,004,517)	960,197	(1,241,128)	(13,440,033)
OTHER FINANCING SOURCES (USES)								
Issuance of refunding bonds	-	-	-	-	10,000,000	-	-	10,000,000
Transfers in	2,675,845	-	-	-	7,004,899	-	3,927,004	13,607,748
Transfers out	(5,460,815)	(210,733)	(36,324)	(26,064)	-	-	(6,661,860)	(12,395,796)
Total other financing sources (uses)	(2,784,970)	(210,733)	(36,324)	(26,064)	17,004,899	-	(2,734,856)	11,211,952
NET CHANGE IN FUND BALANCES	(1,020,954)	1,610,832	215,943	(18,497)	382	960,197	(3,975,984)	(2,228,081)
FUND BALANCES, beginning of year	26,213,604	16,007,510	12,612,785	2,867,575	-	(1,399,165)	26,532,294	82,834,603
FUND BALANCES, end of year	\$ 25,192,650	\$ 17,618,342	\$ 12,828,728	\$ 2,849,078	\$ 382	\$ (438,968)	\$ 22,556,310	\$ 80,606,522

City of Medford

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES - total governmental funds \$ (2,228,081)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay 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. The amount by which capital outlays exceeds depreciation in the current period is:

Capital contributions	4,384,520	
Capital outlays	14,773,431	
Less current year depreciation	<u>(14,601,877)</u>	
		4,556,074

The sale of capital assets is recorded in the fund statements in the amount of proceeds received. In the statement of activities the net book value of capital assets sold or disposed is a reduction of revenue and/or increase in expenses. (92,133)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. The change in unavailable revenue increases/decreases revenue in the Statement of Net Position. 254,468

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. The change in unavailable revenue increases/decreases revenue in the statement of net position.

Change in compensated absences	(184,354)	
Change in expenses related to pension and OPEB obligations	<u>(4,716,561)</u>	
		(4,900,915)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items:

Change in accrued interest	(212,430)	
Amortization of premium	71,140	
Bond proceeds	(10,000,000)	
Principal payments	<u>16,200,965</u>	
		6,059,675

Internal service funds are used by management to charge costs of insurance, risk management, and fleet management services to individual funds. Their net activity is included in the statement of activities. (533,938)

CHANGE IN NET POSITION OF GOVERNEMENTAL ACTIVITIES \$ 3,115,150

City of Medford
Balance Sheet
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
ASSETS				
Current assets				
Cash and investments	\$ 33,865,419	\$ 1,084,420	\$ 34,949,839	\$ 4,103,231
Receivables	1,226,753	20,848	1,247,601	133,044
Inventories	25,985	-	25,985	805,641
Total current assets	<u>35,118,157</u>	<u>1,105,268</u>	<u>36,223,425</u>	<u>5,041,916</u>
Noncurrent assets				
Restricted cash and investments	-	-	-	108,346
Capital assets				
Land and construction in progress	3,429,451	1,396,115	4,825,566	-
Capital assets, net of accumulated depreciation	<u>77,161,829</u>	<u>1,326,916</u>	<u>78,488,745</u>	<u>281,924</u>
Total noncurrent assets	<u>80,591,280</u>	<u>2,723,031</u>	<u>83,314,311</u>	<u>390,270</u>
Total assets	<u>115,709,437</u>	<u>3,828,299</u>	<u>119,537,736</u>	<u>5,432,186</u>
DEFERRED OUTFLOW OF RESOURCES				
OPEB related	16,435	183	16,618	1,703
Pension related	<u>1,744,376</u>	<u>18,512</u>	<u>1,762,888</u>	<u>181,406</u>
Total deferred outflows of resources	<u>1,760,811</u>	<u>18,695</u>	<u>1,779,506</u>	<u>183,109</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 117,470,248</u>	<u>\$ 3,846,994</u>	<u>\$ 121,317,242</u>	<u>\$ 5,615,295</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,114,072	\$ 17,773	\$ 1,131,845	\$ 694,268
Payroll and related accruals	285,558	4,420	289,978	336,387
Retainage payable	66,999	-	66,999	-
Deposits and other liabilities	499,977	-	499,977	-
Compensated absences, due within one year	75,740	-	75,740	5,449
Claims payable	-	-	-	394,067
Total current liabilities	<u>2,042,346</u>	<u>22,193</u>	<u>2,064,539</u>	<u>1,430,171</u>
Long-term liabilities				
Compensated absences, due more than one year	189,755	-	189,755	21,793
Net OPEB liability	402,018	4,450	406,468	41,682
Net pension liability	<u>5,250,850</u>	<u>55,723</u>	<u>5,306,573</u>	<u>546,063</u>
Total long-term liabilities	<u>5,842,623</u>	<u>60,173</u>	<u>5,902,796</u>	<u>609,538</u>
Total liabilities	<u>7,884,969</u>	<u>82,366</u>	<u>7,967,335</u>	<u>2,039,709</u>
DEFERRED INFLOW OF RESOURCES				
OPEB related	7,488	79	7,567	779
Pension related	<u>158,610</u>	<u>1,683</u>	<u>160,293</u>	<u>16,495</u>
Total deferred inflows of resources	<u>166,098</u>	<u>1,762</u>	<u>167,860</u>	<u>17,274</u>
NET POSITION				
Net investment in capital assets	80,591,280	2,723,031	83,314,311	281,924
Restricted for				
Future system development	11,298,926	-	11,298,926	-
Employee section 125 plan	-	-	-	108,346
Unrestricted	<u>17,528,975</u>	<u>1,039,835</u>	<u>18,568,810</u>	<u>3,168,042</u>
Total net position	<u>109,419,181</u>	<u>3,762,866</u>	<u>113,182,047</u>	<u>3,558,312</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 117,470,248</u>	<u>\$ 3,846,994</u>	<u>\$ 121,317,242</u>	<u>\$ 5,615,295</u>

City of Medford
Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 17,047,808	\$ 760,500	\$ 17,808,308	\$ 3,538,303
Other revenue	38,002	-	38,002	-
Total operating revenues	17,085,810	760,500	17,846,310	3,538,303
OPERATING EXPENSES				
Salaries and fringe benefits	7,742,949	125,625	7,868,574	2,057,445
Operating supplies	507,892	46,095	553,987	1,351,141
Professional services	1,167,391	-	1,167,391	5,098
Repairs and maintenance	663,201	1,068	664,269	6,170
Premiums and claims	98,000	1,000	99,000	300,824
Utilities	307,352	51,907	359,259	1,561
General, administrative, and engineering	750,437	307,643	1,058,080	199,748
Depreciation	3,396,114	82,043	3,478,157	42,966
Total operating expenses	14,633,336	615,381	15,248,717	3,964,953
OPERATING INCOME (LOSS)	2,452,474	145,119	2,597,593	(426,650)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	432,351	11,756	444,107	54,889
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,884,825	156,875	3,041,700	(371,761)
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	2,484,548	-	2,484,548	-
Transfers out	(1,026,124)	(23,651)	(1,049,775)	(162,177)
Total contributions and transfers	1,458,424	(23,651)	1,434,773	(162,177)
CHANGE IN NET POSITION	4,343,249	133,224	4,476,473	(533,938)
NET POSITION, beginning of year (as restated)	105,075,932	3,629,642	108,705,574	4,092,250
NET POSITION, end of year	\$ 109,419,181	\$ 3,762,866	\$ 113,182,047	\$ 3,558,312

City of Medford
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 16,902,215	\$ 762,481	\$ 17,664,696	\$ 173,673
Receipt from interfund services provided	-	-	-	3,316,018
Payments to supplies	(2,905,704)	(396,984)	(3,302,688)	(1,750,875)
Payments to employees	(6,946,332)	(117,644)	(7,063,976)	(1,513,279)
Net cash provided (used) by operating activities	<u>7,050,179</u>	<u>247,853</u>	<u>7,298,032</u>	<u>225,537</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,026,124)	(23,651)	(1,049,775)	(162,177)
Net cash provided (used) by noncapital financing activities	<u>(1,026,124)</u>	<u>(23,651)</u>	<u>(1,049,775)</u>	<u>(162,177)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions (system development charges)	2,493,549	-	2,493,549	-
Acquisition and construction of capital assets	(5,028,778)	-	(5,028,778)	(26,102)
Net cash provided (used) by capital and related financing activities	<u>(2,535,229)</u>	<u>-</u>	<u>(2,535,229)</u>	<u>(26,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	432,351	11,756	444,107	54,889
INCREASE (DECREASE) IN CASH	3,921,177	235,958	4,157,135	92,147
CASH, beginning of year	29,944,242	848,462	30,792,704	4,119,430
CASH, end of year	<u>\$ 33,865,419</u>	<u>\$ 1,084,420</u>	<u>\$ 34,949,839</u>	<u>\$ 4,211,577</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,452,474	\$ 145,119	\$ 2,597,593	\$ (426,650)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	3,396,114	82,043	3,478,157	42,966
Pension and OPEB expense	705,148	7,229	712,377	88,150
(Increase) decrease in accounts receivable	(145,593)	1,981	(143,612)	(48,612)
(Increase) decrease in inventories	-	-	-	(109,636)
(Increase) decrease in prepaids	-	-	-	-
Increase (decrease) in accounts payable	556,476	10,729	567,205	562,276
Increase (decrease) in accrued payroll and related expenses	60,412	752	61,164	187,215
Increase (decrease) in compensated absences	(4,478)	-	(4,478)	(8,499)
Increase (decrease) in customer deposits payable	(166,276)	-	(166,276)	-
Increase (decrease) in retainage payable	195,902	-	195,902	-
Increase (decrease) in claims payable	-	-	-	(61,673)
Total adjustments	<u>4,597,705</u>	<u>102,734</u>	<u>4,700,439</u>	<u>652,187</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 7,050,179</u>	<u>\$ 247,853</u>	<u>\$ 7,298,032</u>	<u>\$ 225,537</u>
NONCASH CAPITAL ACTIVITIES				
Contributions of capital assets from developers	<u>\$ 953,180</u>	<u>\$ -</u>	<u>\$ 953,180</u>	<u>\$ -</u>

Note 1 – Summary of Significant Accounting Policies

A. Reporting entity

The City of Medford, Oregon (City) operates under an amended charter adopted by the voters in 1976. The City Council (Council), composed of the Mayor and eight council members, comprises the legislative branch of the government. Individual departments are under the direction of the City Manager, who is appointed by the Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

Blended component unit – The Medford Urban Renewal Agency (Agency or MURA) provides services almost entirely to the City and is governed by a board that is comprised of the members of the City of Medford City Council. The services MURA provides are the beautification and revitalization of the MURA district which is primarily downtown Medford. Upon completion, all projects constructed become assets of the City of Medford. Primary projects are constructing parking garages and parking lots. Additionally, MURA has completed many streetscape projects which entail improving sidewalks, adding landscaping to the sidewalks and adding benches and pedestrian friendly street lighting. The Agency was formed by the City as a separate legal entity to implement these programs in the revitalization plan of the City. The goal is to eliminate blight and attract aesthetically pleasing, job producing private investments that will improve and stabilize property values. Projects are funded through tax increment financing. The Agency's funds are reported as governmental fund types, one being MURA Capital Projects Fund and the other being MURA Debt Service Fund. Separate financial statements for the Agency may be obtained from the Finance Department of the City of Medford Oregon, which is located at 411 W 8th Street, Medford, OR 97501.

Discretely presented component unit – The Medford Water Commission (Commission) operates the water system serving the constituents of the City and is governed by a Board appointed by the Mayor and approved by the Council. The Commission was formed by the City to maintain and operate the water utility. The Board has the authority to set rates and charges for services provided.

Based upon criteria established by the Governmental Accounting Standards Board (GASB), assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses related to the Commission are included in the component unit column of the City's government-wide financial statements. Unless noted otherwise in this report, accounting policies of the component unit are consistent with those described for the primary government. The Commission is reported as a business-type activity. Separate financial statements for the Commission may be obtained at the Commission's administrative office, which is located at 200 South Ivy Street, Medford, Oregon 97501.

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the City and its component units. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. *Governmental activities* are financed through charges for services, property taxes, intergovernmental revenues, and other non-exchange transactions. *Business-type activities* are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each activity of its governmental programs, business-type activities and component units. *Direct expenses* are those that are specifically associated with an activity and, therefore, are clearly identifiable to that activity. *Indirect expense allocations* are included as part of program expenses in the Statement of Activities. Eliminations have been made to minimize the double counting of internal activities. *Program revenues* include fees, fines, and charges paid by the recipients of goods or services and grants and contributions that are restricted to meeting operational or capital requirements. Revenues that are not classified as program revenues, including property taxes and interest earnings, are presented as *general revenues*.

Net position is reported as restricted when constraints placed on net position uses are either externally restricted, imposed by creditors (such as through grantors, contributors or laws), or through constitutional provisions or enabling legislation.

The fund financial statements provide information about the City's governmental and proprietary funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as other nonmajor funds. It is the intent of the City to allow the internal service funds to accumulate fund balance/net position in the fund financial statements. This fund balance/net position will be used to either purchase capital assets or to pay for unexpected insurance claims.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the City receives value without giving equal value in exchange, include property taxes, grants, entitlements, and donations. Under the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Note 1 – Summary of Significant Accounting Policies (continued)

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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*. The City considers property tax revenue reported in the governmental funds to be available if they are collected within thirty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. All 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 susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the cash is received by the City.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is primarily funded by property taxes, franchise fees, and state shared revenues.

The *Gas Tax Fund* is a special revenue fund that accounts for revenue from state gasoline taxes apportioned from the State of Oregon and expenditures as specified under Article IX, section 3, of the Constitution of the State of Oregon.

The *Street SDC Fund* is a special revenue fund that accounts for SDCs to be expended on arterial and collector street improvements & maintenance for street utility fees to be expended on street improvements and maintenance.

The *Street Improvement Fund* accounts for construction and improvement of streets and is financed primarily with funds from the State and County.

The *MURA Debt Service Fund* accounts for the payment of principal and interest on debt of the Medford Urban Renewal Agency. The principal source of revenues is property taxes.

The *Revenue Bond Fund* accounts for the payment of principal and interest on the Revenue Bonds. The resource for those payments come from transfers in from other funds for which the bonds proceeds were used.

Note 1 – Summary of Significant Accounting Policies (continued)

The government reports the following major proprietary fund:

The *Sewer Utility Fund* accounts for the City's sewer utility maintenance, operation, improvements, and expansion of the City's drain and sewer infrastructure. This fund is comprised of several sub-funds, but is considered a single enterprise fund under accounting principles generally accepted in the United States of America.

Additionally, the government reports the following fund types:

Special revenue funds account for proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specific purposes other than debt service or capital expenditure.

Debt service funds account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest related costs as well as the financial resources being accumulated for future debt service.

Capital projects funds account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds. Revenues are derived primarily from property taxes and state gas tax apportionments which are designated for the construction of specific projects.

Internal service funds account for administration and associated costs of workers' compensation and other insurance programs. Additionally, the Fleet Maintenance fund accounts for the garage services provided by the City. The costs of the services provided are recovered by the charges to the department and/or outside agency receiving the service.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances, and loans. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1 – Summary of Significant Accounting Policies (continued)

D. Use of 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 reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are valued at fair value.

2. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied and become a lien on July 1st. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15th of the same year, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the due date.

Property taxes receivable which have been collected and received by the City within 60 days subsequent to year end are considered measurable and available, and are recognized as revenues in the governmental fund financial statements. All other property taxes receivable are offset by deferred revenue because they are not deemed available to finance operations of the current period. Property tax receivables are deemed to be substantially collectable or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary.

Receivables for federal and state grants, and state, county, and local shared revenue, are recorded as revenue in all fund types as earned.

Note 1 – Summary of Significant Accounting Policies (continued)

Assessment liens receivable are recorded as receivables at the time property owners are assessed for property improvements. Assessment lien installments which are expected to be collected in the following year in accordance with the modified accrual basis of accounting are considered measurable and available and are recognized as revenues. All other assessment liens receivable are offset by unearned revenues and, accordingly, have not been recorded as revenue.

Assessments are payable over a period of 10 to 20 years and bear interest at 5% to 10%. Assessment interest revenue is recognized when it becomes measurable and available.

System development charges receivable represent contractor assessments for property improvements which have been financed by the City as allowed under State law. The system development charges are recorded as receivables and recognized as contributions at the time the contractor is assessed for property improvements in the proprietary funds. In the governmental funds, the system development charges are recognized as revenue when determined to be measurable and available, in accordance with the modified accrual basis of accounting.

Receivables of the proprietary fund types are recorded as revenue when earned, including services earned but not billed.

3. Inventories

Inventories in the general fund and in the proprietary fund types are stated at cost, using the first-in/first-out (FIFO) method, or market. Expenses are recognized as the inventories are used (consumption method)

4. Restricted cash

Certain cash accounts are for court related forfeitures, amounts held in escrow, and payroll related items.

5. Capital assets

Purchased or constructed capital assets are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements. The City defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life of one year or more. Capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the time of donation. Intangible assets with an indefinite useful life are included in nondepreciable assets.

Interest incurred during the construction phase is reflected in the capitalization value of the assets constructed, net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2018, the City and Commission did not capitalize any interest.

Note 1 – Summary of Significant Accounting Policies (continued)

In the entity-wide and proprietary fund financial statements, disposal of capital assets is recorded by relieving the governmental or business-type activities of the related costs and accumulated depreciation, with the resulting gains or losses being reflected in the Statement of Activities. In the governmental fund financial statements, the proceeds from sales of governmental fund capital assets are recorded as revenues in the appropriate fund.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City, including its component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-75
Sewers	20-75
Parking structures	45-50
Improvements	10-50
Road networks	20
Storm drains	20
Equipment	3-20

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of deferred inflows, one which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, occupancy taxes, franchise fees and rehabilitation loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, deferred inflows and outflows of resource are reported related to pensions and OPEB.

A detailed description of these accounts related to pensions and OPEB and how they are calculated are discussed in Note 3J.

Note 1 – Summary of Significant Accounting Policies (continued)

7. *Compensated absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Earned but unpaid sick leave does not vest, for the majority of employees, and is therefore not accrued. However, some employees whose sick leave bank exceeds a set amount are permitted to sell back their sick leave in excess of these hours. Management receives a payout for the amount in excess of 520 hours upon termination of employment. No amount has been accrued for these payouts, as management considers the amount to be immaterial. All vacation pay is accrued when incurred in the government- wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only as a result of employee resignations and retirements. The liability for compensated absences is typically liquidated in the fund that incurred the expenditure at the time of the occurrence (i.e. vacation being taken or upon retirement). The general fund incurs the largest portion (80%) of the liability. The balance is spread among the other governmental funds.

8. *Long-term obligations*

In the government-wide financial statement 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 expenditures.

9. *Fund balance*

In the fund financial statements, the fund balance of governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through the passage of an additional resolution.

Note 1 – Summary of Significant Accounting Policies (continued)

Resources that are constrained by the Government's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approved which resources should be "reserved" during the adoption of the biennial budget. The City's Finance Director uses that information to determine whether those resources should be assigned or unassigned for presentation in the City's Comprehensive Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned fund balance.

Note 2 – Stewardship, Compliance, and Accountability

A. Budgetary information

The City adopts biennial budgets for all funds, and the Agency adopts an annual budget; both are in accordance with Oregon Local Budget Law. The City and the Agency begin their budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committees approving the budgets in late spring. Public notices of the budget hearings are published in the months prior to public hearings in June. The City Council or Board of Directors for the Agency adopts the budgets, authorizes appropriations, and declares the tax levy no later than June 30. State statutes do not require the Commission to prepare and adopt a budget. However, the Commission's Board and management have prepared and adopted an annual budget for operational accountability and control purposes.

The ordinance authorizing appropriations sets the level by which expenditures cannot legally exceed appropriations. The ordinance establishes appropriations at the department division level for all funds except the Agency. The Agency adopts biennial budgets for all funds at the principal object categories – personnel, materials and services, capital outlay, debt service and operating contingency.

The budget document contains more detailed expenditure categories than the authorizing appropriation ordinance. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Supplemental budgets less than 10% of the fund's original budget may be adopted by the City Council or the Agency's Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the City Council or the Agency's Board of Directors. Original and supplemental budgets may be modified by use of appropriation transfers between levels of control. Such transfers require approval by the City Council or the Board of Directors for the City and the Agency, respectively. The City Council approved various transfer resolutions during the current biennium budget period 2017-2019.

Note 2 – Stewardship, Compliance, and Accountability (continued)

The City and the Agency budget their funds on the modified accrual basis of accounting; for budget purposes, interfund loans are budgeted as other financing sources (uses) in governmental funds; however, on a generally accepted accounting principles basis they are balance sheet-only transactions. The Agency budgets expenditures for land held for development when the related liabilities are incurred, while for generally accepted accounting principles, the expenditures are capitalized and recorded when the property is placed in service. All City appropriations lapse at the end of the biennial period, and all Agency appropriations lapse at the end of the biennial period.

B. Deficit fund balance

The MURA Debt Service Fund had a deficit fund balance of \$438,968. This was caused by the interfund advance from the General Fund and will be replenished as the advance is repaid.

C. Overexpenditure

General fund – Community promotions & grants \$365,194

Note 3 – Detailed Notes on All Funds

A. Cash and investments

The City maintains a cash and investment pool that is available for use by all funds.

As of June 30, 2018, the City's cash and investment balances were reported as follows:

	Primary Government	Weighted Average Maturity in Year
Subject to interest rate risk		
U.S. agency securities	\$ 48,436,296	1.720
Corporate bonds	17,743,203	1.250
Not subject to interest rate risk or maturities are less than one month		
Petty cash	7,670	
Deposits with financial institutions	19,379,463	
LGIP	38,943,237	
Total cash and investments	\$ 124,509,869	
Cash and investments are reported as follows		
Cash and investments	\$ 124,293,124	
Restricted cash and cash equivalents	216,745	
Total cash and investments	\$ 124,509,869	

Note 3 – Detailed Notes on All Funds (continued)

Deposits

Custodial credit risk – deposits – Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City maintains its deposits in accordance with ORS 295. Under that statute, all deposits must be covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized with eligible securities in amounts determined by the Office of the State Treasurer. At June 30, 2018, the City's deposits with various financial institutions had a bank balance of \$26,603,054. Of these deposits, \$500,000 was covered by FDIC insurance and \$26,103,054 was collateralized in accordance with ORS 295. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 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 State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Investments

Interest rate risk – As a means of limiting its exposure to losses arising from rising interest rates, the City's investment policy limits investments as follows:

<u>Length of Maturity</u>	<u>Investment Amounts</u>
Under 30 days	10% minimum
Under 1 year	25% minimum
Over 3 years	25% maximum

Credit risk - investments – The City's policy, which adheres to State of Oregon law, is to limit its Corporate and Municipal investments to the following: Issuers must be rated "A-1" (commercial paper and bankers acceptance) or "AA" (bonds and debt obligations for the states of Oregon, California, Idaho, and Washington) or "AAA" (FDIC guaranteed corporate bonds) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization at time of purchase. Federal instrumentality securities shall be rated in the highest rating category by a nationally recognized statistical rating organization (NRSRO) and shall be rated not less by any NRSRO that rates the debt.

Note 3 – Detailed Notes on All Funds (continued)

At June 30, 2018, the City's investments were rated as follows:

Investment Type	Carrying Value	Moody's Rating	Percent of Total Investments
U.S. agency securities			
Federal Farm Credit Bank	\$ 5,947,421	Aaa	5.66%
Federal Home Loan Bank	3,495,224	Aaa	3.32%
Treasury Note	23,770,164	N/A	22.61%
Federal National Mortgage Association	9,487,893	Aaa	9.03%
Freddie Mac	<u>5,735,594</u>	Aaa	5.46%
Total U.S. agency securities	<u>48,436,296</u>		
Corporate bonds			
Bank of America	1,172,756	Aa	1.12%
Toyota Motor Credit	2,984,515	Aa	2.84%
Wells Fargo Bank NA	1,993,380	Aa	1.90%
US Bank NA Cincinnati	1,998,576	Aa	1.90%
Microsoft Corp	2,002,018	Aaa	1.90%
Ely Lilly & Co	1,002,787	A	0.95%
JP Morgan Chase Bank NA	2,581,058	Aa	2.46%
Berkshire Hathaway	2,006,028	Aa	1.91%
Apple Inc.	<u>2,002,085</u>	Aa	1.90%
Total corporate bonds	<u>17,743,203</u>		
LGIP	<u>38,943,237</u>	Not rated	37.05%
TOTAL INVESTMENTS	<u><u>\$ 105,122,736</u></u>		<u><u>100.00%</u></u>

The Oregon Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at www.oregon.gov/treasury. The weighted-average maturity of LGIP is less than one year.

Note 3 – Detailed Notes on All Funds (continued)

Concentration of credit risk – The City's policy for investing in individual issuers varies depending on the type of investments. Agency securities are restricted to no more than 25% for any one issuer. No more than 10% of the total portfolio of investments may be invested in a single issuer of banker's acceptances. Investments in commercial paper or corporate bonds of any one issuer may not exceed 5% of the investment portfolio. Repurchase agreements may not exceed 10% per issuer. Obligations of the states of Oregon, California, Idaho, and Washington are restricted to no more than 10% for any one issuer.

Fair value hierarchy – GASB Statement No. 72, Fair Value Measurement and Application establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each fund has the ability to access.

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs.

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments) The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. The City applies fair market value updates to its securities on a daily basis. Security pricing is provided by a third-party, and is reported daily to the City by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the City's investment policy generally fall within hierarchy level 1 and 2.

Note 3 – Detailed Notes on All Funds (continued)

The City has the following recurring fair value measurement:

Investment Measured at Fair Value	Total as of June 30, 2018	Fair Value Measurement			Cost Measurement Not Measured at Fair Value
		Level One	Level Two	Level three	
U.S. agency securities	\$ 24,666,132	\$ -	\$ 24,666,132	\$ -	\$ -
Corporate bonds	17,743,203	-	17,743,203	-	-
U.S. treasury	23,770,164	23,770,164	-	-	-
LGIP	38,943,237	-	-	-	38,943,237
TOTAL INVESTMENTS	\$ 105,122,736	\$ 23,770,164	\$ 42,409,335	\$ -	\$ 38,943,237

B. Capital assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated				
Land	\$ 36,014,928	\$ 589,626	\$ (12,365,957)	\$ 24,238,597
Land - rights of way	82,502,755	13,232,902	-	95,735,657
Construction in progress	4,120,541	12,443,112	(9,872,756)	6,690,897
Total capital assets, not being depreciated	122,638,224	26,265,640	(22,238,713)	126,665,151
Capital assets, being depreciated				
Buildings	57,430,952	4,448,242	(67,200)	61,811,994
Improvements	45,735,238	2,552,069	-	48,287,307
Equipment	27,444,431	2,354,548	(623,881)	29,175,098
Infrastructure	227,110,801	5,941,007	-	233,051,808
Total capital assets being depreciated	357,721,422	15,295,866	(691,081)	372,326,207
Less accumulated depreciation for				
Buildings	(11,781,381)	(1,601,909)	4,033	(13,379,257)
Improvements	(21,643,217)	(2,008,039)	148,997	(23,502,259)
Equipment	(20,263,044)	(1,989,421)	460,607	(21,791,858)
Infrastructure	(132,158,838)	(9,198,905)	-	(141,357,743)
Total accumulated depreciation	(185,846,480)	(14,798,274)	613,637	(200,031,117)
Total capital assets being depreciated, net	171,874,942	497,592	(77,444)	172,295,090
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 294,513,166</u>	<u>\$ 26,763,232</u>	<u>\$ (22,316,157)</u>	<u>\$ 298,960,241</u>

City of Medford
Notes to the Financial Statements
June 30, 2018

Note 3 – Detailed Notes on All Funds (continued)

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
PRIMARY GOVERNMENT				
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Land	\$ 1,705,719	\$ -	\$ -	\$ 1,705,719
Construction in progress	812,527	3,780,548	(1,464,227)	3,128,848
Total capital assets, not being depreciated	2,518,246	3,780,548	(1,464,227)	4,834,567
Capital assets, being depreciated				
Buildings	7,127,645	-	-	7,127,645
Improvements	28,979,919	-	(13,570)	28,966,349
Equipment	31,017,836	458,039	(114,513)	31,361,362
Sewers	31,644,673	848,428	-	32,493,101
Storm drains	46,417,301	1,431,162	-	47,848,463
Total capital assets being depreciated	145,187,374	2,737,629	(128,083)	147,796,920
Less accumulated depreciation for				
Buildings	(3,801,674)	(184,977)	-	(3,986,651)
Improvements	(14,590,509)	(651,925)	-	(15,242,434)
Equipment	(18,533,634)	(1,054,882)	95,910	(19,492,606)
Sewers	(14,200,381)	(610,891)	-	(14,811,272)
Storm drains	(14,808,731)	(975,482)	-	(15,784,213)
Total accumulated depreciation	(65,934,929)	(3,478,157)	95,910	(69,317,176)
Total capital assets being depreciated, net	79,252,445	(740,528)	(32,173)	78,479,744
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 81,770,691</u>	<u>\$ 3,040,020</u>	<u>\$ (1,496,400)</u>	<u>\$ 83,314,311</u>

Note 3 – Detailed Notes on All Funds (continued)

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

Governmental activities	
General government	\$ 700,322
Public safety	1,760,098
Highways and streets	7,587,507
Culture and recreation	4,707,381
Internal service	<u>42,966</u>
Total depreciation expense - governmental activities	<u>\$ 14,798,274</u>
Business-type activities	
Sewer	\$ 3,396,114
Parking services	<u>82,043</u>
Total depreciation expense - business-type activities	<u>\$ 3,478,157</u>

Medford Water Commission

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
MEDFORD WATER COMMISSION				
Capital assets, not being depreciated				
Land and rights of way	\$ 4,925,439	\$ -	\$ -	\$ 4,925,439
Construction in progress	<u>2,991,633</u>	<u>2,521,109</u>	<u>(2,957,393)</u>	<u>2,555,349</u>
Total capital assets, not being depreciated	<u>7,917,072</u>	<u>2,521,109</u>	<u>(2,957,393)</u>	<u>7,480,788</u>
Capital assets, being depreciated				
Buildings, supply, and distribution system	164,668,518	9,357,699	(1,115,128)	172,911,089
Equipment	<u>8,302,608</u>	<u>349,395</u>	<u>(804,331)</u>	<u>7,847,672</u>
Total capital assets being depreciated	<u>172,971,126</u>	<u>9,707,094</u>	<u>(1,919,459)</u>	<u>180,758,761</u>
Less accumulated depreciation for				
Buildings, supply, and distribution system	(49,926,593)	(2,976,498)	1,108,418	(51,794,673)
Equipment	<u>(5,381,848)</u>	<u>(566,925)</u>	<u>804,330</u>	<u>(5,144,443)</u>
Total accumulated depreciation	<u>(55,308,441)</u>	<u>(3,543,423)</u>	<u>1,912,748</u>	<u>(56,939,116)</u>
Total capital assets being depreciated, net	<u>117,662,685</u>	<u>6,163,671</u>	<u>(6,711)</u>	<u>123,819,645</u>
MEDFORD WATER COMMISSION CAPITAL ASSETS, NET	<u>\$ 125,579,757</u>	<u>\$ 8,684,780</u>	<u>\$ (2,964,104)</u>	<u>\$ 131,300,433</u>

Note 3 – Detailed Notes on All Funds (continued)

C. Long-term debt

General obligation and full faith and credit bonds – General Obligation bonds are backed by the full faith and credit of the City and are serviced by general property tax revenues. The City's G.O. bonded debt is subject to a debt margin of 3% of real market value per Oregon Revised Statutes 287A.050. Bonds at year end are as follows:

Purpose	Original Amount	Interest Rates	Amount Outstanding
General Obligation bonds			
PERS actuarial bonds, maturing 2028	\$ 29,205,000	4.91 to 6.10%	\$ 24,390,000
Full faith and credit bonds			
2006 sidewalk series, maturing 2021	4,600,000	4.00 to 4.50%	1,170,000
Series 2011C bonds for MURA, maturing 2025	20,950,000	3.25 to 5.00%	2,890,000
2017 full faith and credit refunding, maturing 2025	10,000,000	2.25%	<u>8,924,035</u>
Total bonds outstanding			<u><u>\$ 37,374,035</u></u>

The PERS bonds were issued to enable the City to prepay its unfunded actuarial liability to Oregon Public Employees Retirement System. Interest rates were 4.91% from 2005 to 2010, 5.197% in 2011, 5.25% in 2012, 5.35% in 2013, 5.571% in 2014, 5.671% in 2015, 5.771% in 2016, 5.871% in 2017, 5.941% in 2018, 6.015% from 2019 to 2023, and 6.095% from 2024 to 2028.

The 2006 Sidewalk series bonds were voter approved bonds, issued for construction of new sidewalks. Interest rates were 4.00% from 2007 to 2009, increasing to 4.25% from 2010 to 2015, 4.50% from 2016 to 2017, 4.25% from 2018 to 2019, 4.30% for 2020, and 4.375% for 2021.

The 2011C series bonds were issued to enable the City to loan funds to Medford Urban Renewal. Interest rates were 5.00% from 2013 to 2017, decreasing to 3.00% from 2018 to 2024 and increasing to 3.25% for 2025.

In December 2017, the City issued \$10,000,000 in full faith and credit refunding bonds, with principal due in June 2025. Interest is paid annually at a rate of 2.25%. The proceeds of the bonds were used to extinguish \$10,000,000 of outstanding 2007 limited tax revenue bonds.

Note 3 – Detailed Notes on All Funds (continued)

The following schedule shows the debt service requirements as of June 30, 2018:

	Governmental Activities	
	Principal	Interest
2019	\$ 4,538,340	\$ 1,816,956
2020	4,556,128	1,643,574
2021	3,532,853	1,462,587
2022	3,433,580	1,304,462
2023	3,763,198	1,146,824
2024-2029	17,549,936	2,753,521
Total	\$ 37,374,035	\$ 10,127,924

Revenue bonds – Revenue bonds at June 30, 2025 are as follows:

Purpose	Original Amount	Interest Rates	Amount Outstanding
General Obligation bonds			
2011B Limited tax revenue refunding bonds, maturing 2022	\$ 3,673,000	3.24%	\$ 1,601,000
2013 Police, fire, and parks limited tax revenue bonds, maturing 2043	38,155,000	3.00 to 5.00%	37,340,000
Total revenue bonds outstanding			\$ 38,941,000

The 2011B series bond was issued on December 15, 2011 to advance refund the remaining amounts due on the 2002 Parks limited tax revenue bonds, maturing 2022. The City advance refunded the aforementioned bond to reduce its total debt service payments over the next 13 years by \$500,000 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$470,000.

The series 2013 limited tax revenue bonds were issued in December of 2013 and are secured by revenues from a Public Safety Fee the City collects per residential and commercial unit per month as well as a Car Rental Tax which is collected on every car rented at the Rogue Valley International-Medford Airport. The bonds were issued to finance the costs of capital projects for the City including construction of new police headquarters and parking facilities, relocation of fire stations, and construction of 3 additional ball fields and related parking facilities at the U.S. Cellular Community Park located within the City. The 2013 Police, Fire, and Parks limited tax revenue bond has an interest rate that fluctuates from year to year between 3.00% to 5.00% from 2014 to 2043.

City of Medford
Notes to the Financial Statements
June 30, 2018

Note 3 – Detailed Notes on All Funds (continued)

The following schedule shows the debt service requirements for revenue bonds as of June 30, 2018:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 606,000	\$ 1,792,903
2020	1,305,000	1,753,184
2021	1,374,000	1,693,548
2022	1,431,000	1,630,921
2023	1,065,000	1,565,406
2024-2029	7,630,000	8,143,436
2030-2035	9,590,000	5,713,653
2036-2041	9,895,000	3,027,363
2042-2044	6,045,000	416,139
Total	<u>\$ 38,941,000</u>	<u>\$ 25,736,553</u>

Changes in long-term liabilities – Long-term liabilities for the year ended June 30, 2018, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds payable					
General obligation/full faith bonds	\$ 31,485,000	\$ 10,000,000	\$ (4,110,965)	\$ 37,374,035	\$ 4,538,340
Revenue bonds	51,031,000	-	(12,090,000)	38,941,000	606,000
Total bonds payable	82,516,000	10,000,000	(16,200,965)	76,315,035	5,144,340
Compensated absences	2,801,945	2,577,071	(2,401,216)	2,977,800	590,112
GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES					
	<u>\$ 85,317,945</u>	<u>\$ 12,577,071</u>	<u>\$ (18,602,181)</u>	<u>\$ 79,292,835</u>	<u>\$ 5,734,452</u>
BUSINESS-TYPE ACTIVITIES					
Compensated absences	<u>\$ 269,973</u>	<u>\$ 403,771</u>	<u>\$ (408,249)</u>	<u>\$ 265,495</u>	<u>\$ 75,740</u>

Each fund has been used to liquidate that fund's compensated absences in prior years.

Note 3 – Detailed Notes on All Funds (continued)

Bonds payable are reported in the Statement of Net Position as follows:

Bonds payable, ending balance	\$ 76,315,035
Less: current portion	(5,144,340)
Add: unamortized premium	<u>1,765,923</u>
 Bonds payable, due in more than one year	 <u><u>\$ 72,936,618</u></u>

D. Governmental Activities net investment in capital assets

Net investment in capital assets for Governmental Activities as presented in the Statement of Net Position as of June 30, 2018 is determined as follows:

Capital assets, net	\$ 298,960,241
Less outstanding principal on capital asset related debt	
General obligation bonds, excluding PERS bond \$25,560,000	(4,060,000)
Revenue bonds, 2013 police, fire, parks revenue bond	(47,865,035)
Add: unamortized premium	<u>(1,765,923)</u>
 Governmental activities net position invested in capital assets, net of related debt	 <u><u>\$ 245,269,283</u></u>

E. Interfund receivables, payables, advances and transfers

Interfund advances – Transfers are budgeted for and made to reimburse the General Fund for administrative charges and to reimburse debt service funds for debt service payments made on behalf of another fund.

INTERFUND RECEIVABLES AND PAYABLES

	Due to Other Funds	Due From Other Funds
General fund	\$ -	\$ 761,519
Nonmajor governmental funds	<u>761,519</u>	<u>-</u>
Total	<u><u>\$ 761,519</u></u>	<u><u>\$ 761,519</u></u>

Interfund loan activity and balances for the year ended June 30, 2018, was as follows:

	Beginning of Year	Additions	Payments	End of Year	Current Portion
Medford Urban Renewal Due to the City of Medford general fund	<u>\$ 4,400,000</u>	<u>\$ -</u>	<u>\$ (1,510,000)</u>	<u>\$ 2,890,000</u>	<u>\$ 1,575,000</u>

City of Medford
Notes to the Financial Statements
June 30, 2018

Note 3 – Detailed Notes on All Funds (continued)

Interfund transfers

Transfers In	Transfers Out								Total Transfers In
	General Fund	Gas Tax Fund	Street SDC Fund	Street Improvement Fund	Nonmajor Governmental Funds	Sewer Utility Fund	Parking Facilities Fund	Internal Service Funds	
General fund	\$ -	\$ 210,733	\$ 36,324	\$ 26,064	\$ 1,190,772	\$ 1,026,124	\$ 23,651	\$ 162,177	\$ 2,675,845
Revenue bond fund	1,641,811				5,363,088				7,004,899
Nonmajor governmental funds	3,819,004	-	-	-	108,000	-	-	-	3,927,004
Total transfers out	<u>\$ 5,460,815</u>	<u>\$ 210,733</u>	<u>\$ 36,324</u>	<u>\$ 26,064</u>	<u>\$ 6,661,860</u>	<u>\$ 1,026,124</u>	<u>\$ 23,651</u>	<u>\$ 162,177</u>	<u>\$13,607,748</u>

Transfers are budgeted for and made to reimburse the general fund for administrative charges and to reimburse debt service funds for debt service payments made on behalf of another fund.

F. Risk management

The City is exposed to various risks of loss related to general liability, automobile liability, law enforcement liability, public officials liability, and employment practices. Prior to July 1, 2010, the City carried commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Effective July 1, 2010, the City and MURA became self-insured. Premiums are paid into the Risk Management internal service fund by City departments based on each department's operating budget, claim activity, and vehicle usage. The City carries a supplemental liability policy with a \$10 million limit per occurrence or wrongful act, and a \$500,000 deductible. The annual aggregate limit of the policy is \$10 million. The policy renews July 1 of each year.

	Year Ended June 30,	
	2018	2017
Unpaid claims, beginning of year	\$ 455,740	\$ 480,205
Incurred claims (including IBNR)	39,262	393,853
Claim payments	(100,935)	(418,318)
Unpaid claims, end of year	<u>\$ 394,067</u>	<u>\$ 455,740</u>

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 3 – Detailed Notes on All Funds (continued)

G. Deferred compensation plan

The City has a deferred compensation plan (Plan) created in accordance with the Internal Revenue Code Section 457(g). The Plan is administered by independent plan administrators through administrative service agreements. The Plan is available to all full time employees and limited contracted employees of the City. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to claims of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the Plan participants. Accordingly, these Plan assets and related liability are not recorded on the accompanying Statement of Net Position.

H. Conduit debt

The Hospital Facilities Authority of the City of Medford issued bonds in 2002, 2005, 2010, 2013 (and 2013B), and 2014. The outstanding balance of these bonds as of June 30, 2018 was \$386,385,000. The bonds are to be paid solely from the revenues and assets of The Hospital Facilities Authority of the City of Medford, and are not an obligation of the City.

I. Commitments and contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal and state governments. Any unforeseen disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds. Management believes that adjustments, if any, will not be material to the City or its discretely presented component units.

City management is performing site evaluation of various properties for the purpose of determining environmental liability. Management does not anticipate that remediation costs, if any, would be material to the City's financial condition.

The City is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not be material to the City's financial condition.

Note 3 – Detailed Notes on All Funds (continued)

J. Pension plans

The City is a participating employer in the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple- employer defined benefit and defined contribution pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Plan benefits

Tier One/Tier Two Retirement Benefit ORS (Chapter 238)

Pension benefits – The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees, 2.0 percent for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death benefits – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Note 3 – Detailed Notes on All Funds (continued)

Disability benefits – A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit changes – After retirement members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Pension Program (OPSRP DB)

Pension benefits – The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Police and fire employees: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

A member of the OPSRP Pension Program 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, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits – Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability benefits – A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Note 3 – Detailed Notes on All Funds (continued)

Benefit changes after retirement – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

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.

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.

Recordkeeping – OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2018 were \$4,287,467, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 18.49 percent for Tier One/Tier Two General Services and 8.94 percent for OPSRP Pension Program General Services, 13.71 percent for OPSRP Pension Program Police and Fire and 6 percent for OPSRP Individual Account Program. The City has elected to make the payments on behalf of its employees for the OPSRP Individual Account Program.

Note 3 – Detailed Notes on All Funds (continued)

Pension assets, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2018, the City's proportionate share of the net pension liability is \$48,266,853. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. 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 entities, actuarially determined. At June 30, 2018, the City's proportion was 0.39209561 percent, which was changed from its proportion measured as of June 30, 2017 of 0.39976371 percent.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,334,206	\$ -
Change in assumptions	8,798,185	-
Net difference between projected and actual earnings on pension plan investments	497,261	-
Changes in proportionate share	117,529	920,215
Differences between City contributions and proportionate share of contributions	-	537,760
Subtotal before post-measurement date contributions	11,747,181	1,457,975
City contributions subsequent to the measurement date	4,287,467	-
Total	\$ 16,034,648	\$ 1,457,975

Deferred outflows of resources related to pensions of \$4,287,467 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2019. Net deferred outflows (inflows) of resources will be recognized in pension expense as follows for the fiscal year ended June 30, 2018:

2019	\$ 1,879,347
2020	5,807,208
2021	3,881,703
2022	(1,311,143)
2023	32,091
	\$ 10,289,206

Note 3 – Detailed Notes on All Funds (continued)

Actuarial assumptions:

The employer contribution rates effective July 1, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Actuarial methods and assumptions used in developing total pension liability

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Inflation rate	2.50%
Investment rate of return	7.50%
Projected salary increases	3.50% overall payroll growth; salaries for individuals are assumed to grow at 3.50% plus assumed rates of merit/longevity increases based on service
Mortality	<p>Healthy retirees and beneficiaries RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in valuation</p> <p>Active members Mortality rates are a percentage of healthy retiree rates that vary by group, as described in valuation</p> <p>Disabled retirees Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2015.

Note 3 – Detailed Notes on All Funds (continued)

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2016 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. 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:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the 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 for the Defined Benefit Pension Plan 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 (asset) calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	\$ 82,255,532	\$ 48,266,853	\$ 19,846,025

Note 3 – Detailed Notes on All Funds (continued)

K. Post-employment benefits other than pension

1. City Healthcare Plan

Plan description and benefit provided – The City administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The healthcare plan provides for the IAFF and AFSCME bargaining units post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. Benefit provisions are susceptible to change as they are established through negotiations between the City and representatives of collective bargaining units. Eligible participants may select from one of two deductible levels of the City's health insurance care plan. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and to eligible dependents until age 26. The City's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims costs and the amount of retiree healthcare premiums represents the City's implicit employer contribution.

Employees covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

<u>Category</u>	<u>Count</u>
Active employees	454
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	0

Contributions

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2018, the City's combined plan contributions were \$171,640.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2018.

Note 3 – Detailed Notes on All Funds (continued)

Actuarial assumptions

The OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Inflation rate	2.50%
Long-term expected rate of return	3.50%
Salary changes	0%-5.17%
Healthcare cost trend rates	5%-6.5%

Mortality rates are based on the RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs. For active members, mortality rates are a percentage of healthy retiree rates that vary by group. For disables members, mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Discount rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.50 percent which is based on all years discounted at municipal bond rate.

Changes in the net OPEB liability

	<u>2018</u>
Total OPEB Liability	
Changes for the year:	
Service cost	\$ 238,674
Interest	140,932
Benefit payment	<u>(171,640)</u>
Net change in total OPEB liability	207,966
Total OPEB liability - beginning of year	<u>3,993,110</u>
Total OPEB liability - end of year	<u><u>\$ 4,201,076</u></u>

Note 3 – Detailed Notes on All Funds (continued)

Sensitivity of proportionate share of the net OPEB liability to changes in the discount rate and health care cost trend rates

The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Net OPEB liability (asset)	\$ 4,605,438	\$ 4,201,076	\$ 3,833,802

The following presents the net OPEB liability of the City, as well as what the City's net 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 5.5% Graded Down to 4%	Current Trend Rate 6.5% Graded Down to 5%	1% Increase 7.5% Graded Down to 6%
Net OPEB liability (asset)	\$ 3,640,817	\$ 4,201,076	\$ 4,875,686

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$171,640. At June 30, 2018 the employer reported no deferred outflows of resources and deferred inflows of resources related to single employer OPEB plan.

2. Oregon Public Employees Retirement System Retiree Health Insurance Account – OPERS administers the Retirement Health Insurance Account (RHIA) cost-sharing multiple-employer defined 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.

OPERS 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 Public Employees Retirement Board (Board) to administer and manage OPERS. 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 and is administered and managed by the Board. The Plan was closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report online at:

<http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

Note 3 – Detailed Notes on All Funds (continued)

Benefits Provided

The RHIA provides a monthly premium subsidy available to Medicare entitled (enrolled in Medicare Parts A and B) retirees that are receiving either a PERS service or disability retirement allowance and have had either eight or more years of qualifying service time at retirement or is receiving a PERS disability retirement allowance that is computed as if the retiree had eight or more years of creditable service time.

Contributions

Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. Employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. Ultimate authority for setting and changing the laws governing contributions rest with the Oregon Legislature. Employees are not required to contribute to the OPEB plan. The contribution, as determined by the proportionate share, as of the June 30, 2018 was \$151,077.

Assets, liabilities, deferred outflows of resources and deferred inflows of resources, and expense related to OPEB

At June 30, 2018, the City reported an asset of \$154,394 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of December 31, 2015. The City's proportionate share as of the June 30, 2017 measurement date was 0.36994618%. The proportionate share prior to the June 30, 2016 measurement date was 0.38945536%.

For the year ended June 30, 2018, the City of Medford recognized OPEB expense of \$839 and deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on investments	\$ -	\$ 65,300
Change in proportionate share	-	3,530
Subtotal before post-measurement date contributions	-	68,830
City contributions subsequent to the measurement date	165,437	-
Total	\$ 165,437	\$ 68,830

Note 3 – Detailed Notes on All Funds (continued)

Deferred outflows of resources totaling \$151,077 represent City Contributions to the Plan made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ended June 30:

2019	\$ (17,633)
2020	(17,633)
2021	(17,240)
2022	<u>(16,324)</u>
	<u>\$ (68,830)</u>

Actuarial methods and assumptions – The total OPEB liability based on the December 31, 2015 actuarial valuation date and rolled forward to the June 30, 2017 measurement date. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The OPEB schedules presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, were used:

Actuarial assumptions	
Inflation rate	2.50%
Long-term expected rate of return	7.50%
Discount rate	7.50%
Salary changes	3.50%
Healthcare cost trend rates	Not applicable

Discount rate – The discount rate used to measure the total OPEB liability at June 30, 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long term expected rate of return – The long-term expected rate of return was determined by a review of the long-term assumptions developed by Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table showing Milliman’s assumptions for each of the asset classes in which the Plan was invested at the time based on OIC’s long-term target asset allocation can be found in section E.2.

Note 3 – Detailed Notes on All Funds (continued)

Sensitivity of proportionate share of the net OPEB liability to changes in the discount rate

The following presents the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of the net OPEB liability would be if calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability (asset)	21,522	(154,394)	(304,021)

OPEB plan fiduciary new position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

L. Related party transactions

The Commission pays the City for legal counsel, other services, materials/supplies, building permits and utilities. During the year, the Commission paid the City \$190,935 for legal counsel, other services and materials/supplies, \$7,536 for building permits, and \$51,425 for utilities. The Commission also paid the City a franchise fee amounting to \$206,604 in fiscal year 2017 and garage charges of \$173,673. The Commission's water sales to the City were \$257,744 during the year ended June 30, 2018.

Note 4 – Adoption of New Accounting Pronouncements

GASB Statement No. 75 required retroactive restatement of the following beginning balances:

	As Originally Reported	As Restated	Effect of Change
<u>GOVERNMENTAL ACTIVITIES</u>			
Deferred outflows of resources - OPEB related	\$ -	\$ 149,701	\$ 149,701
Non-current liabilities (OPEB related)	\$ (3,933,110)	\$ (3,282,673)	\$ 650,437
Deferred inflows of resources - OPEB related	\$ -	\$ -	\$ -
Statement of net position - total net position	\$ (266,351,148)	\$ (267,151,286)	\$ (800,138)
<u>BUSINESS TYPE ACTIVITIES</u>			
Deferred outflows of resources - OPEB related	\$ -	\$ 18,500	\$ 18,500
Non-current liabilities (OPEB related)	\$ -	\$ (405,684)	\$ (405,684)
Deferred inflows of resources - OPEB related	\$ -	\$ -	\$ -
Statement of net position - total net position	\$ (109,092,758)	\$ (108,705,574)	\$ 387,184

GASB Statement No. 82 *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses certain issues regarding 1) the presentation of payroll related measures in required supplementary information, 2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Required Supplementary Information

Schedule of Proportionate Share of Net OPEB Liability – Cost-sharing plan (PERS)

Measurement date as of June 30:	2017	2016
Proportion of the net OPEB liability (asset)	0.027102%	0.029265%
Proportionate share of the net OPEB liability (asset)	\$ (154,394)	\$ 105,761
Covered payroll	\$ 33,995,721	\$ 32,381,717
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.45%	0.33%
Plan net position as a percentage of the total OPEB liability	108.90%	94.20%

Schedule of OPEB Contributions – Cost-sharing plan (PERS)

Fiscal year ended June 30:	2018	2017	2016
Contractually required contribution	\$ 151,077	\$ 184,180	\$ 173,650
Contributions in relation to the contractually required contribution	151,077	184,180	173,650
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 37,630,558	\$ 33,995,721	\$ 32,381,717
Contributions as a percentage of covered payroll	0.40%	0.54%	0.54%

Schedule of Changes in the Employer Net OPEB Liability and Related Ratios – Single-employer plan

Measurement date as of June 30:	2017	2016
Total OPEB Liability		
Changes for the year		
Service cost	\$ 238,674	\$ 238,674
Interest	140,932	133,484
Benefit payment	(171,640)	(147,069)
Net change in total OPEB liability	207,966	225,089
Total OPEB liability - beginning of year	3,993,110	3,768,021
Total OPEB liability - end of year	\$ 4,201,076	\$ 3,993,110
Covered payroll	37,630,558	33,995,721
Net OPEB liability as percentage of covered payroll	11.16%	11.75%

City of Medford
Required Supplementary Information
Year Ended June 30, 2018

Schedule of the Proportionate Share of the Net Pension Liability

Oregon Public Employees Retirement System

Measurement date as of June 30:	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.392096%	0.399763%	0.411583%	0.360404%
Proportionate share of the net pension liability (asset)	\$ 48,266,853	\$ 54,804,013	\$ 23,630,896	\$ (9,017,912)
Covered payroll	\$ 33,995,721	\$ 32,381,717	\$ 30,829,250	\$ 30,829,250
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	141.98%	169.24%	76.65%	-29.25%
Plan net position as a percentage of the total pension liability	52.85%	80.50%	91.88%	92.00%

Schedule of Pension Contributions

Oregon Public Employees Retirement System

Fiscal year ended June 30:	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,287,467	\$ 3,681,437	\$ 3,618,220	\$ 3,421,403
Contributions in relation to the contractually required contribution	<u>4,287,467</u>	<u>3,681,437</u>	<u>3,618,220</u>	<u>3,421,403</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 37,630,558	\$ 33,995,721	\$ 32,381,717	\$ 30,829,250
Contributions as a percentage of covered payroll	11.39%	10.83%	11.17%	11.10%

Notes to Required Supplementary Information

10-year trend information required by GASB Statements 68 and 75 will be presented prospectively.

Amounts presented are for the measurement period reported during the fiscal year, which for FY 2018 is July 1, 2016 to June 30, 2017.

Changes of assumptions – Details and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published on July 26, 2017. The report can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

Overexpenditure

General fund – Community promotions & grants \$365,194

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
General Fund – 100
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 76,365,000	\$ 76,365,000	\$ 37,477,503	\$ 38,887,497
Franchise taxes	19,443,000	19,443,000	9,077,697	10,365,303
Lodging taxes	6,262,050	6,262,050	3,301,685	2,960,365
Other taxes	-	-	220,735	(220,735)
Licenses, permits, and fees	1,445,000	1,445,000	629,593	815,407
Intergovernmental	8,282,540	9,262,590	4,855,378	4,407,212
Charges for services	3,483,020	3,483,020	1,557,927	1,925,093
Fines and penalties	2,800,000	2,800,000	1,443,791	1,356,209
Investment earnings	728,000	728,000	340,675	387,325
Other revenue	5,684,900	5,684,900	1,858,922	3,825,978
Grants and contracts	71,700	71,700	1,508,970	(1,437,270)
Total revenues	124,565,210	125,545,260	62,272,876	63,272,384
EXPENDITURES				
Mayor and council	1,349,400	1,349,400	417,748	931,652
Municipal court	2,510,800	2,510,800	1,427,029	1,083,771
Police	46,518,130	46,687,170	23,406,090	23,281,080
Fire	28,396,030	28,587,670	14,919,621	13,668,049
Parks and recreation				-
Parks and recreation	11,900,420	12,160,420	6,269,560	5,890,860
Facilities maintenance	6,869,320	6,869,320	2,894,937	3,974,383
Community promotions & grants	494,240	566,150	931,344	(365,194)
Planning	4,189,590	4,159,590	1,724,466	2,435,124
City managers office	2,613,000	2,613,000	1,242,301	1,370,699
Technology services	7,177,220	7,052,220	2,479,995	4,572,225
Legal	1,487,000	1,487,000	652,309	834,691
Human resources	1,511,300	1,511,300	784,364	726,936
Finance	3,781,920	3,731,920	1,671,082	2,060,838
Building safety	402,800	402,800	178,014	224,786
Contingency	13,727,000	13,582,000	-	13,582,000
Total expenditures	132,928,170	133,270,760	58,998,860	74,271,900
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(8,362,960)	(7,725,500)	3,274,016	(10,999,516)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,590,360	5,590,360	2,675,845	2,914,515
Transfers out	(14,639,300)	(15,276,760)	(5,460,815)	(9,815,945)
Total other financing sources (uses)	(9,048,940)	(9,686,400)	(2,784,970)	(6,901,430)
NET CHANGE IN FUND BALANCE	(17,411,900)	(17,411,900)	489,046	(17,900,946)
FUND BALANCE, beginning of year	17,411,900	17,411,900	21,813,604	(4,401,704)
FUND BALANCE, end of year	\$ -	\$ -	\$ 22,302,650	\$ (22,302,650)

City of Medford
Notes to Required Supplementary Information – Basis of Budgeting
Year Ended June 30, 2018

Note 1 – Basis of Budgeting

In the year ended June 30, 2012, an interfund loan of \$20,950,000 was made from the City of Medford's General Fund to the Medford Urban Renewal Agency. This loan is classified as a due from the Medford Urban Renewal in the basic financial statements, but was reported as transfer on the budgetary basis. The subsequent loan payments are recorded as debt payments by Medford Urban Renewal and revenue by the City of Medford's General Fund on the budgetary basis. These payments are recorded as a reduction of the loan receivable/payable in the basic financial statements.

Reconciliation to budgetary basis from modified accrual:

	<u>Fund Balance</u>	<u>Net Change in Fund Balance</u>
Budgetary amount	\$ 22,302,650	\$ 489,046
Balance due on interfund loan	2,890,000	-
Principal payments received budgeted in other revenue	<u>-</u>	<u>(1,510,000)</u>
Total	<u>\$ 25,192,650</u>	<u>\$ (1,020,954)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Gas Tax Fund – 530
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fuel	\$ 9,298,000	\$ 9,298,000	\$ 5,104,891	\$ 4,193,109
Charges for services	280,000	280,000	90,120	189,880
Investment earnings	202,000	202,000	222,649	(20,649)
Grants and contracts	1,265,000	1,265,000	225,369	1,039,631
Total revenues	<u>11,045,000</u>	<u>11,045,000</u>	<u>5,643,029</u>	<u>5,401,971</u>
EXPENDITURES				
Highways and streets	4,736,740	4,806,740	2,374,116	2,432,624
Capital outlay	8,968,900	8,968,900	1,447,348	7,521,552
Contingency	1,120,000	1,050,000	-	1,050,000
Total expenditures	<u>14,825,640</u>	<u>14,825,640</u>	<u>3,821,464</u>	<u>11,004,176</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(3,780,640)</u>	<u>(3,780,640)</u>	<u>1,821,565</u>	<u>(5,602,205)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(431,300)	(431,300)	(210,733)	(220,567)
Total other financing sources (uses)	<u>(431,300)</u>	<u>(431,300)</u>	<u>(210,733)</u>	<u>(220,567)</u>
NET CHANGE IN FUND BALANCE	(4,211,940)	(4,211,940)	1,610,832	(5,822,772)
FUND BALANCE, beginning of year	<u>15,606,900</u>	<u>15,606,900</u>	<u>16,007,510</u>	<u>(400,610)</u>
FUND BALANCE, end of year	<u>\$ 11,394,960</u>	<u>\$ 11,394,960</u>	<u>\$ 17,618,342</u>	<u>\$ (6,223,382)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Street SDC Fund – 520
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 180,000	\$ 180,000	\$ 158,344	\$ 21,656
Contributions and donations	7,071,000	7,071,000	1,637,227	5,433,773
Other revenue	10,000,000	10,000,000	-	10,000,000
Grants and contracts	3,000,000	3,000,000	35,344	2,964,656
Total revenues	20,251,000	20,251,000	1,830,915	18,420,085
EXPENDITURES				
Highways and streets	757,100	757,100	515,313	241,787
Capital outlay	21,871,000	21,871,000	1,063,335	20,807,665
Contingency	2,730,000	2,730,000	-	2,730,000
Total expenditures	25,358,100	25,358,100	1,578,648	23,779,452
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(5,107,100)	(5,107,100)	252,267	(5,359,367)
OTHER FINANCING SOURCES (USES)				
Transfers out	(781,000)	(781,000)	(36,324)	(744,676)
Total other financing sources (uses)	(781,000)	(781,000)	(36,324)	(744,676)
NET CHANGE IN FUND BALANCE	(5,888,100)	(5,888,100)	215,943	(6,104,043)
FUND BALANCE, beginning of year	11,736,700	11,736,700	12,612,785	(876,085)
FUND BALANCE, end of year	\$ 5,848,600	\$ 5,848,600	\$ 12,828,728	\$ (6,980,128)

Other Supplementary Information

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Street Improvement Fund – 550
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ 78,000	\$ 78,000	\$ 59,160	\$ 18,840
Other revenue	56,000	56,000	14,417	41,583
Grants and contracts	500,000	500,000	205,743	294,257
Total revenues	<u>634,000</u>	<u>634,000</u>	<u>279,320</u>	<u>354,680</u>
EXPENDITURES				
Street Development	854,000	854,000	271,753	582,247
Contingency	90,000	90,000	-	90,000
Total expenditures	<u>944,000</u>	<u>944,000</u>	<u>271,753</u>	<u>672,247</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(310,000)</u>	<u>(310,000)</u>	<u>7,567</u>	<u>(317,567)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(53,400)	(53,400)	(26,064)	(27,336)
Total other financing sources (uses)	<u>(53,400)</u>	<u>(53,400)</u>	<u>(26,064)</u>	<u>(27,336)</u>
NET CHANGE IN FUND BALANCE	(363,400)	(363,400)	(18,497)	(344,903)
FUND BALANCE, beginning of year	<u>3,029,600</u>	<u>3,029,600</u>	<u>2,867,575</u>	<u>162,025</u>
FUND BALANCE, end of year	<u>\$ 2,666,200</u>	<u>\$ 2,666,200</u>	<u>\$ 2,849,078</u>	<u>\$ (182,878)</u>

Combining and Individual Fund Statements and Schedules

City of Medford
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 20,603,881	\$ 242,908	\$ 3,727,667	\$ 24,574,456
Receivables				
Accounts	1,045,584	-	330,025	1,375,609
Taxes	-	33,978	-	33,978
Restricted cash and cash equivalents	32,843	-	-	32,843
TOTAL ASSETS	<u>\$ 21,682,308</u>	<u>\$ 276,886</u>	<u>\$ 4,057,692</u>	<u>\$ 26,016,886</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 2,100,925	\$ -	\$ 112,855	\$ 2,213,780
Payroll and related accruals	214,185	-	16,883	231,068
Retainage payable	226,308	-	-	226,308
Advances from other funds	761,519	-	-	761,519
Total liabilities	<u>3,302,937</u>	<u>-</u>	<u>129,738</u>	<u>3,432,675</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	27,901	-	27,901
Fund Balances				
Restricted				
Public safety	1,799,270	-	107,522	1,906,792
Highways and streets	7,395,694	-	627,000	8,022,694
Culture and recreation	3,596,750	-	2,883,236	6,479,986
Community development	4,755,591	-	310,196	5,065,787
Debt service	-	248,985	-	248,985
Committed for				
Public safety	408,691	-	-	408,691
Culture and recreation	1,218,416	-	-	1,218,416
Unrestricted	(795,041)	-	-	(795,041)
Total fund balances	<u>18,379,371</u>	<u>248,985</u>	<u>3,927,954</u>	<u>22,556,310</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 21,682,308</u>	<u>\$ 276,886</u>	<u>\$ 4,057,692</u>	<u>\$ 26,016,886</u>

City of Medford
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES				
Taxes				
Property	\$ -	\$ 422,091	\$ -	\$ 422,091
Franchise and lodging	1,100,561	-	1,538,835	2,639,396
Charges for services	40,445	-	-	40,445
Intergovernmental	61,786	-	-	61,786
Licenses, permits, and fees	14,474,645	-	-	14,474,645
Investment earnings	276,804	6,005	119,399	402,208
Grants and contributions	1,824,119	-	-	1,824,119
Other revenue	577,768	-	236,713	814,481
Total revenues	<u>18,356,128</u>	<u>428,096</u>	<u>1,894,947</u>	<u>20,679,171</u>
EXPENDITURES				
Current				
Public safety	1,356,357	-	796	1,357,153
Highways and streets	4,377,242	-	-	4,377,242
Culture and recreation	197,358	-	329,341	526,699
Community development	3,298,389	-	47,281	3,345,670
Debt service				
Principal	-	1,525,000	-	1,525,000
Interest	-	1,614,062	-	1,614,062
Capital Outlay	7,924,476	-	1,249,997	9,174,473
Total expenditures	<u>17,153,822</u>	<u>3,139,062</u>	<u>1,627,415</u>	<u>21,920,299</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,202,306</u>	<u>(2,710,966)</u>	<u>267,532</u>	<u>(1,241,128)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	-	-	-
Transfers in	40,000	2,718,443	1,168,561	3,927,004
Transfers out	(4,629,362)	-	(2,032,498)	(6,661,860)
Total other financing sources (uses)	<u>(4,589,362)</u>	<u>2,718,443</u>	<u>(863,937)</u>	<u>(2,734,856)</u>
NET CHANGE IN FUND BALANCE	(3,387,056)	7,477	(596,405)	(3,975,984)
FUND BALANCE, beginning of year	<u>21,766,427</u>	<u>241,508</u>	<u>4,524,359</u>	<u>26,532,294</u>
FUND BALANCE, end of year	<u>\$ 18,379,371</u>	<u>\$ 248,985</u>	<u>\$ 3,927,954</u>	<u>\$ 22,556,310</u>

The Special Revenue Funds account for revenues derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities. Funds included in this fund category are:

- Fire Public Safety Utility Fund – Accounts for specified resources to be expended on additional or expanded fire operations.
- Park Dedication Fund – Accounts for specified revenues from system development funds, hotel/motel and car rental taxes to be expended on park recreation improvements and maintenance.
- Cemetery Fund – Accounts for the principal balance of the cemetery trust and for special projects at the cemetery.
- Building Safety Fund – Accounts for monies received as licenses and permits for the purpose of building inspections.
- Police Department Fund – Accounts for specified resources to be expended on police operations.
- State Forfeitures Fund – Accounts for the receipt of state forfeiture funds to be expended on local law enforcement.
- Federal Forfeitures Fund – Accounts for the receipt of federal forfeiture funds to be expended on local law enforcement.
- Community Promotions Fund – Accounts for transient lodging tax to be expended on projects that promote the community.
- Community Development Block Grant Fund – Accounts for federal community block grant funds to be expended on various revitalization projects.
- Veteran’s Park Fund – Accounts for the betterment of Veterans Memorial in Medford’s Veteran’s Park.
- Community Park Reserve Fund – Accounts for the betterment of community parks in the City of Medford.
- Bear Creek Reconstruction Fund – Accounts for amounts, held in a fiduciary capacity, dedicated to erect playground facilities within Bear Creek Park.
- Bear Creek Maintenance Fund – Accounts for amounts, held in a fiduciary capacity, dedicated to repair and maintain Bear Creek Park.
- Parks Utility Fund – Accounts for operation, maintenance and construction of parks facilities and beautification for right of way strip maintenance.
- Street Utility Fund – Accounts for street utility fees to be expended on street improvements and maintenance.

City of Medford
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Fire Public Safety Utility Fund - 300	Park Dedication Fund - 620	Cemetery Fund - 633	Building Safety Fund - 400	Police Department Fund - 200	State Forfeitures Fund - 202	Federal Forfeitures Fund - 201	Community Promotions Fund - 730
ASSETS								
Cash and cash equivalents	\$ -	\$ 4,104,936	\$ 7,457	\$ 4,942,309	\$ 289,776	\$ 1,086,668	\$ 1,186,823	\$ 109,892
Receivables	140,842	-	-	-	139,975	-	-	140,439
Restricted cash and cash equivalents	-	-	32,843	-	-	-	-	-
TOTAL ASSETS	\$ 140,842	\$ 4,104,936	\$ 40,300	\$ 4,942,309	\$ 429,751	\$ 1,086,668	\$ 1,186,823	\$ 250,331
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 22,126	\$ 517,013	\$ 26	\$ 320,799	\$ -	\$ 473,991	\$ 230	\$ 109,892
Retainage payable	200,827	8,912	-	-	-	-	-	-
Payroll and related accruals	18,791	3,058	-	50,931	21,060	-	-	-
Due to other funds	694,139	-	-	-	-	-	-	-
Total liabilities	935,883	528,983	26	371,730	21,060	473,991	230	109,892
Fund Balances								
Restricted								
Public safety	-	-	-	-	-	612,677	1,186,593	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	3,575,953	-	-	-	-	-	-
Community development	-	-	-	4,570,579	-	-	-	140,439
Committed for								
Public safety	-	-	-	-	408,691	-	-	-
Culture and recreation	-	-	40,274	-	-	-	-	-
Unassigned	(795,041)	-	-	-	-	-	-	-
Total fund balances	(795,041)	3,575,953	40,274	4,570,579	408,691	612,677	1,186,593	140,439
TOTAL LIABILITIES AND FUND BALANCES	\$ 140,842	\$ 4,104,936	\$ 40,300	\$ 4,942,309	\$ 429,751	\$ 1,086,668	\$ 1,186,823	\$ 250,331

City of Medford
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Community Development Block Grant Fund - 731	Veteran's Park Fund - 634	Community Park Reserve Fund - 670	Bear Creek Reconstruction Fund - 632	Bear Creek Maintenance Fund - 631	Parks Utility Fund - 600	Street Utility Fund - 500	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 7,863	\$ 69,147	\$ 12,934	\$ 36,396	\$ 973,777	\$ 7,775,903	\$ 20,603,881
Receivables	327,006	-	-	-	-	110,714	186,608	1,045,584
Restricted cash and cash equivalents	-	-	-	-	-	-	-	32,843
TOTAL ASSETS	\$ 327,006	\$ 7,863	\$ 69,147	\$ 12,934	\$ 36,396	\$ 1,084,491	\$ 7,962,511	\$ 21,682,308
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 215,053	\$ -	\$ 42	\$ -	\$ -	\$ 9,654	\$ 432,099	\$ 2,100,925
Retainage payable	-	-	-	-	-	-	16,569	226,308
Payroll and related accruals	-	-	-	-	-	2,196	118,149	214,185
Due to other funds	67,380	-	-	-	-	-	-	761,519
Total liabilities	282,433	-	42	-	-	11,850	566,817	3,302,937
Fund Balances								
Restricted								
Public safety	-	-	-	-	-	-	-	1,799,270
Highways and streets	-	-	-	-	-	-	7,395,694	7,395,694
Culture and recreation	-	7,863	-	12,934	-	-	-	3,596,750
Community development	44,573	-	-	-	-	-	-	4,755,591
Committed for								
Public safety	-	-	-	-	-	-	-	408,691
Culture and recreation	-	-	69,105	-	36,396	1,072,641	-	1,218,416
Unassigned	-	-	-	-	-	-	-	(795,041)
Total fund balances	44,573	7,863	69,105	12,934	36,396	1,072,641	7,395,694	18,379,371
TOTAL LIABILITIES AND FUND BALANCES	\$ 327,006	\$ 7,863	\$ 69,147	\$ 12,934	\$ 36,396	\$ 1,084,491	\$ 7,962,511	\$ 21,682,308

City of Medford
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2018

	Fire Public Safety Utility Fund - 300	Park Dedication Fund - 620	Cemetery Fund - 633	Building Safety Fund - 400	Police Department Fund - 200	State Forfeitures Fund - 202	Federal Forfeitures Fund - 201	Community Promotions Fund - 730
REVENUES								
Taxes - Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100,561
Charges for services	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	37,559	-	-	-	-
Licenses, permits, and fees	1,724,765	-	-	1,990,614	1,724,878	-	-	-
Investment earnings	16,013	59,771	148	56,412	1,137	7,014	14,229	-
Grants and contributions	-	820,324	-	-	-	39,354	-	-
Other revenue	7,800	-	14,065	5,698	-	289,768	186,192	-
Total revenues	1,748,578	880,095	14,213	2,090,283	1,726,015	336,136	200,421	1,100,561
EXPENDITURES								
Current								
Public safety	550,646	-	-	-	655,896	(185)	150,000	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	6,706	-	-	-	-	-
Community development	-	-	-	1,482,771	-	-	-	960,122
Capital outlay	4,371,372	910,097	-	22,876	11,710	20,000	56,272	-
Total expenditures	4,922,018	910,097	6,706	1,505,647	667,606	19,815	206,272	960,122
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(3,173,440)	(30,002)	7,507	584,636	1,058,409	316,321	(5,851)	140,439
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(511,836)	(1,441,505)	-	(321,614)	(1,098,466)	-	-	-
Total other financing sources (uses)	(511,836)	(1,441,505)	-	(321,614)	(1,098,466)	-	-	-
NET CHANGE IN FUND BALANCE	(3,685,276)	(1,471,507)	7,507	263,022	(40,057)	316,321	(5,851)	140,439
FUND BALANCE, beginning of year	2,890,235	5,047,460	32,767	4,307,557	448,748	296,356	1,192,444	-
FUND BALANCE, end of year	\$ (795,041)	\$ 3,575,953	\$ 40,274	\$ 4,570,579	\$ 408,691	\$ 612,677	\$ 1,186,593	\$ 140,439

City of Medford
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2018

	Community Development Block Grant Fund - 731	Veteran's Park Fund - 634	Community Park Reserve Fund - 670	Bear Creek Reconstruction Fund - 632	Bear Creek Maintenance Fund - 631	Parks Utility Fund - 600	Street Utility Fund - 500	Total
REVENUES								
Taxes - Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100,561
Charges for services	-	-	22,352	-	-	-	18,093	40,445
Intergovernmental	-	-	-	-	-	-	24,227	61,786
Licenses, permits, and fees	-	-	-	-	-	1,361,570	7,672,818	14,474,645
Investment earnings	-	99	1,272	163	458	6,251	113,837	276,804
Grants and contributions	964,441	-	-	-	-	-	-	1,824,119
Other revenue	-	-	-	-	-	-	74,245	577,768
Total revenues	964,441	99	23,624	163	458	1,367,821	7,903,220	18,356,128
EXPENDITURES								
Current								
Public safety	-	-	-	-	-	-	-	1,356,357
Highways and streets	-	-	-	-	-	-	4,377,242	4,377,242
Culture and recreation	-	-	-	-	-	190,652	-	197,358
Community development	855,496	-	-	-	-	-	-	3,298,389
Capital outlay	120,344	-	77,484	-	-	-	2,334,321	7,924,476
Total expenditures	975,840	-	77,484	-	-	190,652	6,711,563	17,153,822
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(11,399)	99	(53,860)	163	458	1,177,169	1,191,657	1,202,306
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	40,000	40,000
Transfers out	-	-	-	-	-	(506,749)	(749,192)	(4,629,362)
Total other financing sources (uses)	-	-	-	-	-	(506,749)	(709,192)	(4,589,362)
NET CHANGE IN FUND BALANCE	(11,399)	99	(53,860)	163	458	670,420	482,465	(3,387,056)
FUND BALANCE, beginning of year	55,972	7,764	122,965	12,771	35,938	402,221	6,913,229	21,766,427
FUND BALANCE, end of year	\$ 44,573	\$ 7,863	\$ 69,105	\$ 12,934	\$ 36,396	\$ 1,072,641	\$ 7,395,694	\$ 18,379,371

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Fire Public Safety Utility Fund – 300
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Licenses, permits, and fees	\$ 3,562,300	\$ 3,562,300	\$ 1,724,765	\$ 1,837,535
Investment earnings	116,000	116,000	16,013	99,987
Other revenue	-	-	7,800	(7,800)
Total revenues	3,678,300	3,678,300	1,748,578	1,929,722
EXPENDITURES				
Fire	1,274,600	1,509,460	550,646	958,814
Capital outlay	4,505,000	4,505,000	4,371,372	133,628
Contingency	-	-	-	-
Total expenditures	5,779,600	6,014,460	4,922,018	1,092,442
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(2,101,300)	(2,336,160)	(3,173,440)	837,280
OTHER FINANCING SOURCES (USES)				
Transfers in	-	234,860	-	234,860
Transfers out	(1,050,100)	(1,050,100)	(511,836)	(538,264)
Total other financing sources (uses)	(1,050,100)	(815,240)	(511,836)	(303,404)
NET CHANGE IN FUND BALANCE	(3,151,400)	(3,151,400)	(3,685,276)	533,876
FUND BALANCE, beginning of year	3,151,400	3,151,400	2,890,235	261,165
FUND BALANCE, end of year	\$ -	\$ -	\$ (795,041)	\$ 795,041

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Park Dedication Fund – 620
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 50,000	\$ 50,000	\$ 59,771	\$ (9,771)
Contributions and donations	1,811,000	1,811,000	820,324	990,676
Total revenues	<u>1,861,000</u>	<u>1,861,000</u>	<u>880,095</u>	<u>980,905</u>
EXPENDITURES				
Capital outlay	3,397,800	4,287,800	910,097	3,377,703
Contingency	420,000	420,000	-	420,000
Total expenditures	<u>3,817,800</u>	<u>4,707,800</u>	<u>910,097</u>	<u>3,797,703</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(1,956,800)</u>	<u>(2,846,800)</u>	<u>(30,002)</u>	<u>(2,816,798)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(888,000)</u>	<u>(1,888,000)</u>	<u>(1,441,505)</u>	<u>(446,495)</u>
Total other financing sources (uses)	<u>(888,000)</u>	<u>(1,888,000)</u>	<u>(1,441,505)</u>	<u>(446,495)</u>
NET CHANGE IN FUND BALANCE	(2,844,800)	(4,734,800)	(1,471,507)	(3,263,293)
FUND BALANCE, beginning of year	<u>3,157,460</u>	<u>5,047,460</u>	<u>5,047,460</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ 312,660</u></u>	<u><u>\$ 312,660</u></u>	<u><u>\$ 3,575,953</u></u>	<u><u>\$ (3,263,293)</u></u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Cemetery Fund – 633
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 148	\$ (148)
Other revenue	6,400	6,400	14,065	(7,665)
Total revenues	6,400	6,400	14,213	(7,813)
EXPENDITURES				
Parks and recreation				
Culture and recreation	11,730	11,730	6,706	5,024
Total expenditures	11,730	11,730	6,706	5,024
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(5,330)	(5,330)	7,507	(12,837)
NET CHANGE IN FUND BALANCE	(5,330)	(5,330)	7,507	(12,837)
FUND BALANCE, beginning of year	48,600	48,600	32,767	15,833
FUND BALANCE, end of year	\$ 43,270	\$ 43,270	\$ 40,274	\$ 2,996

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Building Safety Fund – 400
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Licenses, permits, and fees	\$ 3,930,000	\$ 3,930,000	\$ 1,990,614	\$ 1,939,386
Intergovernmental	40,000	40,000	43,257	(3,257)
Investment earnings	54,000	54,000	56,412	(2,412)
Total revenues	<u>4,024,000</u>	<u>4,024,000</u>	<u>2,090,283</u>	<u>1,933,717</u>
EXPENDITURES				
Community development	3,082,290	3,084,690	1,482,771	1,601,919
Capital outlay	-	22,880	22,876	4
Contingency	360,000	360,000	-	360,000
Total expenditures	<u>3,442,290</u>	<u>3,467,570</u>	<u>1,505,647</u>	<u>1,961,923</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>581,710</u>	<u>556,430</u>	<u>584,636</u>	<u>(28,206)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(657,700)</u>	<u>(657,700)</u>	<u>(321,614)</u>	<u>(336,086)</u>
Total other financing sources (uses)	<u>(657,700)</u>	<u>(657,700)</u>	<u>(321,614)</u>	<u>(336,086)</u>
NET CHANGE IN FUND BALANCE	(75,990)	(101,270)	263,022	(364,292)
FUND BALANCE, beginning of year	<u>4,108,000</u>	<u>4,133,280</u>	<u>4,307,557</u>	<u>(174,277)</u>
FUND BALANCE, end of year	<u><u>\$ 4,032,010</u></u>	<u><u>\$ 4,032,010</u></u>	<u><u>\$ 4,570,579</u></u>	<u><u>\$ (538,569)</u></u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Police Department – 200
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Licenses, permits, and fees	\$ 3,562,300	\$ 3,562,300	\$ 1,724,878	\$ 1,837,422
Investment earnings	12,000	12,000	1,137	10,863
Total revenues	3,574,300	3,574,300	1,726,015	1,848,285
EXPENDITURES				
Public Safety	1,368,600	1,368,600	655,896	712,704
Capital outlay	24,000	24,000	11,710	12,290
Contingency	170,000	170,000	-	170,000
Total expenditures	1,562,600	1,562,600	667,606	894,994
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,011,700	2,011,700	1,058,409	953,291
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,225,800)	(2,225,800)	(1,098,466)	(1,127,334)
Total other financing sources (uses)	(2,225,800)	(2,225,800)	(1,098,466)	(1,127,334)
NET CHANGE IN FUND BALANCE	(214,100)	(214,100)	(40,057)	(174,043)
FUND BALANCE, beginning of year	327,500	327,500	448,748	(121,248)
FUND BALANCE, end of year	\$ 113,400	\$ 113,400	\$ 408,691	\$ (295,291)

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
State Forfeitures Fund – 202
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 4,000	\$ 4,000	\$ 7,014	\$ (3,014)
Other revenue	40,000	265,500	289,768	(24,268)
Grants and contracts	-	-	39,354	(39,354)
Total revenues	<u>44,000</u>	<u>269,500</u>	<u>336,136</u>	<u>(66,636)</u>
EXPENDITURES				
Police	5,000	95,000	(185)	95,185
Capital outlay	40,000	175,500	20,000	155,500
Contingency	10,000	10,000	-	10,000
Total expenditures	<u>55,000</u>	<u>280,500</u>	<u>19,815</u>	<u>260,685</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(11,000)</u>	<u>(11,000)</u>	<u>316,321</u>	<u>(327,321)</u>
NET CHANGE IN FUND BALANCE	(11,000)	(11,000)	316,321	(327,321)
FUND BALANCE, beginning of year	<u>252,800</u>	<u>252,800</u>	<u>296,356</u>	<u>(43,556)</u>
FUND BALANCE, end of year	<u><u>\$ 241,800</u></u>	<u><u>\$ 241,800</u></u>	<u><u>\$ 612,677</u></u>	<u><u>\$ (370,877)</u></u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Federal Forfeitures Fund – 201
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 18,000	\$ 18,000	\$ 14,229	\$ 3,771
Other revenue	-	-	186,192	(186,192)
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>200,421</u>	<u>(182,421)</u>
EXPENDITURES				
Public safety	381,000	381,000	150,000	231,000
Capital outlay	170,300	170,300	56,272	114,028
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>601,300</u>	<u>601,300</u>	<u>206,272</u>	<u>395,028</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(583,300)</u>	<u>(583,300)</u>	<u>(5,851)</u>	<u>(577,449)</u>
NET CHANGE IN FUND BALANCE	(583,300)	(583,300)	(5,851)	(577,449)
FUND BALANCE, beginning of year	<u>1,270,800</u>	<u>1,270,800</u>	<u>1,192,444</u>	<u>78,356</u>
FUND BALANCE, end of year	<u>\$ 687,500</u>	<u>\$ 687,500</u>	<u>\$ 1,186,593</u>	<u>\$ (499,093)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Community Promotions Fund – 730
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Lodging taxes	\$ 2,213,000	\$ 2,213,000	\$ 1,100,561	\$ 1,112,439
Total revenues	<u>2,213,000</u>	<u>2,213,000</u>	<u>1,100,561</u>	<u>1,112,439</u>
EXPENDITURES				
Community promotion	<u>2,213,000</u>	<u>2,213,000</u>	<u>960,122</u>	<u>1,252,878</u>
Total expenditures	<u>2,213,000</u>	<u>2,213,000</u>	<u>960,122</u>	<u>1,252,878</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>140,439</u>	<u>(140,439)</u>
NET CHANGE IN FUND BALANCE	-	-	140,439	(140,439)
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,439</u>	<u>\$ (140,439)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Community Development Block Grant Fund – 731
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Grants and contracts	\$ 2,088,400	\$ 2,088,400	\$ 964,441	\$ 1,123,959
Total revenues	<u>2,088,400</u>	<u>2,088,400</u>	<u>964,441</u>	<u>1,123,959</u>
EXPENDITURES				
Community development	1,945,400	1,945,400	855,496	1,089,904
Capital outlay	143,000	143,000	120,344	22,656
Total expenditures	<u>2,088,400</u>	<u>2,088,400</u>	<u>975,840</u>	<u>1,112,560</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(11,399)</u>	<u>11,399</u>
NET CHANGE IN FUND BALANCE	-	-	(11,399)	11,399
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>55,972</u>	<u>(55,972)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,573</u>	<u>\$ (44,573)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Veteran's Park Fund – 634
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 99	\$ (99)
Total revenues	-	-	99	(99)
EXPENDITURES				
Park maintenance	1,000	1,000	-	1,000
Total expenditures	1,000	1,000	-	1,000
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,000)	(1,000)	99	(1,099)
NET CHANGE IN FUND BALANCE	(1,000)	(1,000)	99	(1,099)
FUND BALANCE, beginning of year	7,700	7,700	7,764	(64)
FUND BALANCE, end of year	<u>\$ 6,700</u>	<u>\$ 6,700</u>	<u>\$ 7,863</u>	<u>\$ (1,163)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Community Park Reserve Fund – 670
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 22,352	\$ 7,648
Investment earnings	2,000	2,000	1,272	728
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>23,624</u>	<u>8,376</u>
EXPENDITURES				
Capital outlay	92,400	92,400	77,484	14,916
Contingency	7,000	7,000	-	7,000
Total expenditures	<u>99,400</u>	<u>99,400</u>	<u>77,484</u>	<u>21,916</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(67,400)</u>	<u>(67,400)</u>	<u>(53,860)</u>	<u>(13,540)</u>
NET CHANGE IN FUND BALANCE	(67,400)	(67,400)	(53,860)	(13,540)
FUND BALANCE, beginning of year	<u>67,400</u>	<u>67,400</u>	<u>122,965</u>	<u>(55,565)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,105</u>	<u>\$ (69,105)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Bear Creek Reconstruction Fund – 632
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ 1,000	\$ 163	\$ 837
Total revenues	-	1,000	163	837
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(13,800)	-	(13,800)
Total other financing sources (uses)	-	(13,800)	-	(13,800)
NET CHANGE IN FUND BALANCE	-	(12,800)	163	(12,963)
FUND BALANCE, beginning of year	12,800	12,800	12,771	29
FUND BALANCE, end of year	\$ 12,800	\$ -	\$ 12,934	\$ (12,934)

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Bear Creek Maintenance Fund – 631
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ 3,000	\$ 458	\$ 2,542
Total revenues	-	3,000	458	2,542
EXPENDITURES				
Park maintenance	2,000	-	-	-
Total expenditures	2,000	-	-	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(2,000)	3,000	458	2,542
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(38,800)	-	(38,800)
Total other financing sources (uses)	-	(38,800)	-	(38,800)
NET CHANGE IN FUND BALANCE	(2,000)	(35,800)	458	(36,258)
FUND BALANCE, beginning of year	35,800	35,800	35,938	(138)
FUND BALANCE, end of year	<u>\$ 33,800</u>	<u>\$ -</u>	<u>\$ 36,396</u>	<u>\$ (36,396)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Parks Utility Fund – 600
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Licenses, permits, and fees	\$ 2,280,000	\$ 2,280,000	\$ 1,361,570	\$ 918,430
Investment earnings	14,000	14,000	6,251	7,749
Total revenues	<u>2,294,000</u>	<u>2,294,000</u>	<u>1,367,821</u>	<u>926,179</u>
EXPENDITURES				
Park maintenance	367,500	367,500	190,652	176,848
Contingency	51,000	51,000	-	51,000
Total expenditures	<u>418,500</u>	<u>418,500</u>	<u>190,652</u>	<u>227,848</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,875,500</u>	<u>1,875,500</u>	<u>1,177,169</u>	<u>698,331</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,010,300)</u>	<u>(1,010,300)</u>	<u>(506,749)</u>	<u>(503,551)</u>
Total other financing sources (uses)	<u>(1,010,300)</u>	<u>(1,010,300)</u>	<u>(506,749)</u>	<u>(503,551)</u>
NET CHANGE IN FUND BALANCE	865,200	865,200	670,420	194,780
FUND BALANCE, beginning of year	<u>274,400</u>	<u>274,400</u>	<u>402,221</u>	<u>(127,821)</u>
FUND BALANCE, end of year	<u><u>\$ 1,139,600</u></u>	<u><u>\$ 1,139,600</u></u>	<u><u>\$ 1,072,641</u></u>	<u><u>\$ 66,959</u></u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Street Utility Fund – 500
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Licenses, permits, and fees	\$ 14,978,000	\$ 14,978,000	\$ 7,672,818	\$ 7,305,182
Intergovernmental	-	500,000	24,227	475,773
Charges for services	10,000	10,000	18,093	(8,093)
Investment earnings	114,000	114,000	113,837	163
Other revenue	75,000	75,000	74,245	755
Total revenues	15,177,000	15,677,000	7,903,220	7,773,780
EXPENDITURES				
Highways and streets	11,140,980	11,665,980	4,377,242	7,288,738
Capital outlay	6,039,900	6,039,900	2,334,321	3,705,579
Contingency	1,390,000	1,365,000	-	1,365,000
Total expenditures	18,570,880	19,070,880	6,711,563	12,359,317
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(3,393,880)	(3,393,880)	1,191,657	(4,585,537)
OTHER FINANCING SOURCES (USES)				
Transfers in	330,000	330,000	40,000	290,000
Transfers out	(1,531,900)	(1,531,900)	(749,192)	(782,708)
Total other financing sources (uses)	(1,201,900)	(1,201,900)	(709,192)	(492,708)
NET CHANGE IN FUND BALANCE	(4,595,780)	(4,595,780)	482,465	(5,078,245)
FUND BALANCE, beginning of year	7,496,500	7,496,500	6,913,229	583,271
FUND BALANCE, end of year	\$ 2,900,720	\$ 2,900,720	\$ 7,395,694	\$ (4,494,974)

City of Medford
Nonmajor Debt Service Fund
June 30, 2018

- General Debt Service Fund – Accounts for payment of principal and interest on the Parks, Public Safety bonds and the City bonds loaned to MURA. The resource for those payments comes from transfers in from other funds for which the bond proceeds were used.

City of Medford
Combining Balance Sheet
Nonmajor Debt Service Fund
June 30, 2018

	General Debt Service Fund - 160	Total
ASSETS		
Cash and cash equivalents	\$ 242,908	\$ 242,908
Receivables		
Accounts	33,978	33,978
TOTAL ASSETS	<u>\$ 276,886</u>	<u>\$ 276,886</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Advances from other funds	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue- property taxes	27,901	27,901
Fund Balances		
Restricted		
Restricted - Debt service	248,985	248,985
Unrestricted	-	-
Total fund balances	248,985	248,985
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 276,886</u>	<u>\$ 276,886</u>

City of Medford
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2018

	General Debt Service Fund - 160	Total
REVENUES		
Property taxes	\$ 422,091	\$ 422,091
Investment earnings	6,005	6,005
Total revenues	428,096	428,096
EXPENDITURES		
Debt Service	3,139,062	3,139,062
Total expenditures	3,139,062	3,139,062
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(2,710,966)	(2,710,966)
OTHER FINANCING SOURCES (USES)		
Issuance of refunding bonds	-	-
Transfers in	2,718,443	2,718,443
Transfers out	-	-
Total other financing sources (uses)	2,718,443	2,718,443
NET CHANGE IN FUND BALANCE	7,477	7,477
FUND BALANCE, beginning of year	241,508	241,508
FUND BALANCE, end of year	\$ 248,985	\$ 248,985

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
General Debt Service Fund – 160
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 847,000	\$ 847,000	\$ 422,091	\$ 424,909
Investment earnings	12,000	12,000	6,005	5,995
Total revenues	859,000	859,000	428,096	430,904
EXPENDITURES				
Debt service	7,130,200	7,130,200	3,139,062	3,991,138
Total expenditures	7,130,200	7,130,200	3,139,062	3,991,138
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(6,271,200)	(6,271,200)	(2,710,966)	(3,560,234)
OTHER FINANCING SOURCES (USES)				
Transfers in	6,284,100	6,284,100	2,718,443	3,565,657
Total other financing sources (uses)	6,284,100	6,284,100	2,718,443	3,565,657
NET CHANGE IN FUND BALANCE	12,900	12,900	7,477	5,423
FUND BALANCE, beginning of year	157,900	157,900	241,508	(83,608)
FUND BALANCE, end of year	\$ 170,800	\$ 170,800	\$ 248,985	\$ (78,185)

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Major Fund - MURA Debt Service Fund – 902
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,995,850	\$ 4,460,850	\$ 1,090,975	\$ 3,369,875
Interest	-	-	1,222	(1,222)
Total revenues	1,995,850	4,460,850	1,092,197	3,368,653
EXPENDITURES				
Debt service	4,588,850	4,618,700	1,642,000	2,976,700
Total expenditures	4,588,850	4,618,700	1,642,000	2,976,700
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(2,593,000)</u>	<u>(157,850)</u>	<u>(549,803)</u>	<u>391,953</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	1,315,000	-	1,315,000
Transfers out	-	(3,750,150)	-	(3,750,150)
Total other financing sources (uses)	<u>-</u>	<u>(2,435,150)</u>	<u>-</u>	<u>(2,435,150)</u>
NET CHANGE IN FUND BALANCE	(2,593,000)	(2,593,000)	(549,803)	(2,043,197)
FUND BALANCE, beginning of year	<u>2,593,000</u>	<u>2,593,000</u>	<u>3,000,835</u>	<u>(407,835)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	2,451,032	<u>\$ (2,451,032)</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS				
Balance due to general fund on interfund advance			<u>(2,890,000)</u>	
TOTAL NET POSITION, end of year			<u>\$ (438,968)</u>	

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Major Fund - Revenue Bond Fund – 161
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 431	\$ 1,569
Total revenues	2,000	2,000	431	1,569
EXPENDITURES				
Debt service	13,162,500	14,667,500	17,004,948	(2,337,448)
Total expenditures	13,162,500	14,667,500	17,004,948	(2,337,448)
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(13,160,500)	(14,665,500)	(17,004,517)	2,339,017
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	-	10,000,000	(10,000,000)
Transfers in	13,162,900	14,667,900	7,004,899	7,663,001
Total other financing sources (uses)	13,162,900	14,667,900	17,004,899	(2,336,999)
NET CHANGE IN FUND BALANCE	2,400	2,400	382	2,018
FUND BALANCE, beginning of year	130,100	130,100	-	130,100
FUND BALANCE, end of year	\$ 132,500	\$ 132,500	\$ 382	\$ 132,118

The Capital Projects Funds account for revenue derived primarily from the State and Jackson County which are designated for the construction of specific projects. Funds included in this category are:

- Greenway Construction Fund – Accounts for construction of Bear Creek Greenway.
- Special Sidewalk Fund – Accounts for the expenditure of the proceeds of the Sidewalk Bonds.
- Fire Apparatus Reserve Fund – This fund accounts for the replacement of Fire Department Apparatus.
- Aquatic Facilities Reserve – This fund accounts for the development of an aquatic facilities park.
- Park Southeast Area SDC Fund – Accounts for SDCs collected in the SE Area to be expended on park and recreation improvements & new construction
- Park Improvement Fund – Accounts for specified resources to be expended on park and recreation improvements & new construction
- MURA Capital Projects Fund – Accounts for the expenditure of resources for the Medford Urban Renewal Agency.

City of Medford
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018

	Greenway Construction Fund - 650	Special Sidewalk Fund - 531	Fire Apparatus Reserve - 370	Aquatic Facilities Reserve - 671	Park Southeast Area SDC Fund - 621	Park Improvement Fund - 630	MURA Capital Projects Fund - 901	Total
ASSETS								
Cash and cash equivalents	\$ 1,906	\$ 627,000	\$ 107,522	\$ 423,529	\$ 273,541	\$ 1,980,727	\$ 313,442	\$ 3,727,667
Receivables								
Accounts	-	-	-	-	-	330,025	-	330,025
Total assets	<u>\$ 1,906</u>	<u>\$ 627,000</u>	<u>\$ 107,522</u>	<u>\$ 423,529</u>	<u>\$ 273,541</u>	<u>\$ 2,310,752</u>	<u>\$ 313,442</u>	<u>\$ 4,057,692</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	-	-	-	-	-	112,597	258	112,855
Payroll and related accruals	-	-	-	-	-	13,895	2,988	16,883
Total liabilities	-	-	-	-	-	126,492	3,246	129,738
Fund balances								
Restricted for								
Highways and streets	-	627,000	-	-	-	-	-	627,000
Culture and recreation	1,906	-	-	423,529	273,541	2,184,260	-	2,883,236
Community development	-	-	-	-	-	-	310,196	310,196
Public safety	-	-	107,522	-	-	-	-	107,522
Total fund balances	<u>1,906</u>	<u>627,000</u>	<u>107,522</u>	<u>423,529</u>	<u>273,541</u>	<u>2,184,260</u>	<u>310,196</u>	<u>3,927,954</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,906</u>	<u>\$ 627,000</u>	<u>\$ 107,522</u>	<u>\$ 423,529</u>	<u>\$ 273,541</u>	<u>\$ 2,310,752</u>	<u>\$ 313,442</u>	<u>\$ 4,057,692</u>

City of Medford
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
June 30, 2018

	Greenway Construction Fund - 650	Special Sidewalk Fund - 531	Fire Apparatus Reserve - 370	Aquatic Facilities Reserve - 671	Park Southeast Area SDC Fund - 621	Park Improvement Fund - 630	MURA Capital Projects Fund - 901	Total
REVENUES								
Car rental taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,538,835	\$ -	\$ 1,538,835
Investment earnings	24	7,889	1,351	4,469	2,238	36,715	66,713	119,399
Other revenue	-	-	-	-	236,713	-	-	236,713
Total revenues	24	7,889	1,351	4,469	238,951	1,575,550	66,713	1,894,947
EXPENDITURES								
Current								
Highways and streets	-	796	-	-	-	-	-	796
Culture and recreation	-	-	-	-	-	329,341	-	329,341
Community development	-	-	-	-	-	-	47,281	47,281
Capital outlay	-	43	-	-	328,262	921,692	-	1,249,997
Total expenditures	-	839	-	-	328,262	1,251,033	47,281	1,627,415
EXCESS REVENUES OVER (UNDER) EXPENDITURES	24	7,050	1,351	4,469	(89,311)	324,517	19,432	267,532
OTHER FINANCING SOURCES								
Transfers in	-	-	-	68,000	-	1,100,561	-	1,168,561
Transfers out	-	-	-	-	-	(2,032,498)	-	(2,032,498)
Total other financing sources	-	-	-	68,000	-	(931,937)	-	(863,937)
NET CHANGE IN FUND BALANCE	24	7,050	1,351	72,469	(89,311)	(607,420)	19,432	(596,405)
FUND BALANCE, beginning of year	1,882	619,950	106,171	351,060	362,852	2,791,680	290,764	4,524,359
FUND BALANCE, end of year	\$ 1,906	\$ 627,000	\$ 107,522	\$ 423,529	\$ 273,541	\$ 2,184,260	\$ 310,196	\$ 3,927,954

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Greenway Construction Fund – 650
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 24	\$ (24)
Total revenues	-	-	24	(24)
NET CHANGE IN FUND BALANCE	-	-	24	(24)
FUND BALANCE, beginning of year	1,900	1,900	1,882	18
FUND BALANCE, end of year	<u>\$ 1,900</u>	<u>\$ 1,900</u>	<u>\$ 1,906</u>	<u>\$ (6)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Special Sidewalk Fund – 531
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 3,500	\$ 3,500	\$ 7,889	\$ (4,389)
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>7,889</u>	<u>(4,389)</u>
EXPENDITURES				
Highways and streets	-	-	796	(796)
Capital outlay	623,100	623,100	43	623,057
Total expenditures	<u>623,100</u>	<u>623,100</u>	<u>839</u>	<u>622,261</u>
NET CHANGE IN FUND BALANCE	(619,600)	(619,600)	7,050	(626,650)
FUND BALANCE, beginning of year	<u>619,600</u>	<u>619,600</u>	<u>619,950</u>	<u>(350)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 627,000</u>	<u>\$ (627,000)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Fire Apparatus Reserve – 370
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,351	\$ (1,351)
Total revenues	-	-	1,351	(1,351)
EXPENDITURES				
Capital outlay	460,000	460,000	-	460,000
Contingency	60,000	60,000	-	60,000
Total expenditures	520,000	520,000	-	520,000
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(520,000)	(520,000)	1,351	(521,351)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	-	1,000,000
Total other financing sources (uses)	1,000,000	1,000,000	-	1,000,000
NET CHANGE IN FUND BALANCE	480,000	480,000	1,351	478,649
FUND BALANCE, beginning of year	106,600	106,600	106,171	429
FUND BALANCE, end of year	<u>\$ 586,600</u>	<u>\$ 586,600</u>	<u>\$ 107,522</u>	<u>\$ 479,078</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Aquatic Facilities Reserve – 671
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 4,469	\$ (4,469)
OTHER FINANCING SOURCES (USES)				
Transfers in	68,000	68,000	68,000	-
NET CHANGE IN FUND BALANCE	68,000	68,000	72,469	(4,469)
FUND BALANCE, beginning of year	349,700	349,700	351,060	(1,360)
	<u>\$ 417,700</u>	<u>\$ 417,700</u>	<u>\$ 423,529</u>	<u>\$ (5,829)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Park Southeast Area SDC Fund – 621
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 8,000	\$ 8,000	\$ 2,238	\$ 5,762
Other revenue	488,000	488,000	236,713	251,287
Total revenues	496,000	496,000	238,951	257,049
EXPENDITURES				
Capital outlay	767,000	767,000	328,262	438,738
Contingency	96,000	96,000	-	96,000
Total expenditures	863,000	863,000	328,262	534,738
NET CHANGE IN FUND BALANCE	(367,000)	(367,000)	(89,311)	(277,689)
FUND BALANCE, beginning of year	367,000	367,000	362,852	4,148
FUND BALANCE, end of year	\$ -	\$ -	\$ 273,541	\$ (273,541)

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Parks Improvement Fund – 630
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Car rental tax	\$ 1,800,000	\$ 1,800,000	\$ 1,538,835	\$ 261,165
Investment earnings	50,000	50,000	36,715	13,285
Grants and contracts	20,000	20,000	-	20,000
Total revenues	<u>1,870,000</u>	<u>1,870,000</u>	<u>1,575,550</u>	<u>294,450</u>
EXPENDITURES				
Parks and recreation	430,400	430,400	329,341	101,059
Capital outlay	1,993,100	2,709,340	921,692	1,787,648
Contingency	250,000	250,000	-	250,000
Total expenditures	<u>2,673,500</u>	<u>3,389,740</u>	<u>1,251,033</u>	<u>2,138,707</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(803,500)</u>	<u>(1,519,740)</u>	<u>324,517</u>	<u>(1,844,257)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,213,000	2,265,600	1,100,561	1,165,039
Transfers out	<u>(2,884,200)</u>	<u>(3,389,200)</u>	<u>(2,032,498)</u>	<u>(1,356,702)</u>
Total other financing sources (uses)	<u>(671,200)</u>	<u>(1,123,600)</u>	<u>(931,937)</u>	<u>(191,663)</u>
NET CHANGE IN FUND BALANCE	(1,474,700)	(2,643,340)	(607,420)	(2,035,920)
FUND BALANCE, beginning of year	<u>1,623,040</u>	<u>2,791,680</u>	<u>2,791,680</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 148,340</u>	<u>\$ 148,340</u>	<u>\$ 2,184,260</u>	<u>\$ (2,035,920)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
MURA Capital Projects Fund – 901
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 10,000	\$ 58,000	\$ 66,713	\$ (8,713)
Total revenues	10,000	58,000	66,713	(8,713)
EXPENDITURES				
Community development	286,000	4,084,150	47,281	4,036,869
Total expenditures	286,000	4,084,150	47,281	4,036,869
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(276,000)	(4,026,150)	19,432	(4,045,582)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,750,150	-	3,750,150
NET CHANGE IN FUND BALANCE	(276,000)	(276,000)	19,432	(295,432)
FUND BALANCE, beginning of year	276,000	276,000	290,764	(14,764)
FUND BALANCE, end of year	\$ -	\$ -	\$ 310,196	\$ (310,196)

The Sewer Utility Fund accounts for the City's sewer utility maintenance, operation, improvements, and expansion of the City's drain and sewer infrastructure. This fund is comprised of several sub-funds, but is considered a single enterprise fund under accounting principles generally accepted in the United States of America.

- Storm Drain System Development Charge Fund – Accounts for service development charges that are used to expand and/or improve storm drain infrastructures.
- Storm Drain Utility Fund – Accounts for storm drain utility operations, improvements and maintenance.
- Sewage Treatment Fund – Accounts for Regional Waste Water Treatment Plant operation and maintenance.
- Sewer Collection System Development Charge Fund – Accounts for service development charges used to maintain the sewer collection infrastructure.
- Sanitary Sewer Maintenance Fund – Accounts for sanitary sewer user fees to be expended on the sewer operation and maintenance.
- Sewage Treatment System Development Charge Fund – Accounts for service development charges for improvements and expansion of capacity of Regional Waste Water Treatment Plant.
- The Parking Facilities Fund – Accounts for the maintenance, operation, improvements, and expansion of the City's off-street parking facilities.

City of Medford
Combining Balance Sheet
Enterprise Fund – Sewer Utility Fund
June 30, 2018

	Storm Drain SDC Fund - 522	Storm Drain Utility Fund - 501	Sewage Treatment Fund - 503	Sewer Collection System SDC Fund - 521	Sanitary Sewer Maintenance Fund - 502	Sewage Treatment SDC Fund - 523	Total
ASSETS							
Current assets							
Cash and cash equivalents	\$ 2,194,479	\$ 15,094,075	\$ 2,934,813	\$ 1,272,072	\$ 4,204,575	\$ 8,165,405	\$ 33,865,419
Receivables	-	479,022	424,008	-	285,803	37,920	1,226,753
Inventory	-	-	25,985	-	-	-	25,985
Total current assets	<u>2,194,479</u>	<u>15,573,097</u>	<u>3,384,806</u>	<u>1,272,072</u>	<u>4,490,378</u>	<u>8,203,325</u>	<u>35,118,157</u>
Noncurrent assets							
Capital assets							
Land and construction in progress	-	1,584,592	1,578,883	-	265,976	-	3,429,451
Capital assets, net of accumulated depreciation	-	31,456,850	27,245,807	-	18,459,172	-	77,161,829
Total noncurrent assets	<u>-</u>	<u>33,041,442</u>	<u>28,824,690</u>	<u>-</u>	<u>18,725,148</u>	<u>-</u>	<u>80,591,280</u>
Total assets	<u>2,194,479</u>	<u>48,614,539</u>	<u>32,209,496</u>	<u>1,272,072</u>	<u>23,215,526</u>	<u>8,203,325</u>	<u>115,709,437</u>
DEFERRED OUTFLOWS OF RESOURCES							
OPEB related items	-	-	16,435	-	-	-	16,435
Pension related items	-	-	1,744,376	-	-	-	1,744,376
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>1,760,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760,811</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,194,479</u>	<u>\$ 48,614,539</u>	<u>\$ 33,970,307</u>	<u>\$ 1,272,072</u>	<u>\$ 23,215,526</u>	<u>\$ 8,203,325</u>	<u>\$ 117,470,248</u>
LIABILITIES							
Current liabilities							
Accounts payable	\$ 131,439	\$ 380,302	\$ 200,805	\$ -	\$ 173,244	\$ 228,282	\$ 1,114,072
Payroll and related accruals	3,842	86,418	108,143	-	87,155	-	285,558
Retainage payable	7,387	21,715	400	-	37,497	-	66,999
Deposits and other liabilities	-	400,803	-	-	99,174	-	499,977
Compensated absences, due within one year	-	55,603	13,796	-	6,341	-	75,740
Total current liabilities	<u>142,668</u>	<u>944,841</u>	<u>323,144</u>	<u>-</u>	<u>403,411</u>	<u>228,282</u>	<u>2,042,346</u>
Noncurrent liabilities							
Compensated absences, due in more than one year	-	29,199	135,193	-	25,363	-	189,755
Net OPEB liability	-	-	402,018	-	-	-	402,018
Net pension liability	-	-	5,250,850	-	-	-	5,250,850
Total noncurrent liabilities	<u>-</u>	<u>29,199</u>	<u>5,788,061</u>	<u>-</u>	<u>25,363</u>	<u>-</u>	<u>5,842,623</u>
Total liabilities	<u>142,668</u>	<u>974,040</u>	<u>6,111,205</u>	<u>-</u>	<u>428,774</u>	<u>228,282</u>	<u>7,884,969</u>
DEFERRED INFLOWS OF RESOURCES							
OPEB related items	-	-	7,488	-	-	-	7,488
Pension related items	-	-	158,610	-	-	-	158,610
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>166,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,098</u>
NET POSITION							
Net investment in capital assets	-	33,041,442	28,824,690	-	18,725,148	-	80,591,280
Restricted for future development	2,051,811	-	-	1,272,072	-	7,975,043	11,298,926
Unrestricted	-	14,599,057	(1,131,686)	-	4,061,604	-	17,528,975
Total net position	<u>2,051,811</u>	<u>47,640,499</u>	<u>27,693,004</u>	<u>1,272,072</u>	<u>22,786,752</u>	<u>7,975,043</u>	<u>109,419,181</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 2,194,479</u>	<u>\$ 48,614,539</u>	<u>\$ 33,970,307</u>	<u>\$ 1,272,072</u>	<u>\$ 23,215,526</u>	<u>\$ 8,203,325</u>	<u>\$ 117,470,248</u>

City of Medford
Combining Schedule of Revenues, Expenditures, and Changes in Fund Net Position
Enterprise Fund – Sewer Utility Fund
For the Year Ended June 30, 2018

	Storm Drain SDC Fund - 522	Storm Drain Utility Fund - 501	Sewage Treatment Fund - 503	Sewer Collection System SDC Fund - 521	Sanitary Sewer Maintenance Fund - 502	Sewage Treatment SDC Fund - 523	Total
OPERATING REVENUES							
Charges for services	\$ -	\$ 6,502,906	\$ 5,871,503	\$ -	\$ 4,673,399	\$ -	\$ 17,047,808
Miscellaneous income	-	12,519	18,851	-	6,632	-	38,002
Total operating revenues	-	6,515,425	5,890,354	-	4,680,031	-	17,085,810
OPERATING EXPENSES							
Salaries and fringe benefits	145,179	2,177,293	3,570,024	767	1,849,686	-	7,742,949
Operating supplies	-	183,995	228,417	-	95,480	-	507,892
Professional services	-	304,951	272,601	-	589,839	-	1,167,391
Repairs and maintenance	-	326,490	25,029	-	311,682	-	663,201
Premiums and claims	1,500	23,000	46,000	500	27,000	-	98,000
Utilities	-	3,768	292,114	-	11,470	-	307,352
General, administrative, and engineering	81	86,354	568,955	-	95,047	-	750,437
Depreciation	-	1,087,985	1,568,256	-	739,873	-	3,396,114
Total operating expenses	146,760	4,193,836	6,571,396	1,267	3,720,077	-	14,633,336
TOTAL OPERATING INCOME (LOSS)	(146,760)	2,321,589	(681,042)	(1,267)	959,954	-	2,452,474
NONOPERATING REVENUE (EXPENSE)							
Investment earnings	29,990	192,206	29,791	14,470	68,096	97,798	432,351
Total nonoperating revenue (expense)	29,990	192,206	29,791	14,470	68,096	97,798	432,351
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS							
	(116,770)	2,513,795	(651,251)	13,203	1,028,050	97,798	2,884,825
CONTRIBUTIONS AND TRANSFERS							
Contributions	165,266	806,204	-	219,327	146,976	1,146,775	2,484,548
Transfers in	-	350,675	601,932	-	-	-	952,607
Transfers out	(362,857)	(332,280)	(331,627)	(414)	(335,032)	(616,521)	(1,978,731)
Total contributions and transfers	(197,591)	824,599	270,305	218,913	(188,056)	530,254	1,458,424
CHANGE IN NET POSITION	(314,361)	3,338,394	(380,946)	232,116	839,994	628,052	4,343,249
NET POSITION, beginning of year (as restated)	2,366,172	44,302,105	28,073,950	1,039,956	21,946,758	7,346,991	105,075,932
FUND BALANCE, end of year	\$ 2,051,811	\$ 47,640,499	\$ 27,693,004	\$ 1,272,072	\$ 22,786,752	\$ 7,975,043	\$ 109,419,181

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Storm Drain SDC Fund – 522
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 676,000	\$ 676,000	\$ 165,266	\$ 510,734
Investment earnings	10,000	10,000	29,990	(19,990)
Total revenues	<u>686,000</u>	<u>686,000</u>	<u>195,256</u>	<u>490,744</u>
EXPENDITURES				
Storm drain system development	1,051,420	1,051,420	497,435	553,985
Contingency	100,000	100,000	-	100,000
Total expenditures	<u>1,151,420</u>	<u>1,151,420</u>	<u>497,435</u>	<u>653,985</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(465,420)</u>	<u>(465,420)</u>	<u>(302,179)</u>	<u>(163,241)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(12,182)</u>	<u>(12,818)</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(12,182)</u>	<u>(12,818)</u>
NET CHANGE IN FUND BALANCE	(490,420)	(490,420)	(314,361)	(176,059)
FUND BALANCE, beginning of year	<u>1,611,400</u>	<u>1,611,400</u>	<u>2,366,172</u>	<u>(754,772)</u>
FUND BALANCE, end of year	<u>\$ 1,120,980</u>	<u>\$ 1,120,980</u>	<u>\$ 2,051,811</u>	<u>\$ (930,831)</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Storm Drain Utility Fund – 501
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 12,739,000	\$ 12,739,000	\$ 6,502,906	\$ 6,236,094
Investment earnings	172,000	172,000	192,206	(20,206)
Other revenue	-	-	12,519	(12,519)
Total revenues	<u>12,911,000</u>	<u>12,911,000</u>	<u>6,707,631</u>	<u>6,203,369</u>
EXPENDITURES				
Storm drain system development	15,268,650	15,293,650	4,754,352	10,539,298
Contingency	960,000	935,000	-	935,000
Total expenditures	<u>16,228,650</u>	<u>16,228,650</u>	<u>4,754,352</u>	<u>11,474,298</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(3,317,650)</u>	<u>(3,317,650)</u>	<u>1,953,279</u>	<u>(5,270,929)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(679,600)	(679,600)	(332,280)	(347,320)
Total other financing sources (uses)	<u>(679,600)</u>	<u>(679,600)</u>	<u>(332,280)</u>	<u>(347,320)</u>
NET CHANGE IN FUND BALANCE	(3,997,250)	(3,997,250)	1,620,999	(5,618,249)
FUND BALANCE, beginning of year	<u>12,487,500</u>	<u>12,487,500</u>	<u>13,062,860</u>	<u>(575,360)</u>
FUND BALANCE, end of year	<u>\$ 8,490,250</u>	<u>\$ 8,490,250</u>	<u>14,683,859</u>	<u>\$ (6,193,609)</u>
RECONCILIATION TO GAAP BASIS				
Capital assets, net			33,041,442	
Compensated absences			<u>(84,802)</u>	
TOTAL NET POSITION, end of year			<u>\$ 47,640,499</u>	

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Sewage Treatment Fund – 503
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 11,937,000	\$ 11,937,000	\$ 5,871,503	\$ 6,065,497
Investment earnings	84,000	84,000	29,791	54,209
Other revenue	10,000	10,000	18,851	(8,851)
Total revenues	12,031,000	12,031,000	5,920,145	6,110,855
EXPENDITURES				
Sewage treatment maintenance	12,267,500	12,267,500	4,518,098	7,749,402
Contingency	1,250,000	1,250,000	-	1,250,000
Total expenditures	13,517,500	13,517,500	4,518,098	8,999,402
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,486,500)	(1,486,500)	1,402,047	(2,888,547)
OTHER FINANCING SOURCES (USES)				
Transfers out	(678,800)	(678,800)	(331,627)	(347,173)
Total other financing sources (uses)	(678,800)	(678,800)	(331,627)	(347,173)
NET CHANGE IN FUND BALANCE	(2,165,300)	(2,165,300)	1,070,420	(3,235,720)
FUND BALANCE, beginning of year	2,592,700	2,592,700	1,979,053	613,647
FUND BALANCE, end of year	\$ 427,400	\$ 427,400	3,049,473	\$ (2,622,073)
RECONCILIATION TO GAAP BASIS (FUND BALANCE TO NET POSTION)				
Inventory			25,985	
Capital assets, net			28,824,690	
Compensated absences			(148,989)	
Net OPEB liability			(402,018)	
Net pension liability			(5,250,850)	
Deferred outflow of resources			1,760,811	
Deferred inflow of resources			(166,098)	
TOTAL NET POSITION, end of year			\$ 27,693,004	

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Sewer Collection System SDC Fund – 521
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 600,000	\$ 600,000	\$ 219,327	\$ 380,673
Investment earnings	46,000	46,000	14,470	31,530
Total revenues	<u>646,000</u>	<u>646,000</u>	<u>233,797</u>	<u>412,203</u>
EXPENDITURES				
Sewer collection system development	1,196,500	1,196,500	1,267	1,195,233
Contingency	150,000	150,000	-	150,000
Total expenditures	<u>1,346,500</u>	<u>1,346,500</u>	<u>1,267</u>	<u>1,345,233</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(700,500)</u>	<u>(700,500)</u>	<u>232,530</u>	<u>(933,030)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000)	(1,000)	(414)	(586)
Total other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(414)</u>	<u>(586)</u>
NET CHANGE IN FUND BALANCE	(701,500)	(701,500)	232,116	(933,616)
FUND BALANCE, beginning of year	<u>1,010,200</u>	<u>1,010,200</u>	<u>1,039,956</u>	<u>(29,756)</u>
FUND BALANCE, end of year	<u><u>\$ 308,700</u></u>	<u><u>\$ 308,700</u></u>	<u><u>\$ 1,272,072</u></u>	<u><u>\$ (963,372)</u></u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Sanitary Sewer Maintenance Fund – 502
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 8,776,000	\$ 8,776,000	\$ 4,673,399	\$ 4,102,601
Investment earnings	66,000	66,000	68,096	(2,096)
Other revenue	20,000	20,000	6,632	13,368
Total revenues	8,862,000	8,862,000	4,748,127	4,113,873
EXPENDITURES				
Sewer system maintenance and construction	10,832,770	10,857,770	4,232,534	6,625,236
Contingency	950,000	925,000	-	925,000
Total expenditures	11,782,770	11,782,770	4,232,534	7,550,236
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(2,920,770)	(2,920,770)	515,593	(3,436,363)
OTHER FINANCING SOURCES (USES)				
Transfers out	(685,300)	(685,300)	(335,032)	(350,268)
Total other financing sources (uses)	(685,300)	(685,300)	(335,032)	(350,268)
NET CHANGE IN FUND BALANCE	(3,606,070)	(3,606,070)	180,561	(3,786,631)
FUND BALANCE, beginning of year	4,215,000	4,215,000	3,912,747	302,253
FUND BALANCE, end of year	\$ 608,930	\$ 608,930	4,093,308	\$ (3,484,378)
RECONCILIATION TO GAAP BASIS				
Capital assets, net			18,725,148	
Compensated absences			(31,704)	
TOTAL NET POSITION, end of year			\$ 22,786,752	

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Sewage Treatment SDC Fund – 523
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 2,036,000	\$ 2,036,000	\$ 1,146,775	\$ 889,225
Investment earnings	112,000	112,000	97,798	14,202
Total revenues	<u>2,148,000</u>	<u>2,148,000</u>	<u>1,244,573</u>	<u>903,427</u>
EXPENDITURES				
Sewage treatment SDC	3,860,000	3,860,000	601,932	3,258,068
Contingency	480,000	480,000	-	480,000
Total expenditures	<u>4,340,000</u>	<u>4,340,000</u>	<u>601,932</u>	<u>3,738,068</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(2,192,000)</u>	<u>(2,192,000)</u>	<u>642,641</u>	<u>(2,834,641)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(29,900)	(29,900)	(14,589)	(15,311)
Total other financing sources (uses)	<u>(29,900)</u>	<u>(29,900)</u>	<u>(14,589)</u>	<u>(15,311)</u>
NET CHANGE IN FUND BALANCE	(2,221,900)	(2,221,900)	628,052	(2,849,952)
FUND BALANCE, beginning of year	<u>6,203,900</u>	<u>6,203,900</u>	<u>7,346,991</u>	<u>(1,143,091)</u>
FUND BALANCE, end of year	<u><u>\$ 3,982,000</u></u>	<u><u>\$ 3,982,000</u></u>	<u><u>\$ 7,975,043</u></u>	<u><u>\$ (3,993,043)</u></u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Parking Facilities Fund – 701
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 1,156,600	\$ 1,156,600	\$ 760,500	\$ 396,100
Investment earnings	7,000	7,000	11,756	(4,756)
Total revenues	<u>1,163,600</u>	<u>1,163,600</u>	<u>772,256</u>	<u>391,344</u>
EXPENDITURES				
Parking facilities maintenance and construction	1,233,000	1,233,000	526,109	706,891
Contingency	<u>147,000</u>	<u>147,000</u>	-	<u>147,000</u>
Total expenditures	<u>1,380,000</u>	<u>1,380,000</u>	<u>526,109</u>	<u>853,891</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(216,400)</u>	<u>(216,400)</u>	<u>246,147</u>	<u>(462,547)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(48,500)</u>	<u>(48,500)</u>	<u>(23,651)</u>	<u>(24,849)</u>
Total other financing sources (uses)	<u>(48,500)</u>	<u>(48,500)</u>	<u>(23,651)</u>	<u>(24,849)</u>
NET CHANGE IN FUND BALANCE	(264,900)	(264,900)	222,496	(487,396)
FUND BALANCE, beginning of year	<u>655,400</u>	<u>655,400</u>	<u>860,579</u>	<u>(205,179)</u>
FUND BALANCE, end of year	<u>\$ 390,500</u>	<u>\$ 390,500</u>	<u>\$ 1,083,075</u>	<u>\$ (692,575)</u>
RECONCILIATION TO GAAP BASIS				
Capital assets, net			2,723,031	
Net OPEB liability			(4,450)	
Net pension liability			(55,723)	
Deferred outflow of resources			17,333	
Deferred inflow of resources			<u>(400)</u>	
TOTAL NET POSITION, end of year			<u>\$ 3,762,866</u>	

The Internal Service Funds account for services and activities provided by the City for other units within and outside the City. Funds included in this category are:

- Risk Management Fund - Accounts for administration and associated cost of workers' compensation insurance and other insurance programs provided by the City.
- Fleet Maintenance Fund - Accounts for fleet maintenance services provided by the City.

City of Medford
Combining Balance Sheet
Internal Service Funds
June 30, 2018

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,533,608	\$ 569,623	\$ 4,103,231
Receivables	307	132,737	133,044
Inventories	-	805,641	805,641
Total current assets	<u>3,533,915</u>	<u>1,508,001</u>	<u>5,041,916</u>
Noncurrent assets			
Restricted cash and cash equivalents	108,346	-	108,346
Capital assets, net of accumulated depreciation	-	281,924	281,924
Total noncurrent assets	<u>108,346</u>	<u>281,924</u>	<u>390,270</u>
Total assets	<u>3,642,261</u>	<u>1,789,925</u>	<u>5,432,186</u>
DEFERRED OUTFLOW OF RESOURCES			
OPEB related items	363	1,340	1,703
Pension related items	<u>39,071</u>	<u>142,335</u>	<u>181,406</u>
Total deferred outflow of resources	<u>39,434</u>	<u>143,675</u>	<u>183,109</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,681,695</u></u>	<u><u>\$ 1,933,600</u></u>	<u><u>\$ 5,615,295</u></u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 580,603	\$ 113,665	\$ 694,268
Payroll and related accruals	247,850	88,537	336,387
Compensated absences, due within one year	2,409	3,040	5,449
Claims payable	<u>394,067</u>	-	<u>394,067</u>
Total current liabilities	<u>1,224,929</u>	<u>205,242</u>	<u>1,430,171</u>
Noncurrent liabilities			
Compensated absences, due in more than one year	9,635	12,158	21,793
Net OPEB liability	8,904	32,778	41,682
Net pension liability	<u>117,610</u>	<u>428,453</u>	<u>546,063</u>
Total noncurrent liabilities	<u>136,149</u>	<u>473,389</u>	<u>609,538</u>
Total liabilities	<u>1,361,078</u>	<u>678,631</u>	<u>2,039,709</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	168	611	779
Pension related items	<u>3,552</u>	<u>12,943</u>	<u>16,495</u>
Total deferred inflow of resources	<u>3,720</u>	<u>13,554</u>	<u>17,274</u>
NET POSITION			
Net investment in capital assets	-	281,924	281,924
Restricted for employee section 125 plan	108,346	-	108,346
Unrestricted	<u>2,208,551</u>	<u>959,491</u>	<u>3,168,042</u>
Total net position	<u>2,316,897</u>	<u>1,241,415</u>	<u>3,558,312</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 3,681,695</u></u>	<u><u>\$ 1,933,600</u></u>	<u><u>\$ 5,615,295</u></u>

City of Medford
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2018

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
OPERATING REVENUES			
Charges for services	\$ 1,909,262	\$ 1,629,041	\$ 3,538,303
Total operating revenue	<u>1,909,262</u>	<u>1,629,041</u>	<u>3,538,303</u>
OPERATING EXPENSES			
Salaries and fringe benefits	1,235,267	822,178	2,057,445
Operating supplies	561,831	789,310	1,351,141
Professional services	-	5,098	5,098
Repairs and maintenance	-	6,170	6,170
Premiums and claims	287,824	13,000	300,824
Utilities	-	1,561	1,561
General, administrative, and engineering	98,181	101,567	199,748
Depreciation	-	42,966	42,966
Total operating expense	<u>2,183,103</u>	<u>1,781,850</u>	<u>3,964,953</u>
OPERATING INCOME (LOSS)	<u>(273,841)</u>	<u>(152,809)</u>	<u>(426,650)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	<u>38,875</u>	<u>16,014</u>	<u>54,889</u>
Total nonoperating revenues (expenses)	<u>38,875</u>	<u>16,014</u>	<u>54,889</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(234,966)</u>	<u>(136,795)</u>	<u>(371,761)</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers out	<u>(88,794)</u>	<u>(73,383)</u>	<u>(162,177)</u>
Total contributions and transfers	<u>(88,794)</u>	<u>(73,383)</u>	<u>(162,177)</u>
NET CHANGE IN NET POSITION	(323,760)	(210,178)	(533,938)
NET POSITION, beginning of year (as restated)	<u>2,640,657</u>	<u>1,451,593</u>	<u>4,092,250</u>
NET POSITION, end of year	<u>\$ 2,316,897</u>	<u>\$ 1,241,415</u>	<u>\$ 3,558,312</u>

City of Medford
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 173,673	\$ 173,673
Receipt from interfund services provided	1,909,262	1,406,756	3,316,018
Payments to suppliers	(1,077,323)	(673,552)	(1,750,875)
Payments to employees	(475,696)	(1,037,583)	(1,513,279)
Net cash provided (used) by operating activities	<u>356,243</u>	<u>(130,706)</u>	<u>225,537</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(88,794)</u>	<u>(73,383)</u>	<u>(162,177)</u>
Net cash provided (used) by noncapital financing activities	<u>(88,794)</u>	<u>(73,383)</u>	<u>(162,177)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>-</u>	<u>(26,102)</u>	<u>(26,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>38,875</u>	<u>16,014</u>	<u>54,889</u>
Net cash provided (used) by investing activities	<u>38,875</u>	<u>16,014</u>	<u>54,889</u>
INCREASE (DECREASE) IN CASH	306,324	(214,177)	92,147
CASH, beginning of year	<u>3,335,630</u>	<u>783,800</u>	<u>4,119,430</u>
CASH, end of year	<u>\$ 3,641,954</u>	<u>\$ 569,623</u>	<u>\$ 4,211,577</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ (273,841)</u>	<u>\$ (152,809)</u>	<u>\$ (426,650)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	-	42,966	42,966
Net reduction of expenses under GASB 68 and 75	18,068	70,082	88,150
(Increase) decrease in accounts receivable	-	(48,612)	(48,612)
(Increase) decrease in inventory	-	(109,636)	(109,636)
Increase (decrease) in accounts payable	542,294	19,982	562,276
Increase (decrease) in compensated absences	12,044	(20,543)	(8,499)
Increase (decrease) in accrued payroll and related expenses	119,351	67,864	187,215
Increase (decrease) in claims payable	<u>(61,673)</u>	<u>-</u>	<u>(61,673)</u>
Total adjustments	<u>630,084</u>	<u>22,103</u>	<u>652,187</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 356,243</u>	<u>\$ (130,706)</u>	<u>\$ 225,537</u>

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Risk Management Fund – 700
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 3,414,400	\$ 3,414,400	\$ 1,909,262	\$ 1,505,138
Investment earnings	56,000	56,000	38,875	17,125
Total revenues	<u>3,470,400</u>	<u>3,470,400</u>	<u>1,948,137</u>	<u>1,522,263</u>
EXPENDITURES				
Risk management	3,229,480	3,229,480	2,214,664	1,014,816
Contingency	1,500,000	1,500,000	-	1,500,000
Total expenditures	<u>4,729,480</u>	<u>4,729,480</u>	<u>2,214,664</u>	<u>2,514,816</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(1,259,080)</u>	<u>(1,259,080)</u>	<u>(266,527)</u>	<u>(992,553)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(296,960)	(296,960)	(88,794)	(208,166)
Total other financing sources (uses)	<u>(296,960)</u>	<u>(296,960)</u>	<u>(88,794)</u>	<u>(208,166)</u>
NET CHANGE IN FUND BALANCE	(1,556,040)	(1,556,040)	(355,321)	(1,200,719)
FUND BALANCE, beginning of year	<u>2,729,900</u>	<u>2,729,900</u>	<u>3,169,129</u>	<u>(439,229)</u>
FUND BALANCE, end of year	<u>\$ 1,173,860</u>	<u>\$ 1,173,860</u>	<u>\$ 2,813,808</u>	<u>\$ (1,639,948)</u>
RECONCILIATION TO GAAP BASIS				
Claims payable			(394,067)	
Net OPEB liability			(8,904)	
Net pension liability			(117,610)	
Deferred outflow of resources			39,434	
Deferred inflow of resources			(3,720)	
Compensated absences			(12,044)	
TOTAL NET POSITION, end of year			<u>\$ 2,316,897</u>	

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Fleet Maintenance Fund – 540
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 2,449,000	\$ 2,591,500	\$ 1,629,041	\$ 962,459
Investment earnings	16,000	16,000	16,014	(14)
Total revenues	<u>2,465,000</u>	<u>2,607,500</u>	<u>1,645,055</u>	<u>962,445</u>
EXPENDITURES				
Fleet maintenance and operations	2,546,100	2,688,600	1,715,447	973,153
Contingency	310,000	310,000	-	310,000
Total expenditures	<u>2,856,100</u>	<u>2,998,600</u>	<u>1,715,447</u>	<u>1,283,153</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(391,100)	(391,100)	(70,392)	(320,708)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(150,300)</u>	<u>(150,300)</u>	<u>(73,383)</u>	<u>(76,917)</u>
NET CHANGE IN FUND BALANCE	(541,400)	(541,400)	(143,775)	(397,625)
FUND BALANCE, beginning of year	<u>726,400</u>	<u>726,400</u>	<u>1,449,574</u>	<u>(723,174)</u>
FUND BALANCE, end of year	<u>\$ 185,000</u>	<u>\$ 185,000</u>	<u>\$ 1,305,799</u>	<u>\$ (1,120,799)</u>
RECONCILIATION TO GAAP BASIS				
Capital assets, net			281,924	
Net OPEB liability			(32,778)	
Net pension liability			(428,453)	
Deferred outflow of resources			143,675	
Compensated absences			(15,198)	
Deferred inflow of resources			<u>(13,554)</u>	
TOTAL NET POSITION, end of year			<u>\$ 1,241,415</u>	

Other Financial Schedules

City of Medford
Budget and Actual
Schedule of Expenditures by Division
For the Year Ended June 30, 2018

	Biennium Budget		First Year Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Mayor and council	\$ 1,349,400	\$ 1,349,400	\$ 417,750	\$ 931,650
City manager	3,368,900	3,368,900	1,552,997	1,815,903
City Attorney	1,487,000	1,487,000	652,309	834,691
Human Resources	4,693,400	4,693,400	2,979,538	1,713,862
Finance	24,074,620	25,929,620	11,815,092	14,114,528
Municipal Court	2,510,800	2,510,800	1,427,029	1,083,771
Technology services	7,672,520	7,672,520	2,674,644	4,997,876
Planning	4,189,590	4,189,590	1,724,466	2,465,124
Facilities	7,346,420	7,346,420	3,110,350	4,236,070
Police	48,507,030	48,901,570	24,299,783	24,601,787
Fire	34,635,630	35,232,130	19,841,639	15,390,491
Building safety	3,421,930	3,447,210	1,666,553	1,780,657
Public works	32,653,850	32,866,350	14,111,595	18,754,755
Regional water reclamation	16,109,400	16,109,400	5,117,384	10,992,016
Engineering & development	49,128,150	49,628,150	7,723,525	41,904,625
Utility billing services	3,881,500	3,956,500	1,731,420	2,225,080
Parks & recreation	18,963,350	20,829,590	9,033,791	11,795,799
Community promotion & grants	4,652,640	4,724,550	2,730,662	1,993,888
Contingency	26,378,000	26,378,000	-	26,378,000
Total expenditures	295,024,130	300,621,100	112,610,527	188,010,573
OTHER FINANCING SOURCES				
Interfund transfers and loans	28,748,360	30,593,420	13,607,748	16,985,672
Total other financing sources	28,748,360	30,593,420	13,607,748	16,985,672
TOTAL APPROPRIATIONS	\$ 323,772,490	\$ 331,214,520	\$ 126,218,275	\$ 204,996,245

City of Medford, Oregon
Introduction to the Statistical Section
(Unaudited)

This section provides financial statement users with additional historic perspective, context, and detail to assist in using the information in the financial statements, note disclosures, and required supplemental information to understand and assess the city's economic condition.

CONTENTS **PAGE**

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Schedule 1 – net position by component	111
Schedule 2 – changes in net position	112-113
Schedule 3 – fund balances	114
Schedule 4 – changes in fund balances	115-116

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its own source revenue, such as property taxes.

Schedule 5 – assessed and estimated actual value of taxable property	117
Schedule 6 – property tax rates - direct and overlapping governments	118
Schedule 7 – principal property taxpayers	119
Schedule 8 – property tax levies and collections	120

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Schedule 9 – ratios of outstanding debt by type	121
Schedule 10 – ratios of net general bonded debt outstanding	122
Schedule 11 – direct and overlapping governmental activities debt	123
Schedule 12 – legal debt margin information	124
Schedule 13 – pledged-revenue coverage	125

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make the comparisons over time and with other governments.

Schedule 14 – demographic and economic statistics	126
Schedule 15 – largest employers	127

CONTENTS

PAGE

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it provides.

Schedule 16 – number of full time (FT) employees and FT equivalent at end of each fiscal year	128
Schedule 17 – operating indicators by function	129-130
Schedule 18 – capital asset statistics by function	131

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

City of Medford, Oregon
Schedule 1 – Net Position by Component
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
Accrual Basis of Accounting
June 30, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 208,801,287	\$ 214,648,301	\$ 225,070,486	\$ 214,017,088	\$ 230,304,448	\$ 233,292,847	\$ 230,039,491	\$ 265,499,121	\$ 235,720,103	\$ 245,269,283
Restricted										
Public safety	-	-	1,710,116	304,287	599,884	1,122,668	1,368,286	1,401,309	1,488,800	1,906,792
Employee section 125 plan	58,002	41,139	-	-	-	-	100,793	-	-	-
Highways and streets	12,059,374	17,995,987	18,355,893	12,367,765	16,696,007	18,475,789	22,705,617	15,079,266	16,100,310	41,318,842
Culture and recreation	1,934,604	1,741,936	1,847,405	1,308,384	2,004,134	8,119,399	4,948,229	6,746,706	8,575,469	6,479,986
Community development	1,112,862	3,703,587	3,766,736	1,688,873	11,981,400	6,208,364	3,046,548	3,701,166	4,654,293	5,065,787
Debt service	4,082,382	4,146,973	3,778,977	3,188,173	149,022	192,619	232,034	273,483	241,508	249,367
Unrestricted	25,496,752	19,541,765	14,466,647	38,250,316	23,166,428	18,345,502	5,592,837	(29,259,072)	(429,335)	(30,023,621)
Total governmental activities	253,545,263	261,819,688	268,996,260	271,124,886	284,901,323	285,757,188	268,033,835	263,441,979	266,351,148	270,266,436
Business-type activities										
Net investment in capital assets	73,165,671	73,620,645	76,190,298	80,445,022	82,369,791	82,026,363	82,234,047	82,627,772	81,772,691	83,314,311
Restricted										
Future system development	13,343,828	13,040,845	11,544,184	7,154,013	6,023,646	6,811,138	7,498,708	9,326,458	10,753,119	11,298,926
Unrestricted	7,822,336	8,912,358	8,994,238	10,571,254	12,055,882	14,626,227	13,637,545	14,613,099	16,566,948	18,568,810
Total business-type activities	94,331,835	95,573,848	96,728,720	98,170,289	100,449,319	103,463,728	103,370,300	106,567,329	109,092,758	113,182,047
Total activities	\$ 347,877,098	\$ 357,393,536	\$ 365,724,980	\$ 369,295,175	\$ 385,350,642	\$ 389,220,916	\$ 371,404,135	\$ 370,009,308	\$ 375,443,906	\$ 383,448,483
Primary Government										
Net investment in capital assets	\$ 281,966,958	\$ 288,268,946	\$ 301,260,784	\$ 294,462,110	\$ 312,674,239	\$ 315,319,210	\$ 312,273,538	\$ 348,126,893	\$ 317,492,794	\$ 328,583,594
Restricted										
Future system development	13,343,828	13,040,845	11,544,184	7,154,013	6,023,646	6,811,138	7,498,708	9,326,458	10,753,119	11,298,926
Public safety	-	-	1,710,116	304,287	599,884	1,122,668	1,368,286	1,401,309	1,488,800	1,906,792
Employee section 125 plan	58,002	41,139	-	-	-	-	100,793	-	-	-
Highways and streets	12,059,374	17,995,987	18,355,893	12,367,765	16,696,007	18,475,789	22,705,617	15,079,266	16,100,310	41,318,842
Culture and recreation	1,934,604	1,741,936	1,847,405	1,308,384	2,004,134	8,119,399	4,948,229	6,746,706	8,575,469	6,479,986
Community development	1,112,862	3,703,587	3,766,736	1,688,873	11,981,400	6,208,364	3,046,548	3,701,166	4,654,293	5,065,787
Debt service	4,082,382	4,146,973	3,778,977	3,188,173	149,022	192,619	232,034	273,483	241,508	249,367
Unrestricted	33,319,088	28,454,123	23,460,885	48,821,570	35,222,310	32,971,729	19,230,382	(14,645,973)	16,137,613	(11,454,811)
Total primary government	\$ 347,877,098	\$ 357,393,536	\$ 365,724,980	\$ 369,295,175	\$ 385,350,642	\$ 389,220,916	\$ 371,404,135	\$ 370,009,308	\$ 375,443,906	\$ 383,448,483

City of Medford, Oregon
Schedule 2 – Changes in Net Position
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
Accrual Basis of Accounting
June 30, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental activities										
General government	\$ 11,067,765	\$ 9,099,299	\$ 7,943,745	\$ 8,930,685	\$ 8,641,807	\$ 9,147,201	\$ 7,228,471	\$ 9,172,301	\$ 10,144,563	\$ 11,109,819
Public safety	30,638,676	29,113,251	33,360,267	33,766,228	30,763,148	34,509,062	30,837,168	44,619,287	41,444,039	43,996,831
Highways and streets	14,435,178	13,994,665	14,115,089	14,330,802	15,769,938	15,847,096	10,934,221	16,731,000	14,076,169	15,166,454
Culture and recreation	8,349,507	7,095,384	7,573,132	8,373,605	8,324,613	8,589,430	10,682,389	11,741,062	9,830,669	13,165,281
Community development	-	5,712,703	6,044,328	6,103,180	7,230,916	6,161,258	5,923,238	7,926,878	7,829,634	5,206,836
Interest on long-term debt	3,883,346	3,864,286	3,294,488	3,697,765	4,449,492	4,444,205	5,934,341	5,010,100	4,846,700	4,216,335
Total governmental activities expenses	<u>68,374,472</u>	<u>68,879,588</u>	<u>72,331,049</u>	<u>75,202,265</u>	<u>75,179,914</u>	<u>78,698,252</u>	<u>71,539,828</u>	<u>95,200,628</u>	<u>88,171,774</u>	<u>92,861,556</u>
Business-type activities										
Sewer services	10,150,933	10,179,351	12,485,964	10,433,372	10,661,977	11,184,462	12,013,563	15,734,500	15,279,007	14,633,336
Parking services	386,800	411,681	332,673	379,767	384,563	388,584	454,410	563,198	609,176	615,381
Total business-type activities expenses	<u>10,537,733</u>	<u>10,591,032</u>	<u>12,818,637</u>	<u>10,813,139</u>	<u>11,046,540</u>	<u>11,573,046</u>	<u>12,467,973</u>	<u>16,297,698</u>	<u>15,888,183</u>	<u>15,248,717</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 78,912,205</u>	<u>\$ 79,470,620</u>	<u>\$ 85,149,686</u>	<u>\$ 86,015,404</u>	<u>\$ 86,226,454</u>	<u>\$ 90,271,298</u>	<u>\$ 84,007,801</u>	<u>\$ 111,498,326</u>	<u>\$ 104,059,957</u>	<u>\$ 108,110,273</u>
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General government	\$ 7,840,536	\$ 5,758,207	\$ 4,921,821	\$ 3,617,405	\$ 5,127,014	\$ 5,761,672	\$ 4,557,513	\$ 9,729,778	\$ 3,538,171	\$ 2,536,443
Public safety	2,485,855	2,585,990	2,799,003	2,229,342	1,337,617	3,523,187	3,830,132	4,972,018	6,531,071	5,377,194
Highways and streets	7,323,231	6,505,957	7,241,299	8,132,177	7,907,387	9,468,041	13,453,383	8,919,838	7,472,821	7,892,045
Culture and recreation	2,292,263	2,645,391	3,123,140	2,354,531	1,337,631	2,851,023	3,266,037	3,465,813	2,166,861	1,598,283
Community development	-	963,721	1,716,297	630,913	1,921,074	1,847,670	850,765	977,437	993,442	2,033,871
Operating grants and contributions										
General government	1,110,204	1,436,003	54,660	4,180,320	4,586,629	4,429,715	2,845,401	4,866,568	4,568,469	6,364,348
Public safety	7,072	7,075	1,028,922	1,800,297	246,825	-	474,873	265,504	16,326	39,354
Highways and streets	3,828,824	5,225,536	3,751,548	5,249,324	4,255,860	4,342,965	1,762,886	37,468	5,308,119	5,595,574
Culture and recreation	886,523	88,340	18,000	3,225	1,279,406	-	-	-	1,388,629	834,389
Community development	-	576,694	1,890,849	505,809	8,983	-	729,640	500,854	509,726	964,441
Capital grants and contributions										
Highways and streets	-	3,142,514	7,914,014	3,080,688	12,654,060	2,115,707	1,788,691	5,129,041	2,542,567	5,481,747
Culture and recreation	4,704,449	-	1,835,134	544,778	1,448,730	1,177,600	1,035,203	1,372,090	1,572,584	540,000
Community development	-	-	-	-	379,047	-	-	-	-	-
Total governmental activities program revenue	<u>30,478,957</u>	<u>28,935,428</u>	<u>36,294,687</u>	<u>32,328,809</u>	<u>42,490,263</u>	<u>35,517,580</u>	<u>34,594,524</u>	<u>40,236,409</u>	<u>36,608,786</u>	<u>39,257,689</u>
Business type activities										
Sewer services										
Charges for services	9,939,154	10,237,379	10,740,971	11,599,953	12,507,099	13,405,162	12,961,499	14,421,187	15,652,898	17,085,810
Operating grants and contributions	350,809	2,797	228,961	7,320	18,278	4,624	19,899	-	-	-
Capital grants and contributions	1,706,725	1,561,257	1,110,753	802,288	1,004,292	1,272,724	1,107,321	3,464,088	2,732,852	2,484,548
Parking services										
Charges for services	293,815	487,696	272,916	425,426	499,970	517,155	598,685	663,726	714,739	760,500
Total business type activities program revenue	<u>12,290,503</u>	<u>12,289,129</u>	<u>12,353,601</u>	<u>12,834,987</u>	<u>14,029,639</u>	<u>15,199,665</u>	<u>14,687,404</u>	<u>18,549,001</u>	<u>19,100,489</u>	<u>20,330,858</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 42,769,460</u>	<u>\$ 41,224,557</u>	<u>\$ 48,648,288</u>	<u>\$ 45,163,796</u>	<u>\$ 56,519,902</u>	<u>\$ 50,717,245</u>	<u>\$ 49,281,928</u>	<u>\$ 58,785,410</u>	<u>\$ 55,709,275</u>	<u>\$ 59,588,547</u>

City of Medford, Oregon
Schedule 2 – Changes in Net Position
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
Accrual Basis of Accounting
June 30, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (37,895,515)	\$ (39,944,160)	\$ (36,036,362)	\$ (42,873,456)	\$ (32,689,651)	\$ (43,180,672)	\$ (36,945,304)	\$ (54,964,219)	\$ (51,562,988)	\$ (53,603,867)
Business type activities	1,752,770	1,698,097	(465,036)	2,021,848	2,983,099	3,626,619	2,219,431	2,251,303	3,212,306	5,082,141
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (36,142,745)	\$ (38,246,063)	\$ (36,501,398)	\$ (40,851,608)	\$ (29,706,552)	\$ (39,554,053)	\$ (34,725,873)	\$ (52,712,916)	\$ (48,350,682)	\$ (48,521,726)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Property taxes	\$ 33,227,657	\$ 33,669,718	\$ 34,837,199	\$ 34,777,008	\$ 34,374,090	\$ 36,009,226	\$ 38,410,779	\$ 39,659,600	\$ 41,421,349	\$ 39,245,039
Other taxes	9,501,990	13,188,961	8,840,324	9,354,732	9,458,020	9,847,977	10,374,157	10,684,603	11,041,994	15,239,513
Unrestricted investment earnings	1,224,645	625,355	343,150	565,817	474,987	675,501	643,510	743,326	844,262	1,184,690
Gain (loss) on disposal of capital assets	59,150	41,350	(46,097)	103,858	10,889	(190,062)	-	46,227	197,066	-
Transfers	708,943	693,198	696,058	778,140	831,714	722,390	895,300	(761,393)	967,486	1,049,775
Total governmental activities	44,722,385	48,218,582	44,670,634	45,579,555	45,149,700	47,065,032	50,323,746	50,372,363	54,472,157	56,719,017
Business type activities										
Investment earnings	418,642	237,114	130,587	173,844	127,646	110,179	133,831	184,498	280,609	444,107
Gain (loss) on disposal of capital assets	6,272	-	-	24,129	-	-	-	-	-	-
Loss on abandonment of capital expenditures	(2,184,718)	-	-	-	-	-	-	-	-	-
Transfers	(708,943)	(693,198)	(696,058)	(778,140)	(831,714)	(722,390)	(895,300)	761,393	(967,486)	(1,049,775)
Total business type activities	(2,468,747)	(456,084)	(565,471)	(580,167)	(704,068)	(612,211)	(761,469)	945,891	(686,877)	(605,668)
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	\$ 42,253,638	\$ 47,762,498	\$ 44,105,163	\$ 44,999,388	\$ 44,445,632	\$ 46,452,821	\$ 49,562,277	\$ 51,318,254	\$ 53,785,280	\$ 56,113,349
CHANGES IN NET POSITION										
Governmental activities	\$ 6,826,870	\$ 8,274,422	\$ 8,634,272	\$ 2,706,099	\$ 12,460,049	\$ 3,884,360	\$ 13,378,442	\$ (4,591,856)	\$ 2,909,169	\$ 3,115,150
Business type activities	(715,977)	1,242,013	(1,030,507)	1,441,681	2,279,031	3,014,408	1,457,962	3,197,194	2,525,429	4,476,473
TOTAL PRIMARY GOVERNMENT CHANGES IN NET POSITION	\$ 6,110,893	\$ 9,516,435	\$ 7,603,765	\$ 4,147,780	\$ 14,739,080	\$ 6,898,768	\$ 14,836,404	\$ (1,394,662)	\$ 5,434,598	\$ 7,591,623

Note

The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

Beginning in 2010, the City began reporting a new functional category of community development that had previously been reported under the general government line item.

City of Medford, Oregon
Schedule 3 – Fund Balances, Governmental Funds
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
Modified Accrual Basis of Accounting
June 30, 2018

	Fiscal Year Ending June 30,									
	2009	2010 ¹	2011	2012 ²	2013 ²	2014 ²	2015 ²	2016 ²	2017 ²	2018 ²
GENERAL FUND										
Nonspendable										
Inventory	\$ -	\$ -	\$ 56,353	\$ 66,104	\$ 57,553	\$ 53,840	\$ 43,194	\$ 44,418	\$ 44,103	\$ 40,549
Advances to other funds	-	-	-	20,950,000	19,700,000	18,355,000	16,985,000	15,575,000	4,400,000	3,651,519
Unassigned	16,700,621	19,022,954	17,820,875	18,107,099	17,240,916	18,097,582	1,739,021	538,182	252,888	(68,283)
Assigned										
Future Budget	-	-	-	-	-	-	16,615,670	16,615,670	17,411,900	17,411,900
Committed for PERS debt	-	-	1,457,607	2,035,080	2,617,712	3,028,488	3,441,896	3,767,201	4,104,713	4,156,965
TOTAL GENERAL FUND	\$ 16,700,621	\$ 19,022,954	\$ 19,334,835	\$ 41,158,283	\$ 39,616,181	\$ 39,534,910	\$ 38,824,781	\$ 36,540,471	\$ 26,213,604	\$ 25,192,650
ALL OTHER GOVERNMENT FUNDS										
Reserved										
Public safety	\$ 12,059,374	\$ 17,995,987								
Culture and recreation	1,934,604	1,741,936								
Community development	-	3,903,587								
Debt service	4,082,382	4,146,970								
Capital outlay	-	-								
Unreserved, reported in										
Special revenue funds	3,825,743	3,606,787								
Capital projects funds	4,992,011	-								
Restricted for										
Public safety			\$ 108,594	\$ 304,287	\$ 599,884	\$ 1,122,668	\$ 1,368,286	\$ 1,401,309	\$ 1,488,800	\$ 1,906,792
Highways and streets			9,867,064	12,367,765	16,696,007	18,475,790	22,705,617	14,839,822	16,100,310	41,318,842
Culture and recreation			1,504,922	1,308,384	2,044,134	8,119,399	4,948,229	6,746,706	8,575,469	6,479,986
Community development			3,766,736	1,688,873	11,981,400	6,208,364	3,046,548	3,684,406	4,654,293	5,065,787
Debt service			3,778,977	3,188,173	149,022	192,619	232,034	273,483	241,508	249,367
Committed for										
Public safety			1,601,522	1,578,026	1,778,011	34,456,786	30,138,696	12,216,832	3,445,154	408,691
Highways and streets			8,487,026	7,568,251	4,378,330	5,399,629	6,249,318	19,942,838	22,920,738	-
Culture and recreation			344,286	431,636	494,435	528,012	523,437	507,026	593,891	1,218,416
Unassigned			17,820,875	(4,868,989)	(16,550,028)	(12,837,550)	(12,691,861)	(7,159,903)	(1,399,165)	(1,234,009)
TOTAL ALL OTHER GOVERNMENT FUNDS	\$ 26,894,114	\$ 31,395,267	\$ 47,280,002	\$ 23,566,406	\$ 21,571,196	\$ 61,665,717	\$ 56,520,304	\$ 52,452,519	\$ 56,620,998	\$ 55,413,872

Note

The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

¹ 2010 and later - community development was reported separately

² The 2011C series bonds were issued to enable the City to loan funds to the Medford Urban Renewal Agency. This appears as a negative unassigned balance due to the interfund loan. The balance due as of 6/30/16 was \$15,575,000.

City of Medford, Oregon
Schedule 4 – Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
June 30, 2018

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes										
Property	\$ 32,716,967	\$ 33,550,863	\$ 34,558,484	\$ 34,817,095	\$ 34,685,616	\$ 36,499,226	\$ 38,140,648	\$ 40,094,803	\$ 41,430,063	\$ 38,990,569
Franchise	7,498,935	7,417,721	7,667,517	8,103,753	8,135,229	8,383,706	8,716,866	8,772,600	9,108,862	9,077,697
Lodging ¹	2,282,538	2,273,219	2,373,254	2,501,953	2,645,582	2,928,540	3,314,578	3,824,002	3,866,262	3,301,685
State gas tax	2,938,714	3,201,504	3,751,548	4,089,443	4,122,907	4,328,786	4,409,077	4,591,902	4,674,310	5,104,891
Car rental tax ²	291,150	296,517	313,011	338,587	408,345	702,932	1,085,049	1,165,994	1,203,386	2,860,131
Special assessments	13,988	2,122	11,533	88,037	33,955	6,534	4,094	-	-	-
System development charges	3,300,889	1,516,968	1,322,155	3,625,466	2,589,940	3,293,306	2,824,164	5,323,344	-	-
Charges for services	6,336,212	8,168,600	2,102,585	1,549,305	1,567,208	1,744,325	1,773,929	1,894,652	1,736,139	1,688,492
Fines and penalties	1,303,508	1,332,950	1,395,800	1,187,906	1,448,684	1,348,188	1,294,691	1,246,507	1,236,599	1,443,791
Intergovernmental	4,733,885	5,038,659	4,105,206	4,257,320	4,003,532	3,740,102	7,408,139	4,337,855	4,329,680	4,917,164
Licenses and permits	3,298,628	3,107,511	11,074,896	11,467,015	12,145,376	13,525,857	14,392,673	15,230,779	14,930,016	15,104,238
Investment earnings	1,192,367	604,692	330,493	479,874	493,331	675,501	643,510	737,260	906,818	1,184,689
Grants and contributions	2,871,864	7,342,141	9,092,639	3,390,654	1,865,169	2,583,446	2,578,882	2,752,293	5,640,343	5,436,772
Miscellaneous	328,529	227,260	271,744	769,386	1,949,911	2,870,925	1,072,814	1,438,394	2,083,145	1,177,820
TOTAL REVENUES	69,108,173	74,080,728	78,370,865	76,665,794	76,094,785	82,631,374	87,659,114	91,410,385	91,145,623	90,287,939
EXPENDITURES										
General government	8,410,989	7,287,388	7,943,745	8,061,216	7,761,943	7,098,188	7,836,743	7,518,464	8,355,723	9,261,282
Public safety	29,647,717	28,599,595	30,497,243	30,880,952	31,418,003	32,927,779	34,957,250	37,505,671	36,179,527	38,906,296
Highways and streets	6,816,248	6,876,039	6,756,904	7,397,912	8,104,918	7,867,330	7,972,227	8,631,470	7,706,527	7,538,424
Culture and recreation	6,514,950	4,874,990	5,116,189	5,780,817	5,806,654	6,062,980	6,346,620	8,139,941	7,311,031	8,218,423
Community development	1,149,696	4,350,674	4,386,927	3,976,038	5,687,988	4,695,190	4,706,126	4,589,668	4,158,153	5,071,927
Capital outlay	20,814,762	9,384,274	16,897,242	14,879,091	12,744,837	15,846,426	18,583,618	23,457,818	15,903,642	14,455,610
Debt service										
Principal	5,816,101	6,085,693	6,202,289	14,673,892	4,120,801	4,430,000	8,134,000	3,958,000	13,965,000	13,853,983
Interest	3,930,884	3,811,248	3,562,294	3,353,562	4,551,366	4,201,307	6,078,671	5,274,848	5,020,692	6,422,027
TOTAL EXPENDITURES	83,101,347	71,269,901	81,362,833	89,003,480	80,196,510	83,129,200	94,615,255	99,075,880	98,600,295	103,727,972

City of Medford, Oregon
Schedule 4 – Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
June 30, 2018

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,993,174)</u>	<u>2,810,827</u>	<u>(2,991,968)</u>	<u>(12,337,686)</u>	<u>(4,101,725)</u>	<u>(497,826)</u>	<u>(6,956,141)</u>	<u>(7,665,495)</u>	<u>(7,454,672)</u>	<u>(13,440,033)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	7,742,212	8,567,765	8,311,152	9,587,321	16,283,175	11,302,403	10,453,945	12,025,891	24,825,388	13,607,748
Transfers out	(6,997,227)	(7,770,336)	(7,536,654)	(8,813,263)	(15,787,335)	(10,748,880)	(9,535,002)	(10,925,291)	(23,735,447)	(12,395,796)
Issuance of debt (bonds)	-	-	3,000,000	-	27,649,094	-	39,592,143	-	-	10,000,000
Land purchase contract	-	-	-	375,175	-	-	-	-	-	-
Sale of capital assets	17,161	57,360	38,163	418,476	123,482	10,889	-	-	206,342	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>762,146</u>	<u>854,789</u>	<u>3,812,661</u>	<u>1,567,709</u>	<u>28,268,416</u>	<u>564,412</u>	<u>40,511,086</u>	<u>1,100,600</u>	<u>1,296,283</u>	<u>11,211,952</u>
NET CHANGE IN FUND BALANCES	<u>\$ (13,231,028)</u>	<u>\$ 3,665,616</u>	<u>\$ 820,693</u>	<u>\$ (10,769,977)</u>	<u>\$ 24,166,691</u>	<u>\$ 66,586</u>	<u>\$ 33,554,945</u>	<u>\$ (6,564,895)</u>	<u>\$ (6,158,389)</u>	<u>\$ (2,228,081)</u>
DEBT SERVICE AS % OF NONCAPITAL EXPENDITURES ³	18.55%	18.97%	17.48%	30.89%	15.43%	13.77%	22.04%	15.15%	30.13%	25.47%

Note

¹ Transient lodging tax is 9%

² The car rental tax was implemented in August 2005. As of 11/1/13, the tax went from 5% to 12.5% per council bill 2013-137 in order to repay bonds sold to finish phase 4 of the sports park

³ The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures is the reconciling item for capital outlay in the reconciliation between the government wide statement of activities and the statement of revenues, expenditures, and changes in fund balance

City of Medford, Oregon
Schedule 5 – Assess and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
June 30, 2018

Fiscal Year Ending June 30,	Real Property		Personal Property		Other		Less	Total Taxable Assessed Value	Total Direct Tax Rate	(M5) Estimated Actual Value (RMV)	Tax District Totals RMV	Taxable Assessed Value as a Percentage of Estimated Actual Value
	Real Property	Real Manufactured Structures	Personal Manufactured Structures	Personal Properties	Utilities	Nonprofit	UR Excess					
2009	\$ 5,150,506,322	\$ -	\$ 33,163,462	\$ 247,498,040	\$ 160,915,950	\$ 9,149,550	\$ (193,511,188)	\$ 5,407,722,136	5.19	\$ 10,588,663,984	\$ 10,652,766,542	51.07%
2010	5,338,273,270	-	32,809,408	229,451,500	165,013,840	9,424,020	(186,107,901)	5,588,864,137	5.20	9,681,297,553	9,738,243,291	57.73%
2011	5,476,716,488	-	27,158,724	225,461,750	178,745,740	9,706,730	(188,787,717)	5,729,004,715	5.21	8,518,457,598	8,579,118,921	67.25%
2012	5,499,014,979	-	28,031,361	214,245,370	182,769,465	9,997,920	(186,164,393)	5,747,894,702	5.21	7,641,323,994	760,447,934	75.22%
2013	5,449,584,198	-	24,723,801	209,164,620	190,096,600	10,297,840	(187,851,764)	5,696,014,995	5.21	7,151,504,446	7,192,243,450	79.65%
2014	5,648,610,371	-	23,765,676	215,788,310	186,000,500	10,413,330	(206,805,088)	5,877,773,099	5.19	6,999,431,817	7,039,970,253	83.98%
2015	5,976,625,494	-	24,754,412	222,653,360	220,821,781	10,621,750	(227,154,169)	6,228,322,628	5.18	7,805,391,223	7,818,942,393	79.80%
2016	6,230,285,131	-	24,174,838	221,839,250	242,941,600	10,782,000	(242,241,543)	6,487,781,276	5.18	8,290,018,484	8,303,563,654	78.26%
2017	6,459,722,797	-	23,948,147	235,777,110	261,869,100	10,841,090	(250,117,121)	6,742,041,123	5.16	8,722,636,821	8,735,915,991	77.29%
2018	6,748,356,649	-	24,880,218	255,906,880	289,227,916	11,217,720	(71,950,000)	7,257,639,383	5.30	9,496,133,536	-	76.43%

Data Source: Jackson County Assessor

Note

Real market value is assigned to every property in the county by the assessor. Up until several years ago all properties were physically reappraised once every six years. Now properties within a market area are physically reappraised when statistical indicators suggest that the values within that group are out of alignment with the market. There is no longer a pre-established cycle for reappraisal. However, properties that are changed or have new construction in an assessment year are reappraised to reflect the change.

All sales of real estate that occur in Jackson County are collected and the sales price is compared to the Assessor's real market value for property. These sales are grouped by like kinds of properties and these groupings are broken down into market areas. The value of properties may be adjusted to reflect these market trends without a physical reappraisal (trending).

Taxable personal property includes machinery, furniture, etc. held for use in a business.

Estimated actual value (RMV) is less the UR Excess

City of Medford, Oregon
Schedule 6 – Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years – Unaudited
June 30, 2018

Fiscal Year Ending June 30,	City of Medford				Overlapping Rates										Total Direct & Overlapping Rates
	General Fund	Special Revenue Funds	Debt Service Fund	Total Direct Rate	Jackson County	Education Service District	Medford School District	Library District	Transportation District	Rogue Community College	4H Agric. Extension	Vector Control	Jackson County Soil Water	Urban Renewal District	
2009	5.11	-	0.08	5.19	2.19	0.33	6.36	-	0.16	0.59	-	0.04	0.05	1.02	15.93
2010	5.12	-	0.07	5.20	2.29	0.34	6.31	-	0.16	0.69	-	0.04	0.05	0.85	15.93
2011	5.13	-	0.09	5.21	2.25	0.34	6.30	-	0.17	0.62	-	0.04	0.05	0.84	15.82
2012	5.13	-	0.08	5.21	2.14	0.34	5.08	-	0.17	0.60	-	0.04	0.05	0.65	14.28
2013	5.13	-	0.08	5.21	2.13	0.34	6.16	-	0.17	0.61	-	0.04	0.05	0.84	15.55
2014	5.11	-	0.08	5.19	2.12	0.34	6.20	-	0.17	0.61	-	0.04	0.05	0.91	15.62
2015	5.11	-	0.07	5.18	2.16	0.34	6.10	0.50	0.17	0.60	-	0.04	0.05	0.92	16.07
2016	5.10	-	0.07	5.18	2.10	0.34	5.92	0.50	0.17	0.60	0.04	0.04	0.05	0.95	15.89
2017	5.11	-	0.06	5.16	2.10	0.34	5.92	0.50	0.30	0.65	0.04	0.04	0.05	0.94	16.04
2018	5.24	-	0.06	5.30	2.14	0.36	5.93	0.51	0.31	0.66	0.04	0.04	0.05	0.01	15.35

Data source: Jackson County

Note

The 2016-17 taxable assessed value to compute the tax rate code area of 4901 is \$5,935,491,668 which is 88.02% of the total assessed value of the City (table 1a of Jackson County). The above tax rates are representative of the City of Medford's tax rate codes: 4901, 4950, 0407, and 0635.

Beginning in FY 1997-1998, tax rates were adjusted under Oregon ballot measure 50. The tax rates under measure 50 are applied against a reduced level of assessed value. The City's basic property tax rate may be increased only by a majority vote of the city's residents. Rates for debt service are set based on each year's requirements.

Overlapping rates are those of local and county governments that apply to property owner within the City. Not all overlapping rates apply to all City property owners.

City of Medford, Oregon
Schedule 7 – Principal Property Tax Payers
Current Year and Nine Years Ago – Amounts in Dollars
June 30, 2018

Taxpayer	Type of Business	2017 Top 10 All Roll Taxpayers for City of Medford				2008 Top Tax Payers			
		2017 Current Taxes Imposed	2017-18 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	6/30/2008 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Rogue Valley Manor	Retirement housing	\$ 1,429,746	\$ 99,364,433	1	1.37%	\$ 65,054,970	1	1.27%	
Charter Communications	Television	1,142,052	73,799,800	2	1.02%				
Avista Corp dba Washington	Gas utility	876,615	57,524,300	3	0.79%	26,321,000	7	0.51%	
Brixton Rogue LLC	Shopping mall	784,954	51,318,500	4	0.71%	49,834,890	2	0.97%	
Pacificorp (PP&L)	Electric utility	635,943	41,768,000	5	0.58%	26,218,000	8	0.51%	
Wal-Mart Real Estate Business	Shopping center	527,647	34,302,540	6	0.47%				
Kogap Enterprises	Commercial contractor	520,430	34,609,823	7	0.48%	28,282,821	6	0.55%	
Lithia Real Estate Inc.	Automobile dealership	517,638	33,640,220	8	0.46%	35,798,910	3	0.70%	
AT&T Inc.	Telephone utility	447,515	29,383,200	9	0.40%				
Charles Point	Apartments	401,101	27,330,779	10	0.38%				
Asante	Health organization					22,775,490	9	0.45%	
Edge Wireless	Telephone utility					22,317,200	10	0.44%	
Qwest Corporation	Telephone utility					32,720,100	4	0.64%	
PK Sale LLC						30,654,100	5	0.60%	
Total		\$ 7,283,642	\$ 483,041,595		6.66%	\$ 339,977,481		6.65%	

Data source: Jackson County Assessor's Office

Note

The 2017-18 taxable assessed valuation for the City of Medford is: \$7,257,639,383

The taxable assessed valuation for the year ended 6/30/2008 was: \$5,112,340,465

This schedule includes the ten largest tax payers of the City of Medford, unless fewer are required to reach 50% of the revenue base.

City of Medford, Oregon
Schedule 8 – Property Tax Levies and Collections
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
June 30, 2018

Fiscal Year Ending June 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Tax Collections	Total Collections as Percent of Current Levy	Outstanding Taxes	Outstanding Taxes as Percent of Current Levy
		Amount	Percentage of the Levy					
2009	\$ 34,234,682	\$ 32,021,550	93.5%	\$ 999,767	\$ 33,021,317	96.456%	\$ 2,420,801	7.1%
2010	34,874,113	32,691,353	93.7%	1,303,906.00	33,995,259	97.480%	2,224,171	6.4%
2011	35,347,185	33,063,713	93.5%	1,210,632.00	34,274,345	96.965%	2,840,074	8.0%
2012	35,866,964	34,469,488	96.1%	1,388,313.00	35,857,801	99.974%	2,779,475	7.7%
2013	35,504,544	33,129,361	93.3%	1,463,825.00	34,593,186	97.433%	2,755,186	7.8%
2014	37,142,598	34,898,432	94.0%	1,398,966.00	36,297,398	97.724%	2,506,525	6.7%
2015	39,335,111	37,246,678	94.7%	893,970.00	38,140,648	96.963%	2,510,933	6.4%
2016	41,120,671	39,171,211	95.3%	923,592.00	40,094,803	97.505%	2,646,653	6.4%
2017	42,561,713	40,357,090	94.8%	1,072,973.00	41,430,063	97.341%	2,728,936	6.4%
2018 ¹	39,886,508	37,579,703	94.2%	922,596.00	38,502,299	96.530%	3,183,033	8.0%

Data source: Jackson County Assessor's Office

Note

Amounts are for both the City of Medford and Medford Urban Renewal Agency (MURA).

¹ The combined City and MURA tax levy was reduced in FY 2017-2018 due to a reduction in MURA levies.

City of Medford, Oregon
Schedule 9 – Ratios of Outstanding Debt by Type
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
June 30, 2018

Fiscal Year Ending June 30,	Governmental Activities					Business Type Activities			Total Primary Government	Per Capita ¹	Percentage Per Capita ¹	Percentage of Personal Income
	General Obligation Bonds	GO Supported Revenue Bonds	Capital Leases	Medford Urban Renewal Agency (MURA) Bonds	Contract/Loan (MURA) ²	Sewer Bonds	General Obligation Bonds	Capital Leases				
2009	\$ 37,905,000	\$ 23,260,000	-	\$ 14,767,000	\$ 365,587	\$ -	\$ -	\$ -	\$ 76,297,587	993	0.10%	1.11%
2010	36,835,000	21,350,000	-	14,721,000	305,894	-	-	-	73,211,894	977	0.10%	1.06%
2011	36,185,000	19,365,000	-	11,214,000	245,693	-	-	-	67,009,693	894	0.11%	0.95%
2012	31,935,000	41,883,000	-	4,966,000	184,801	-	-	-	78,968,801	1045	0.10%	1.14%
2013	50,985,000	19,056,000	-	4,807,000	-	-	-	-	74,848,000	996	0.10%	1.06%
2014	48,845,000	55,265,000	-	4,463,000	-	-	-	-	108,573,000	1430	0.07%	1.45%
2015	46,520,000	53,919,000	-	-	-	-	-	-	100,439,000	2725	0.08%	1.31%
2016	43,980,000	52,501,000	-	-	-	-	-	-	96,481,000	2563	0.08%	1.22%
2017	31,485,000	51,031,000	-	-	-	-	-	-	82,516,000	1972	0.10%	0.91%
2018	37,374,035	38,941,000	-	-	-	-	-	-	76,315,035	1720	0.11%	0.79%

Data sources: City Finance Department and Medford Urban Renewal Agency

Note

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Includes general obligation revenue bonds, gas tax revenue bonds, Bancroft bonds, and urban renewal bonds.

Interest not included.

¹ See the demographic and economic schedule 14 for population and personal income data

² The state loan to MURA was paid in full on 8/1/12

City of Medford, Oregon
Schedule 10 – Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
As of June 30, 2018

Fiscal Year Ending June 30,	General Obligation Bonds	GO Supported Revenue Bonds	Medford Urban Renewal Agency (MURA) Bonds	Total Bonds	Less Amounts Available in Debt Service Fund ³	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ¹
2009	\$ 37,905,000	\$ 23,260,000	\$ 14,767,000	\$ 75,932,000	4,082,382	\$ 71,849,618	1.33%	934.73
2010	36,835,000	21,350,000	14,721,000	72,906,000	4,146,970	68,759,030	1.23%	917.93
2011	36,185,000	19,365,000	11,214,000	66,764,000	3,689,980	63,074,020	1.10%	841.21
2012	31,935,000	41,883,000	4,966,000	78,784,000	3,188,173	75,595,827	1.32%	1,000.67
2013	50,985,000	19,056,000	4,807,000	74,848,000	3,298,995	71,549,005	1.26%	951.70
2014	48,845,000	55,265,000	4,463,000	108,573,000	5,735,102	102,837,898	1.75%	1,354.56
2015	46,520,000	53,919,000	-	100,439,000	4,525,174	95,913,826	1.54%	1,251.32
2016	43,980,000	52,501,000	-	96,481,000	8,688,581	87,792,419	1.35%	1,130.54
2017	31,485,000	51,031,000	-	82,516,000	3,242,415	79,273,585	1.18%	996.02
2018	37,374,035	38,941,000	-	76,315,035	2,700,402	73,614,633	1.01%	915.89

Note

Details regarding the City's outstanding debt can be found in the financial statements.

¹ Population data can be found in the demographic and economic schedule 14

² Details regarding the City's estimated actual taxable value of property can be found in schedule 5

³ This column reflects amounts available both in the City and Medford Urban Renewal Agency

City of Medford, Oregon
Schedule 11 – Direct and Overlapping Governmental Activities Debt
Paid by Property Taxes
Amounts in Dollars
As of June 30, 2018

<u>GOVERNMENTAL UNIT</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Net Overlapping Debt</u>
DEBT REPAYED WITH PROPERTY TAXES			
Jackson County	\$ 5,794,324	34.76%	\$ 5,794,324
Jackson County Housing Authority	5,430,719	34.76%	1,249,754
JC School District #4 (Phoenix-Talent)	83,544,046	32.44%	83,544,046
JC School District #549C (Medford)	170,370,000	74.61%	170,370,000
JC School District #6 (Central Point)	8,685,290	1.27%	8,685,290
Rogue Community College	35,075,000	25.41%	18,800,000
Rogue Community College (Jackson Cty Bond)	13,200,000	34.76%	13,200,000
Rogue Valley Transit District	<u>569,040</u>	46.06%	<u>569,040</u>
Subtotal overlapping debt	\$ 322,668,419		\$ 302,212,454
CITY DIRECT DEBT			
City gross property tax backed direct debt	<u>65,755,035</u>		<u>47,434,035</u>
	<u>\$ 388,423,454</u>		<u>\$ 349,646,489</u>

Sources: Oregon State Treasury, Debt Management Information System

Note

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 Medford.

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 full faith & credit bonds. "Net property tax backed debt" is gross property tax backed debt less self-supporting unlimited tax GO and less self-supporting full faith & credit debt. The following obligations are NOT included in property-tax backed calculations: appropriation credits, conduit revenue bonds, dedicated niche obligations, revenue bonds, obligations issued for less than 13 months (e.g. bond anticipation notes, tax anticipation notes, lease purchase agreements, loans, lines of credit or other non-publicly offered financial obligations).

City of Medford, Oregon
Schedule 12 – Legal Debt Margin Information
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
June 30, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 319,582,996	\$ 292,147,299	\$ 257,373,568	\$ 230,713,438	\$ 215,767,304	\$ 211,199,108	\$ 234,568,272	\$ 249,107,090	\$ 261,679,105	\$ 284,884,006
Total net debt applicable to limit	29,728,410	28,698,030	34,902,020	44,729,667	24,001,005	25,834,379	41,994,826	35,291,420	28,242,657	25,749,598
Legal debt margin	289,854,586	263,449,269	222,471,548	185,983,771	191,766,299	185,364,728	192,573,446	213,815,670	233,439,448	259,134,408
Total net debt applicable to the limit as a percentage of debt limit	10.26%	10.89%	15.69%	24.05%	12.52%	13.94%	21.81%	16.51%	12.10%	9.94%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2018

Real market value	\$ 9,496,133,536
Add back: exempt real property	-
Total real market value (M5)	9,496,133,536
Debt limit (3% of total RMV value)	284,884,006
Amount of debt applicable to debt limit	
Total bonded debt	76,315,035
Deductions	
Assets in debt service funds available for payment of principal	249,370
Special assessment bonds (MURA)	2,451,032
Revenue bonds	47,865,035
Urban development bonds	-
Total deductions	50,565,437
Total net debt applicable to limit	25,749,598
LEGAL DEBT MARGIN	\$ 259,134,408

TOTAL NET DEBT APPLICABLE TO THE LIMIT

Sources: Jackson County Assessor's Office; audited financial statements; Oregon Revised Statutes (ORS) 287.004; and City of Medford Finance Department

Note 1

ORS 287.004 provides a debt limit of 3% of the true cash value of all taxable property within the municipality's boundaries. According to ORS 287.004, the 3% limitation does not apply to bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, power or lighting purposes, nor to bonds issued pursuant to applications to pay assessments for improvements or installments for benefited property owners.

Under ORS 287.001(1) "bonds" means general obligation bonds

Note 2

Total bonded debt includes Medford Urban Renewal Agency (as of 6/30/17 MURA had no bonded debt)

City of Medford, Oregon
Schedule 13 – Pledged Revenue Coverage
Last Ten Fiscal Years – Unaudited – Amounts in Dollars
June 30, 2018

Fiscal Year Ending June 30,	Parks Revenue Bonds					Coverage Actual Debt Service
	Gross Revenues ¹	Operating Expenses	Net Revenue Available for Debt Service	Total Parks Bonds Paid During Year		
				Principal	Interest	
2009 ²	\$ 3,531,259	\$ 340,506	\$ 3,190,752	\$ 895,000	\$ 947,280	1.73
2010	2,828,662	178,369	2,650,292	930,000	911,480	1.44
2011	2,889,686	195,467	2,694,219	965,000	873,667	1.47
2012 ³	2,901,938	500,107	2,401,831	4,528,000	926,641	0.44
2013 ⁴	4,068,145	185,455	3,882,689	1,076,000	746,619	2.13
2014 ⁵	4,045,678	317,608	3,728,070	1,124,000	705,905	2.04
2015	4,315,628	360,458	3,955,170	1,346,000	961,398	1.71
2016	5,036,069	359,278	4,676,791	1,213,000	619,245	2.55
2017	3,973,220	385,286	3,587,933	1,470,000	838,406	1.55
2018 ⁷	4,043,931	520,065	3,523,866	13,165,965	473,738	0.26
	<u>\$ 37,634,215</u>	<u>\$ 3,342,600</u>	<u>\$ 34,291,615</u>	<u>\$ 26,712,965</u>	<u>\$ 8,004,379</u>	

Source: City of Medford Finance Department

Note

Details regarding the City's outstanding debt can be found in the financial statements.

¹ Parks revenue comes from a portion of the transient lodging tax (25%) and car rental tax and a parks utility fee

² Gross revenues do not include bond proceeds of \$18,965,000

³ Gross revenues were higher in FYE09 due to receipt of grants for Santo Center and the sports park

⁴ The 2002 parks bond was defeased in FY11/12 and \$3,673,000 was reissued

⁵ SDC revenue was up from prior year due to increased building. We also received a \$400,000 grant

⁶ The gross revenues do not include bond proceeds of \$6,384,942.82

⁷ The parks limited series 2007 bond was paid off in FY 2018

City of Medford, Oregon
Schedule 14 – Demographic and Economic Statistics
Last Ten Fiscal Years – Unaudited
June 30, 2018

SIGNIFICANT DATES/FORMS OF GOVERNMENT

Date of incorporation, as a town	1885
Date of incorporation, as a city	1901
Form of government council	City manager

Fiscal Year Ending June 30,	Population ¹	School Enrollment ²	Number of Schools ²	Unemployment Rate ⁴	Labor Force ⁶	Personal Income (Thousands of Dollars) ³	Per Capita Personal Income (Dollars) ³	Commercial Construction ⁵		Residential Construction ⁵	
								Number of Units	Value (in Thousands)	Number of Units	Value (in Thousands)
2009	76,867	12,252	21	13.2	37,715	6,849	34,051	382	146,729	107	18,930
2010	74,907	12,201	21	11.9	37,105	6,911	34,506	263	23,444	115	21,702
2011	74,980	12,583	23	11.7	37,851	7,073	34,314	348	56,595	98	17,257
2012	75,545	11,181	17	11.1	102,500	6,951	34,168	438	100,539	100	21,096
2013	75,180	12,681	19	9.8	97,500	7,087	34,602	668	130,699	209	45,103
2014	75,920	12,705	19	8.0	95,500	7,490	36,289	650	249,864	267	70,937
2015	76,650	13,628	14	7.1	95,900	7,687	36,861	680	266,182	246	59,738
2016	77,655	13,836	24	6.3	97,648	7,914	37,637	638	199,162	249	59,079
2017	79,590	14,081	24	4.6	82,180	9,062	41,852	594	151,776	341	78,627
2018	80,375	14,271	24	4.8	98,993	9,647	44,360	497	150,360	281	67,854

Note

¹ Portland State University – July 2017

² Oregon Department of Education (for Medford SD549C)

³ Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov/) (Jackson County)

The latest personal income and per capita personal income was available in 2017 by BEA economic area

⁴ U.S. Department of Labor, Bureau of Labor Statistics Data (www.bls.gov) (Local Area Unemployment Statistics)

⁵ City Building Department

⁶ U.S. Department of Labor, Bureau of Labor Statistics Data

City of Medford, Oregon
Schedule 15 – Largest Employers for Jackson County
2017 and Nine Years Ago
June 30, 2018

Employer	Type of Business	2017 ^{1,2}			Feb. 2008		
		Employees ¹	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Asante (RV Medical)	Health care	4,231	1	4.33%	2,943	2	2.84%
Lithia Motors	Auto dealership	3,000	2	3.07%	800	4	0.77%
Harry & David Operations	Gourmet fruit & gifts	2,000	3	2.05%	3,500	1	3.38%
Rogue Valley Medical Center	Hospitals	1,638	4	1.68%			
Allegiant Air	Commercial airline	1,500	5	1.54%			
Providence Medical Center	Health care	1,300	6	1.33%	1,271	3	1.23%
Medford School District 549C	Schools	1,157	7	1.18%	-		0.00%
Jackson County	County government	1,027	8	1.05%	-		0.00%
Wal-Mart stores	Department stores	930	9	0.95%			
Boise	Plywood mills	875	10	0.90%			
Boise Building Solutions	Secondary wood				750	5	0.72%
Timber Products	Secondary wood				650	6	0.63%
City of Medford	Government	405	16	0.41%	457	8	0.44%
Rogue Valley Manor	Health care/retirement	450	14	0.46%	436	9	0.42%
Regency Blue Cross Blue Shield	Health care				460	7	0.44%
Costco	Retail	235			309	10	0.30%

Source

¹ Chamber of Commerce 1/29/18 website – largest employers in Jackson County

² 2017 is the last year this data is available; neither the Chamber of Commerce nor any other agencies in Jackson County are tracking this information

Note

Information is for the largest employers in Jackson County, per the Chamber of Commerce 10/16/15

City of Medford, Oregon
Schedule 16 – Number of Full Time (FT) Employees and FT Equivalent at End of Each Fiscal Year
Last Ten Fiscal Years – Unaudited
June 30, 2018

	08-09 ¹	09-10 ¹	10-11 ^{1,2}	11-12	12-13	13-14	14-15	15-16	16-17	17-18
City Manager	8.0	8.0	9.0	8.0	7.0	9.0	10.2	8.0	8.0	7.9
Facilities Management								12.9	18.1	18.7
Information Services	13.5	13.0	12.0	11.0	10.0	12.0	10.0	10.0	11.0	10.9
Recorder	1.0	1.0	-	-	-	-	-	-	-	-
Human Resources	4.2	4.0	4.0	4.0	4.3	5.4	6.0	7.0	7.3	7.9
Finance	11.3	11.2	10.2	11.4	11.2	10.2	11.2	10.3	9.2	10.1
Planning	16.0	16.5	17.0	17.0	16.0	17.0	17.0	14.4	17.1	17.4
Building Inspection	11.2	11.2	9.0	8.0	8.3	9.0	11.0	11.1	11.2	12.7
Business Licenses								2.0	2.0	2.0
Public Works										
Engineering	34.0	32.5	32.6	32.4	33.1	34.2	34.6	38.5	39.6	43.4
Maintenance	57.6	58.0	52.8	57.0	55.6	56.0	58.4	56.1	58.4	65.0
WRD	25.5	24.9	23.0	24.8	24.7	25.0	24.3	23.1	24.2	27.4
City Attorney	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.0	5.0
Municipal Court	7.5	7.5	7.5	7.9	7.5	7.6	8.0	7.4	7.2	7.9
Police										
Sworn Officers	99.0	101.0	101.3	103.8	102.8	103.0	100.3	98.9	103.0	113.6
Civilians	68.1	68.7	41.6	44.5	37.3	39.1	36.4	40.3	40.0	41.7
Fire										
Firefighters/Officers	72.0	73.0	66.0	72.0	71.0	74.0	72.0	72.0	71.0	98.7
Civilians	7.2	6.3	8.9	9.5	6.4	3.5	7.1	7.1	10.1	9.1
Parks & Recreation	55.7	56.7	60.5	61.6	50.8	54.1	44.0	42.7	38.6	54.6
Urban Renewal	4.0	1.0	-	-	-	-	-	-	-	-
Total	499.8	498.6	459.5	477.0	450.1	463.3	454.6	466.2	480.0	554.0

Source: City Finance Department

Note

¹ FY10/11 A new entity was created combining County and City dispatch services creating a reduction in police of 29 employees

² The Risk Manager is now a part of Human Resources instead of Finance

(including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2080.

City of Medford, Oregon
Schedule 17 – Operating Indicators by Function
Last Ten Fiscal Years – Unaudited

Fiscal Year Ending June 30,	2009	2010	2011	2012 ¹	2013 ¹	2014	2015	2016	2017	2018
FUNCTION										
Police										
Part I - major crimes	4,285	4,706	5,510	5,999	6,698	6,892	6,291	6,805	7,608	6,544
Part II - other crimes	11,087	11,903	14,093	15,964	17,369	17,529	17,615	19,626	22,386	19,152
Total, part I & II	15,372	16,609	19,603	21,963	24,067	24,421	23,906	26,431	29,994	25,696
Clearance rate, part I & II	77.49%	79.28%	73.15%	73.10%	73.10%	76.40%	74.40%	75.20%	72.70%	76.29%
Cases cleared, part I & II	6,675	12,749	14,085	15,082	17,266	17,474	16,890	18,562	20,681	19,604
# of juvenile charges, part I & II	1,219	1,819	1,500	13,666	1,086	986	1,161	881	648	631
# of adult arrest charges, part I & II	5,250	9,390	11,909	14,049	16,630	16,353	15,838	18,325	21,285	18,886
Traffic accidents - fatal	2	1	2	2	1	2	5	3	4	9
Traffic accidents - injury	324	370	377	329	325	387	433	528	532	505
Traffic accidents - property damage	1,161	1,184	1,141	1,135	1,086	1,063	1,242	1,370	1,372	1,296
Total accidents	1,487	1,555	1,520	1,463	1,415	1,452	1,680	1,901	1,908	1,810
Fire										
Number of fires	348	288	270	328	341	320	475	320	372	336
Overpressure, heat, explosion	14	14	16	20	20	13	29	13	6	15
EMS, rescue, MVA	5,496	5,189	5,501	5,872	6,560	6,819	6,544	6,819	7,388	7,243
Hazardous conditions	132	134	124	119	140	117	1	117	221	8
Service call	272	218	210	267	23	374	361	374	658	554
Good intent calls	1,226	953	933	922	1,232	1,456	1,180	1,456	1,959	1,960
False alarm	444	457	437	468	544	504	420	504	484	407
Severe weather	2	7	4	2	-	5	4	5	8	3
Special incident	17	9	9	10	10	15	294	15	10	122
Uncategorized	-	-	-	-	-	7	-	7	-	-
Total incident responses	7,951	7,269	8,078	8,626	9,268	9,630	9,308	9,630	11,106	10,648
Total City only	6,897	6,899	7,108	7,552	6,180	8,410	8,254	8,410	N/A	9,836
Total rural only	725	616	703	687	558	656	651	656	N/A	824
Out of district responses						564	403	564	N/A	N/A
Mutual aid received	62	52	44	71	66	N/A	N/A	N/A	N/A	631
Mutual aid given	115	118	107	96	194	N/A	N/A	N/A	N/A	580

City of Medford, Oregon
Schedule 17 – Operating Indicators by Function
Last Ten Fiscal Years – Unaudited

Highways and street										
Miles of streets added	2.74	2.58	0.98	0.12	3.77	2.54	1.08	2.09	1.94	1.96
Streetlights added	54	87	56	-171	-190	276	83	152	171	152
Culture and recreation										
Aquatics	30,260	27,434	28,639	29,000	22,000	22,000	22,000	22,000	22,000	11,000
Youth and adult sports	8,740	9,614	19,043	10,000	10,000	10,000	10,000	10,000	10,000	12,000
Youth programs/day camps	1,856	2,146	3,046	2,000	2,000	2,000	2,000	2,000	3,000	3,600
Community recreation	9,717	10,623	25,950	15,000	15,000	15,000	15,000	15,000	16,000	16,000
Special interest classes	1,429	1,571	1,791	2,000	2,000	2,000	2,000	2,000	2,200	2,200
Wastewater										
Miles of sanitary sewers added	0.77	0.42	0.18	0.32	1	1.11	1	1	1	1
Miles of storm sewers added	2.17	1.69	1.08	0.05	3.49	2.44	-	3	2	2
Average daily million gallons treated	16,800	16,700	19,480	17,500	18,100	16,500	17,500	18,800	206,300	15,600
Building/Planning/Engineering										
Total permits	3,998	3,631	3,861	4,107	5,978	6,515	6,074	5,815	6,331	5,846
Commercial building permits issued	382	263	348	438	668	650	680	638	591	497
Value commercial construction	146,729,009	23,444,266	56,595,164	100,538,768	130,698,992	229,864,567	266,181,937	199,162,002	151,775,643	150,359,928
Single family residence issued	107	115	98	100	209	267	246	249	341	281
Value residential	18,930,470	21,702,285	17,257,053	21,095,566	45,102,560	70,936,549	59,738,022	59,078,945	78,626,552	-
Square miles added to City	0.10	0.10	-	-	0.01	-	-	-	-	-

Source: various City departments

Note

¹ Street lights from 2012 on only include actual street lights (not parking lots)

City of Medford, Oregon
Schedule 18 – Capital Asset Statistics by Function
Last Ten Fiscal Years – Unaudited
June 30, 2018

Fiscal Year Ending June 30,	2009	2010	2011	2012	2013 ⁶	2014 ⁶	2015 ⁶	2016	2017	2018
PUBLIC SAFETY										
Fire protection ²										
Number of stations	5	5	5	5	5	5	5	5	5	5
Police protection ³										
Number of stations	1	1	1	1	1	1	1	1	1	1
Sewers ¹										
Miles of sanitary sewers	258	258	258	259	260	261	262	263	265	265
Miles of storm sewers	164	166	167	167	170	173	173	176	179	181
Public works										
Area - square miles ¹	25.72	25.72	25.72	25.72	25.73	25.73	25.73	25.73	25.73	25.75
Miles of streets ¹	255.35	257.93	258.91	259.03	262.80	265.34	266.42	268.51	270.45	272.41
Number of street lights ¹	6,394	6,481	6,537	6,366	6,176	6,452	6,535	6,687	6,858	7,010
Culture and recreation ⁴										
Number of parks ^{5,6,7}	48	45	46	46	37	36	36	36	36	38
Total park acreage	2,393	2,393	2,399	2,392	2,392	2,396	2,396	2,396	2,396	2,504
Number of libraries	1	1	1	1	1	1	1	1	1	1

Sources

¹ City Public Works Department

² City Fire Chief

³ City Police Department

⁴ City Parks Department

⁵ Previous number of parks included school areas maintained by the City

⁶ The total number of parks includes 19 developed parks and 7 undeveloped parks, it also includes greens and bike trails. Counts previous to 2013 included traffic islands, areas along Bear Creek and I-5 and SE pathway property of varying sizes. The count of 36 includes developed and undeveloped parks only

⁷ The total number of parks for includes 19 developed parks and 9 undeveloped parks

Note

The Jackson County Medford Branch Library was closed in April 2007 due to funding concerns. It has since reopened with limited hours in November 2007.

City of Medford, Oregon
Other Schedules
Continuing Disclosure

This section provides financial statement users with additional historic perspective, context, and detail to assist in using the information in the financial statements, note disclosures, and required supplemental information to understand and assess the city's economic condition.

This section also satisfies additional continuing disclosures required by several of our bond documents.

CONTENTS

PAGE

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Table 1 – outstanding obligations	132
Table 2 – debt information	133
Table 3 – overlapping debt	134
Table 4 – future debt service for obligations guaranteed to be paid from the general fund	135
Table 5 – real market value of taxable property, tax collection record and impact of tax limitation on the City	136
Table 6 – representative consolidated tax rates for levy code area 49-01	137

Sources

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in Fiscal Year 2003.

City of Medford, Oregon
Table 1 – Outstanding Obligations
Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 12
Unaudited
As of June 30, 2018

	Issue Date	Maturity Date	Amount Issued	Amount Outstanding as of 6/30/2018
GENERAL OBLIGATION BONDS				
General obligations bonds, series 2006	6/27/2016	6/1/2026	\$ 4,600,000	\$ 1,170,000
Total general obligation bonds			4,600,000	1,170,000
FULL FAITH & CREDIT OBLIGATIONS OR LIMITED TAX BONDS PAID FROM TAX SOURCE (not subject to annual appropriations)				
2017 full faith credit refunding	12/7/2017	6/1/2025	10,000,000	8,924,035
General obligation bonds, series 2011C	12/15/2011	1/10/2025	20,950,000	2,890,000
Pension obligations, series (2004) (taxable) ¹	5/27/2004	6/1/2028	29,205,000	24,390,000
Total FF&C obligations and limited tax bonds			60,155,000	36,204,035
TOTAL NET DIRECT DEBT (including pension obligations) ²			64,755,000	37,374,035
TOTAL NET DIRECT DEBT (excluding pension obligations) ²			25,550,000	4,060,000
REVENUE OBLIGATIONS (self-supporting, not included in net direct debt)				
Parks, police, fire 2013	12/18/2013	7/1/2043	38,155,000	37,340,000
Limited tax revenue bonds, series 2011B (parks)	8/4/2011	6/1/2022	3,673,000	1,601,000
Total self-supporting revenue obligations			41,828,000	38,941,000
OTHER SELF-SUPPORTING OBLIGATIONS (paid from non-tax sources)				
The limited tax bond series A & B were paid off in full as of 9/1/2006			-	-
Total other self-supporting obligations			-	-
TOTAL GROSS DIRECT DEBT (including pension obligations) ³			106,583,000	76,315,035
TOTAL GROSS DIRECT DEBT (excluding pension obligations) ³			67,378,000	43,001,000

Source: City of Medford

¹ This debt was issued as part of a \$126,260,000 pooled pension obligation financing involving multiple Oregon cities and counties

² Net direct debt is gross direct debt less obligations or leases paid from non-tax sources

³ Gross direct debt includes all voter approved general obligation bonds, limited tax bonds and any other obligations, certificates of participation or leases backed by the full faith and credit of the City. Debt whose term is less than one year is not included.

Note

The City also administers an urban renewal agency; the Agency has outstanding tax increment debt which is not an obligation of the City. As of June 30, 2018, the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$0. However, the City issued the 2011C bonds on behalf of MURA and MURA will repay these bonds (the balance was \$2,890,000 as of June 30, 2018).

City of Medford, Oregon
Table 2 – Debt Ratios¹
Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 11
Unaudited
As of June 30, 2018

	Including Pension Obligations			Excluding Pension Obligations		
	Values	Per Capita	Percent RMV	Values	Per Capita	Percent RMV
2018 Population	80,375			80,375		
2018 Real market value	8,919,950,750	\$ 110,979		8,919,950,750	\$ 110,979	
Gross direct debt ²	76,315,035	\$ 949	0.86%	43,001,000	\$ 535	0.48%
Net direct debt ³	38,941,000	\$ 484	0.44%	4,060,000	\$ 51	0.05%
Net overlapping debt	166,403,510	\$ 2,070	1.87%	166,403,510	\$ 2,070	1.87%
Net direct & overlapping debt	205,344,510	\$ 2,555	2.30%	170,463,510	\$ 2,121	1.91%

Source: City of Medford; Debt Management Division, Oregon State Treasury

¹ Outstanding debt information as of June 30, 2018

² Gross direct debt includes all voter approved general obligation bonds, limited tax bonds and any other obligations, certificates of participation or leases backed by the full faith and credit of the City. Debt whose term is less than one year is not included.

³ Net direct debt is gross direct debt less self-supporting unlimited tax general obligation and self-supporting limited tax debt

Debt Limitations

Note – ORS 287.004 provides a debt limit of 3% of the true cash value of all taxable property within the municipality's boundaries. According to ORS 287.004, the 3% limitation does not apply to self-supporting debt, revenue bonds, general obligation improvement bonds, bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, power or lighting purposes, not to bonds issued pursuant to applications to pay assessments for improvements or installments for benefited property owners.

Under ORS 287.001(1) "bonds" means general obligation bonds

2018 Real market value	8,919,950,750
Debt limitation (3% of RMV)	267,598,523
Total applicable bonded debt	28,242,657
Debt margin	239,355,866
Percent of limit issued	11.80%

Under ORS 223.295, cities may issue additional assessment related bonds and notes subject to a separate 3% statutory limitation.

The 2011C series bonds were issued to enable the City to loan the funds to the Medford Urban Renewal Agency. As of June 30, 2018, the balance was \$2,890,000.

Future Debt Plans

The City of Medford executed a loan with the State of Oregon (ODOT) for \$10,000,000 to widen Foothill Road from Hillcrest to McAndrews. The City will have a matching obligation of \$3,000,000. As of June 30, 2018, the project has not begun and the City did not draw down any of the loan.

City of Medford, Oregon
Table 3 – Overlapping Debt
Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 14
Unaudited
June 30, 2018

The following table outlines the outstanding debt of overlapping entities.

Overlapping District	Overlapping District Real Market Value	Percent Overlapping	Gross Direct Debt	Net Direct Debt
Jackson County	27,321,554,515	34.7600%	5,794,324	2,013,927
Jackson County Housing Authority	27,324,554,515	34.7600%	5,430,719	434,376
JC School District #4 (Phoenix-Talent)	2,904,474,759	32.4400%	83,544,046	27,098,347
JC School District #549C (Medford)	11,407,629,718	74.6100%	170,370,000	127,119,531
JC School District #6 (Central Point)	3,340,506,575	1.2700%	8,685,290	110,182
Rogue Community College	37,371,334,735	25.4100%	35,075,000	4,777,118
Rogue Community College (Jackson Cty Bond)	27,321,554,515	34.7600%	13,200,000	4,587,911
Rogue Valley Transit District	20,615,473,355	46.0600%	569,040	262,118
Totals			<u>\$ 322,668,419</u>	<u>\$ 166,403,510</u>

Sources: State of Oregon, Debt Management Information System

Note

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 Medford.

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 obligations (GO) bonds and limited-tax GO bonds.

Full faith and credit obligations, revenue bonds, and special assessment bonds are not included in the debt outstanding and direct debt.

City of Medford, Oregon
Table 4 – Future Debt Service for Obligations Guaranteed to be Paid from the General Fund
Continuing Disclosures for the Following:¹
Series 2007 Parks Bonds Table 11
Series 2006 Sidewalk Bonds Table 13
Unaudited
June 30, 2018

Year of Maturity	Parks Revenue, Series 2011B		General Obligation (MURA) ² Revenue, Series 2011C		PERS 2004		Sidewalk, Series 2006		Full faith and credit Refundings, Series 2017		Police, Fire, Parks, Series 2013		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018-19	\$ 381,000	\$ 51,872	\$ 1,575,000	\$ 86,700	\$ 1,380,000	\$ 1,479,039	\$ 375,000	\$ 50,426	\$ 1,208,340	\$ 424,131	\$ 225,000	\$ 1,741,031	\$ 5,144,340	\$ 3,833,199
2019-20	390,000	39,528	1,315,000	39,450	1,610,000	1,396,032	390,000	34,489	1,241,128	384,731	915,000	1,713,656	5,861,128	3,607,886
2020-21	409,000	26,892	-	-	1,860,000	1,299,190	405,000	17,719	1,267,853	343,531	965,000	1,666,656	4,906,853	3,353,988
2021-22	421,000	13,640	-	-	2,135,000	1,187,311	-	-	1,298,580	300,731	1,010,000	1,617,281	4,864,580	3,118,963
2022-23	-	-	-	-	2,430,000	1,058,891	-	-	1,333,198	256,131	1,065,000	1,565,406	4,828,198	2,880,428
2023-24	-	-	-	-	2,745,000	912,726	-	-	1,366,595	209,531	1,120,000	1,510,781	5,231,595	2,633,039
2024-25	-	-	-	-	3,095,000	745,419	-	-	1,208,341	160,931	1,175,000	1,453,406	5,478,341	2,359,756
2025-26	-	-	-	-	3,475,000	556,778	-	-	-	110,131	1,235,000	1,393,156	4,710,000	2,060,065
2026-27	-	-	-	-	3,880,000	344,977	-	-	-	57,131	1,300,000	1,329,781	5,180,000	1,731,889
2027-28	-	-	-	-	1,780,000	108,491	-	-	-	-	1,365,000	1,263,156	3,145,000	1,371,647
2028-29	-	-	-	-	-	-	-	-	-	-	1,435,000	1,193,156	1,435,000	1,193,156
2029-30	-	-	-	-	-	-	-	-	-	-	1,505,000	1,127,181	1,505,000	1,127,181
2030-31	-	-	-	-	-	-	-	-	-	-	1,565,000	1,065,781	1,565,000	1,065,781
2031-32	-	-	-	-	-	-	-	-	-	-	1,625,000	1,000,966	1,625,000	1,000,966
2032-33	-	-	-	-	-	-	-	-	-	-	1,705,000	924,825	1,705,000	924,825
2033-34	-	-	-	-	-	-	-	-	-	-	1,795,000	837,325	1,795,000	837,325
2034-35	-	-	-	-	-	-	-	-	-	-	1,395,000	757,575	1,395,000	757,575
2035-36	-	-	-	-	-	-	-	-	-	-	1,465,000	686,075	1,465,000	686,075
2036-37	-	-	-	-	-	-	-	-	-	-	1,540,000	615,763	1,540,000	615,763
2037-38	-	-	-	-	-	-	-	-	-	-	1,610,000	545,850	1,610,000	545,850
2038-39	-	-	-	-	-	-	-	-	-	-	1,680,000	471,825	1,680,000	471,825
2039-40	-	-	-	-	-	-	-	-	-	-	1,760,000	394,425	1,760,000	394,425
2040-41	-	-	-	-	-	-	-	-	-	-	1,840,000	313,425	1,840,000	313,425
2041-42	-	-	-	-	-	-	-	-	-	-	1,925,000	228,713	1,925,000	228,713
2042-43	-	-	-	-	-	-	-	-	-	-	2,015,000	140,063	2,015,000	140,063
2043-44	-	-	-	-	-	-	-	-	-	-	2,105,000	47,363	2,105,000	47,363
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,601,000</u>	<u>\$ 131,932</u>	<u>\$ 2,890,000</u>	<u>\$ 126,150</u>	<u>\$ 24,390,000</u>	<u>\$ 9,088,854</u>	<u>\$ 1,170,000</u>	<u>\$ 102,634</u>	<u>\$ 8,924,035</u>	<u>\$ 2,246,979</u>	<u>\$ 37,340,000</u>	<u>\$ 25,604,621</u>	<u>\$ 76,315,035</u>	<u>\$ 37,301,171</u>

¹ Outstanding obligations include all debt (excluding lease obligations) that is guaranteed to be paid from the general revenues of the City.

² The 2011C bond was secured for the Medford Urban Renewal Agency (MURA). MURA will repay this debt service.

Note – The above table represents the outstanding debt service secured by the general fund of the City.

City of Medford, Oregon

Table 5 – Real Market Value of Taxable Property, Tax Collection, Record, and Impact of Tax Limitation on the City

Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 16, 17, and 18

Unaudited

June 30, 2018

Real Market Value of Taxable Property

Continuing Disclosure for the Following: Series 2006 Sidewalk Bonds Table 16

Fiscal Year Ended June 30,	Real Market Value (RMV)	Percent Change	Total Assessed Value (AV)	Percent Change	AV as a Percent of RMV
2009	10,652,766,542	-0.15%	5,601,233,324	5.74%	52.58%
2010	9,738,243,291	-8.58%	5,774,972,038	3.10%	59.30%
2011	8,579,118,921	-11.90%	5,917,789,432	2.47%	68.98%
2012	7,690,447,934	-10.36%	5,934,059,095	0.27%	77.16%
2013	7,192,243,450	-6.48%	5,696,014,995	-4.01%	79.20%
2014	7,039,970,253	-2.12%	6,074,164,857	6.64%	86.28%
2015	7,805,391,223	10.87%	6,455,476,797	6.28%	82.71%
2016	8,290,018,484	6.21%	6,487,781,276	0.50%	78.26%
2017	8,722,636,821	5.22%	6,742,041,123	3.92%	77.29%
2018	8,953,698,929	2.65%	6,785,233,563	0.64%	75.78%

Source: Jackson County Assessor and financial statements of the City

¹ Total assessed value of the City includes Medford Urban Renewal values and other offsets such as non-profit housing value. The tax collection record table which follows, reflects the taxable assessed value (AV) which does not include Medford Urban Renewal excess value as calculated by the Jackson County Tax Assessor.

Tax Collection Record

Continuing Disclosure for the Following: Series 2006 Sidewalk Bonds Table 17

Fiscal Year Ended June 30,	Total Assessed Valuation	Percent Change	Operating Levy	Bond Levy	Total Levy per County	Tax Rate/ \$1,000	% Collected Year of Levy ²	% Collected as of June 30, 2018 ³
2009	5,601,233,324	9.56%	29,171,449	425,035	29,596,484	5.2953	0.96%	0.9571
2010	5,774,972,038	3.10%	34,444,886	429,227	34,874,113	5.2953	0.96%	0.9641
2011	5,917,789,432	2.47%	34,837,127	510,058	35,347,185	5.2953	0.96%	0.9642
2012	5,934,059,095	0.27%	30,446,889	474,876	30,921,765	5.2953	0.96%	0.9605
2013	5,696,014,995	-4.01%	31,304,017	477,467	31,781,484	5.2953	0.96%	0.9637
2014	6,074,164,857	6.64%	32,993,860	474,656	33,468,516	5.2953	0.97%	0.9685
2015	6,455,476,797	6.28%	33,468,516	474,656	33,943,172	5.2953	0.97%	0.9698
2016	6,487,781,276	0.50%	40,645,586	475,085	41,120,671	5.2953	0.97%	0.8213
2017	6,742,041,123	3.92%	35,726,980	400,233	36,127,213	5.2953	0.97%	0.7884
2018	7,427,323,010	10.16%	39,336,868	449,400	39,786,268	5.2953	0.97%	0.9792

Source: Jackson County Assessor and financial statements of the City

¹ Collection percentages are for Jackson County as a whole

² Operating levy per Jackson County Assessor (table 4A) does not include levy for bonds (does not include MURA)

³ Collection percentages as of June 30, 2018 are for the City of Medford

Impact of Tax Limitation on the City

Continuing Disclosure for the Following: Series 2006 Sidewalk Bonds Table 18

Historical impact on the \$10/\$1,000 tax limitation on City property tax revenues

Fiscal Year Ended June 30,	Levy Used to Compute Rate	Loss Due to Tax Limitation	Percent Loss
2009	27,071,783	67.81	0.00025%
2010	28,635,704	41.06	0.00014%
2011	29,594,947	52.71	0.00018%
2012	30,336,848	108.06	0.00036%
2013	30,436,685	91.11	0.00030%
2014	30,162,386	79.48	0.00026%
2015	32,980,912	119.97	0.00036%
2016	34,355,304	116.44	0.00034%
2017	35,701,130	340.71	0.00095%
2018	39,329,903	232.66	0.00059%

City of Medford, Oregon
Table 6 – Representative Consolidated Tax Rates for Levy Code Area 49-01
Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 20
Unaudited
Period Ending June 30, 2018

Area - Within the City of Medford	Tax Rate For Operations	Tax Rate for Bonds	Tax Rate Total
SCHOOLS			
School District 549C	\$ 0.3992	\$ 0.1433	\$ 0.5424
Education Service District	0.3188	-	0.3188
Rogue Community College	0.4640	0.0918	0.5558
Total education	\$ 1.1819	\$ 0.2351	\$ 1.4170
LOCAL GOVERNMENT			
Jackson County	1.8182	0.1145	1.9327
Library District	0.4704	-	0.4704
City of Medford	5.1031	0.0583	5.1614
Medford Urban Renewal Agency	0.5091	-	0.5091
Vector	0.0414	-	0.0414
4H Ag/Ext	0.0396	-	0.0396
Jackson County Soil Water	0.0483	-	0.0483
Rogue Valley Transit District	0.1708	0.1300	0.3008
Total local government	8.2009	0.3028	8.5037
	<u>9.3828</u>	<u>0.5379</u>	<u>9.9207</u>

Source: Jackson County, Department of Assessment

¹ The 2017-18 taxable assessed value to compute the tax rate code of 49-01 is \$5,935,491,668, which is 85.02% of the total assessed value of the City.

Compliance Section

Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Minimum Audit Standards

Honorable Mayor and Members of the City Council
City of Medford, Oregon

We have audited the basic financial statements of City of Medford, Oregon (the City) as of and for the year ended June 30, 2018 and have issued our report thereon dated December 20, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2018 and 2019.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 on instance of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State related to over expenditure of expenses as disclosed in Note 2.C.

Internal Control over Financial Reporting

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

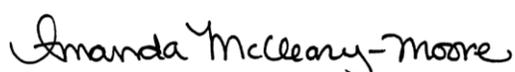
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination 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.

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

We noted certain other matters that we reported to management of the City in a separate letter dated December 20, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Amanda McCleary-Moore, Partner, for
Moss Adams LLP
Medford, Oregon
December 20, 2018

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*

Honorable Mayor, City Council Members
City of Medford, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Medford, Oregon (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of Medford, Oregon's basic financial statements, and have issued our report thereon dated December 20, 2018. Our report includes reference to other auditors who audited the financial statements of Medford Water Commission, a discretely presented component unit, as described in our report of the City's financial statements. The financial statements of Medford Water Commission were not audited in accordance with *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Moss Adams LLP

Medford, Oregon
December 20, 2018

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor, City Council Members
City of Medford, Oregon

Report on Compliance for Each Major Federal Program

We have audited the City of Medford, Oregon's (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying *schedule of findings and questioned costs* such as item 2018-001 that we consider to be a significant deficiency.

The City's response to the findings identified in our audit are referenced in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Mass Adams LLP

Medford, Oregon
December 20, 2018

City of Medford, Oregon
Schedule of Findings and Questioned Costs
June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report 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 Major Federal Programs and Type of Auditor’s Report Issued on Compliance for Major Federal Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Program</i>
14.218	Community Block Grants/ Entitlement Grants	<i>Unmodified</i>

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

City of Medford, Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section III – Federal Award Findings and Questioned Costs

FINDING 2018-01 – Reporting – Significant Deficiency in Internal Control Over Compliance

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity – Program Name</i>	<i>Award Number</i>	<i>Award Year</i>	<i>Questioned Costs</i>
14.218	Community Block Grants/ Entitlement Grants	Multiple	Multiple	None Reported

Criteria or specific requirement (including statutory, regulatory, or other citation): According to Uniform Guidance, 2 CFR 200.327, Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government-wide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award.

Condition: Quarterly SF-425s were not submitted timely.

Context: During our testing over reporting requirements, we noted none of the quarterly SF-425s were submitted within 30 days following quarter end, as stipulated by the award agreement.

Effect: Required reports could go unfiled.

Cause: The control currently in place is not consistently implemented to ensure that reporting requirements are met.

Recommendation: It is recommended that the City address the internal controls to review and submit reports within the timeline stipulated by the grant agreements.

Management’s response: As stipulated in the Community Development Block Grant (CDBG) award agreement, SF-425s must be submitted within 30 days following quarter end. All unfiled SF-425s were subsequently filed on October 11, 2018 and included all reporting periods up to the month ending September 30, 2018. In total, nine SF-425s were submitted (eight being late returns and one being on-time). In the future, the CDBG Coordinator will be working in conjunction with the Accounting Supervisor to ensure that no more SF-425 filings are missed. The responsible person for filing the reports is Paul Morrow, Accounting Supervisor at the City of Medford.

City of Medford, Oregon
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Award number / Pass-Through Entity Identifying Number	Passed Through to Sub-recipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Federal Award:				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-41-0005	\$ 65,570	\$ 65,830
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-41-0005	46,628	183,211
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-41-0005	217,477	218,077
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-41-0005	216,083	367,004
Community Development Block Grants/Entitlement Grants Program Income	14.218	-	126,293	141,718
Total Direct Award			<u>672,051</u>	<u>975,840</u>
Passed through Oregon Housing and Community Services:				
Neighborhood Stabilization Program 17/18 Program Income	14.218	NSP1	625,701	625,701
Neighborhood Stabilization Program/ Program Income	14.218	-	-	5,925
Total Passed Through			<u>625,701</u>	<u>631,626</u>
Total CDBG Cluster			<u>1,297,752</u>	<u>1,607,466</u>
Total U.S. Department of Housing and Urban Development			<u>1,297,752</u>	<u>1,607,466</u>
U.S. Department of Transportation				
Passed Through Oregon Department of Transportation:				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	26803	-	35,344
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	28828	-	181,469
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	29880	-	131,889
Total CFDA 20.205 Federal Transit Cluster			<u>-</u>	<u>348,702</u>
Passed Through Oregon Department of Transportation:				
State and Community Highway Safety (Safety Belt Overtime Enforcement Grant)	20.616	OP-18-45-03 III	-	6,429
State and Community Highway Safety (Speed Enforcement Grant)	20.600	SC-18-35-13 BBB	-	17,726
Total CFDA 20.600 Total Highway Safety Cluster			<u>-</u>	<u>24,155</u>
Total U.S. Department of Transportation			<u>-</u>	<u>372,857</u>
U.S. Department of Health and Human Services				
Passed Through Oregon Health Authority, Public Health Division:				
National Bioterrorism Hospital Preparedness Program	93.889	155366-0/dap	-	10,950
National Bioterrorism Hospital Preparedness Program	93.889	155363/dap	-	3,844
Total CFDA 93.889			<u>-</u>	<u>14,794</u>
Total U.S. Department of Health and Human Services			<u>-</u>	<u>14,794</u>
Executive Office of the President, Office of National Drug Control Policy				
Passed Through Oregon Department of Public Safety Standards & Training:				
High Intensity Drug Trafficking Areas (HIDTA) Training	95.001	n/a	-	2,876
High Intensity Drug Trafficking Areas (HIDTA) Programs 2016	95.001	n/a	-	16,610
High Intensity Drug Trafficking Areas (HIDTA) Programs 2017	95.001	n/a	-	125,000
High Intensity Drug Trafficking Areas (HIDTA) Programs 2018	95.001	n/a	-	14,210
Total CFDA 95.001			<u>-</u>	<u>158,696</u>
Total Executive Office of the President Office of National Drug Control Policy			<u>-</u>	<u>158,696</u>
U.S. Department of Homeland Security, Federal Emergency Management Agency				
Passed Through Oregon Military Department, Office of Emergency Management:				
Homeland Security Grant Program	97.067	16-241	-	3,410
Total CFDA 97.067			<u>-</u>	<u>3,410</u>
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			<u>-</u>	<u>3,410</u>
Total Expenditures of Federal Awards			<u>\$ 1,297,752</u>	<u>\$ 2,157,223</u>

n/a - pass through numbers are not available.

Note 1 – Basis of Presentation

The accompanying Schedule of expenditures of federal awards includes the federal grant activity of the City of Medford under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flow of the City.

Note 2 – Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Expenditures reported on this schedule are recognized following the cost principles in Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The City has not elected to use the 10% *de minimis* cost rate.

As stipulated in the Community Development Block Grant (CDBG) award agreement, SF-425s must be submitted within 30 days following quarter end. All unfiled SF-425s were subsequently filed on October 11, 2018 and included all reporting periods up to the month ending September 30, 2018. In total, nine SF-425s were submitted (eight being late returns and one being on-time). In the future, the CDBG Coordinator will be working in conjunction with the Accounting Supervisor to ensure that no more SF-425 filings are missed. The responsible person for filing the reports is Paul Morrow, Accounting Supervisor at the City of Medford. Estimated completion date is expected to be June 30, 2019.